MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

For the Years Ended December 31, 2015 and 2014

This Management Discussion and Analysis ("MD&A") was prepared as of March 3, 2016 and should be read in conjunction with Automodular Corporation's (the "Company's") audited consolidated financial statements for the years ended December 31, 2015 and 2014, together with the notes thereto. The MD&A discusses our performance and financial condition, provides an update on financial and non-financial developments during the past year and addresses future prospects.

BASIS OF PRESENTATION

Automodular Corporation is a Canadian-based company and our accounting policies are in accordance with International Financial Reporting Standards ("IFRS"). Unless the content otherwise indicates, all dollar amounts are shown in Canadian dollars and references to "Automodular" or to "the Company" refer to Automodular Corporation and its direct and indirect subsidiaries.

COMPANY AND INDUSTRY OVERVIEW

On May 14, 2013, the Company was advised by Ford that, for its new program scheduled to commence in 2015, Ford intended to insource the sub-assembly and sequencing services that were being performed by Automodular at that time. Ford stated that this decision was a strategic one; they viewed the modules that Automodular assembled to be "core" to the assembly of a vehicle and their goal was to try to have all core modules assembled in their final assembly plants. In addition to those strategic considerations, Automodular believes that Ford's cost structure was closer to ours than it has ever been. Ford was able to hire workers to do the work at compensation levels that were essentially at par with ours. Further, we had been informed that the Ford Oakville Assembly Plant had extra space to accommodate the work that was being insourced.

Following the expiry of the Company's commercial agreement with Ford on December 23, 2014, Automodular ceased operations at its two facilities in Oakville, Ontario. During the first quarter of 2015 both facilities were returned to the respective landlords and as of the date of this MD&A, Automodular has no active operations. The Company has retained two salaried employees and two part-time consultants.

Any comparison of results between the current year and 2014 would not be meaningful. Results for 2015 reflected ongoing administrative costs, costs with respect to the legal claim against General Motors Company and General Motors of Canada Ltd. ("GM litigation") and exit costs relating to the closure of the Company's Oakville facilities.

Automodular's primary business during 2014 was the sequencing and sub-assembly of modules for installation in final products which were being assembled by Ford Motor Company ("Ford"), in Ontario.

Automodular's Board of Directors, executive management team and senior management spent substantial time over the last few years searching for and evaluating additional opportunities to leverage our core skills. We fulfilled a contract manufacturing agreement with Vestas Nacelles A/S ("Vestas"), a global wind OEM based in Denmark, to provide sub-assembly services for certain wind turbine components for the renewable energy industry in Ontario. The contract was successfully completed in 2012 and exceeded our operating and financial expectations. The removal of local content requirements in Ontario has dramatically reduced the opportunities for the Company in this space.

2015 OVERVIEW

Automodular reports a net loss of $(2.4) million or $(0.14) per share for the current year compared to net earnings of $14.8 million or $0.76 per share in 2014. As noted above, Automodular's operations ceased production in December 2014. Accordingly, any comparisons of results between the current year and 2014 will not be meaningful.

Results for the current year reflect ongoing administrative costs, costs with respect to the GM litigation and exit costs relating to the closure of the Company's Oakville facilities.

On March 16, 2015 Automodular was advised that the Toronto Stock Exchange (the "TSX") had commenced a review of the Company's eligibility for continued listing pursuant to Part VII of the Toronto Stock Exchange Company Manual. In the third quarter, Automodular announced that the Continued Listing Committee of the TSX had determined that the Company no longer met the criteria for continued listing on the TSX since the Company is not actively engaged in ongoing business. On August 14, 2015, Automodular's common shares were delisted from the TSX. Effective August 17, 2015, the shares commenced trading on NEX, a separate board of the TSX Venture Exchange. The shares are trading under the symbol "AM.H".

On April 9, 2015 Automodular announced that the TSX had accepted the Corporation's notice of intention to undertake a normal course issuer bid ("NCIB"). Automodular may acquire up to 1,389,738 of its common shares, which represents 10% of the public float of Automodular's common shares issued and outstanding as of March 31, 2015, as defined by the policies of the TSX. The NCIB was put on hold during the course of the Substantial Issuer Bid ("SIB"). During 2015, under the NCIB, Automodular purchased for cancellation a total of 190,200 common shares for total cash consideration of $0.5 million.

On August 6, 2015, Automodular announced its intention to enter into a SIB pursuant to which the Company would offer to repurchase for cancellation up to $15 million in value of its outstanding common shares from shareholders. The SIB proceeded by way of a modified "Dutch auction", which expired on September 17, 2015. In conjunction with the substantial issuer bid, the Board of Directors announced the reversal of the remaining 2014 stated capital reduction balance; thereby increasing the stated capital account by $19.3 million. A total of 5,660,377 shares were repurchased at $2.65 per share for a total cost of $15.2 million, inclusive of $0.2 million in fees. Prior to the repurchase, these shares had a carrying value of $12.4 million.

RISK FACTORS

The following are some of the more significant risks that could impact the Company and its future results:

Lack of ongoing operations
Subsequent to the closure of its Oakville operations in December 2014, Automodular has no ongoing operations. The Board of Directors and remaining executive management team continue to review opportunities to leverage the Company's cash balance and public company listing. There can be no assurance that Automodular will be successful in finalizing a transaction going forward.

Dependence upon key personnel
The success of the Company is dependent on the services of its remaining executive management team which includes the Chief Executive Officer and a Vice-President. The experience and talents of these individuals will be a significant factor in the Company's continued success. The loss of one or more of these individuals without adequate replacement measures could have a material adverse effect on the Company's business prospects. The Company maintains key man life insurance on the current CEO and the Vice-President in the amount of $2.0 million.

Product warranty, recall and liability risk
OEM manufacturers are asking more and more that each of their suppliers bears the costs of the repair and replacement of defective products which are either covered under a manufacturer's warranty or are the subject

of a recall by the manufacturer. The obligation to repair or replace such parts, or a requirement to participate in a product recall, could have an adverse effect on the Company's financial condition. Historically, Automodular has not been exposed to any significant costs in this regard.

GM and other potential litigation
Although the Company is unaware of any material claims against it, there can be no assurances that third parties will not assert claims against the Company in the future or that any such assertion will not result in costly litigation, or a requirement that the Company enter into costly settlement arrangements.

In the event that the Company is not successful in its claim against GM, Automodular could be exposed to a claim for recovery of legal costs by GM.

RESULTS OF OPERATIONS

Automodular's comparative consolidated operating results for the years ended December 31, 2015 and 2014 are as follows:

(thousands of Canadian dollars)	**2015** **$**	**2014** **$**
Sales	-	85,761
Cost of sales	(1,379)	58,055
Exit costs	1,081	3,504
Gross margin	298	24,202
General and administrative expense	3,720	5,435
Interest (income)	(304)	(506)
Other (income)	(41)	(452)
Earnings (loss) before income taxes:	(3,077)	19,725
Income taxes	(673)	4,962
Net earnings (loss) attributable to the shareholders	**(2,404)**	**14,763**

Sales and cost of sales
As previously noted, Automodular's operations ceased production in December 2014; therefore there were no sales in 2015. Cost of sales for the current year reflects recoveries relating to the successful mitigation of previously recognized obligations related to the Oakville operations.

Exit costs
Current year costs relate to severance for three members of the executive management team as well as facility-related amounts including rent and occupancy expenses for the first quarter of 2015 and costs incurred to restore the facilities as required under the respective leases.

During 2014, the Company recorded net exit costs of $3.5 million which predominately related to additional severance costs for salaried employees and lease termination payments made to the Company's Oakville landlords. Salaried employees were provided with formal termination notification during the second and third quarters of 2014. In the second quarter of 2014, the Company also advised its Oakville-area landlords of its intention to exercise the early termination clause in each of the facility leases to align the lease termination dates with the Company's anticipated final occupancy date of each location. Also included in the costs recorded during 2014 were additional facility and other employee-related costs. Additional information on net exit costs is contained in Note 8 of the Company's consolidated financial statements.

Exit costs in the current and prior year have been included in the consolidated statement of operations net of reimbursements from Ford.

General and administrative expense

Annual general and administrative expenses were lower than in 2014 due to the rationalization of our cost structure as discussed in the '2015 Recap and Outlook' section of this MD&A.

Interest (income)

Interest (income) was lower than in 2014 due to lower cash balances following the SIB, lower interest rates and certain interest expense paid.

Other (income)

Balance was lower in 2015. The 2014 balance included gains with respect to the sale of certain fixed assets on the closure of the Company's Oakville operations.

Earnings before income taxes

As discussed previously, Automodular generated a loss in 2015 due to the closure of its Oakville operations at the end of 2014.

HISTORICAL QUARTERLY DATA - ROLLING EIGHT QUARTERS

(thousands of Canadian dollars except per share amounts)

				2015				2014
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Sales	-	-	-	-	19,549	18,772	21,294	26,146
Net earnings (loss)	(1,643)	(76)	(331)	(354)	3,160	1,571	3,726	6,306
Per share basic and diluted	(0.09)	(0.00)	(0.02)	(0.03)	0.16	0.09	0.19	0.32

A comparison of the current year's results with the previous year is not meaningful as Automodular no longer has active operations.

The following discussion is provided to give context to the results during 2014, when the Company had active operations. In the automotive industry, the first and second quarters of the year typically generated higher earnings than the third and fourth quarters because there were a greater number of non-production days (statutory holidays throughout and the third quarter generally has a two-week closure for summer shutdown) in the latter half of the year. However, our results in 2014 did not reflect that.

The results in 2014 were significantly impacted by the recognition of exit costs related to Ford's announcement to Automodular of its decision to insource the work performed by Automodular at the end of 2014. The 2014 results, particularly those in the first and second quarters, were also negatively impacted by the combination of production downtime and lower daily volumes as previously noted. Q4 2014 benefitted from higher production volumes year over year and improved efficiencies obtained through the Ford contract wind down.

Results for 2015 reflected ongoing administrative costs, costs with respect to the GM litigation and exit costs relating to the closure of the Company's Oakville facilities.

FOURTH QUARTER

(thousands of Canadian dollars)	2015 $	2014 $
Sales	-	26,146
Cost of sales	(360)	16,002
Exit costs	-	1,086
Gross margin	360	9,058
General and administrative expense	647	1,448
Interest expense (income), net	9	(221)
Other expense (income), net	11	(466)
Earnings (loss) before income taxes:	(307)	8,297
Income taxes	47	1,991
Net earnings (loss) attributable to the shareholders	**(354)**	**6,306**

A comparison of the fourth quarter results with the previous year is not meaningful as Automodular no longer has active operations.

Cost of sales for the current quarter reflects recoveries relating to the successful mitigation of previously recognized obligations related to the Oakville operations. Interest income is lower due to lower cash balances, interest rates and interest expenses paid on income taxes. Income taxes in the current period reflect the reversal of certain deferred tax assets given the extended period of time of their realization.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Operating activities

(thousands of Canadian dollars)	2015 $	2014 $
Net earnings (loss)	(2,404)	14,763
Income taxes (paid)	(1,737)	(2,080)
Pension contribution	(53)	(53)
Provisions	(8,959)	(6,163)
Items not involving current cash flows	1,294	8,663
Non-cash working capital	7,773	6,008
Net cash provided (used) by operating activities	**(4,086)**	**21,138**

Net cash of $4.1 million was used by operating activities in the current year. In 2014 $21.1 million in net cash was generated by operating activities. As previously noted, Automodular’s operations ceased in December 2014. The current amounts reflect the closure of the Company’s Oakville operations and the realization of working capital amounts and payments of exit costs in the course of winding down those operations.

Investing activities

(thousands of Canadian dollars)	2015 $	2014 $
Proceeds on disposal (purchase) of plant and equipment, net	39	395
Interest received on cash and cash equivalents	304	506
Net cash provided by investing activities	**343**	**901**

Net proceeds on disposal of plant and equipment (proceeds on dispositions less purchases) in 2014 were generated by the sale of the Company's manufacturing assets in December 2014.

Financing activities

(thousands of Canadian dollars)	2015 $	2014 $
Repurchase of shares under normal course issuer bid	(465)	-
Repurchase of shares under SIB	(15,236)	-
Dividends paid	-	(3,488)
Net cash (used) in financing activities	**(15,701)**	**(3,488)**

Automodular paid total dividends of $0.18 per share during 2014. Automodular did not pay any dividends in 2015.

FINANCING RESOURCES

Automodular's cash and cash equivalents on hand at December 31, 2015 was $35.1 million compared to $54.5 million at the end of 2014. This cash on hand will allow it to address its ongoing needs, cover costs with respect to the GM litigation, and at the same time, still provide flexibility to fund potential new diversification initiatives.

DERIVATIVE FINANCIAL INSTRUMENTS

Automodular does not have any derivative financial instruments outstanding. The Company does not enter into foreign exchange contracts for speculative purposes.

CONTRACTUAL OBLIGATIONS DUE BY YEAR AND OFF BALANCE SHEET FINANCING

Additional information with respect to the Company's defined benefit pension plan (the "Plan") for a former Chief Executive Officer is contained in Note 6 of the Company's consolidated financial statements. The Plan currently shows a net accrued benefit obligation on the balance sheet of $0.2 million. However, based on the actuarial valuation for funding purposes completed on January 1, 2014 the Plan showed a deficit of $0.5 million which is being funded over a period of 10 years. The difference between the amount recognized on the consolidated financial statements and the amount in the actuarial report relates to the use of differing assumptions as required under IFRS.

SHAREHOLDERS' EQUITY

Shareholders' equity decreased from $54.3 million at December 31, 2014 to $36.1 million at December 31, 2015. This decrease is primarily as a result of the current period loss, the NCIB and SIB.

OUTSTANDING SHARE DATA
(thousands of Canadian dollars except share amounts)

	December 31, 2015		December 31, 2014	
	Outstanding	Amount	Outstanding	Amount
	#	$	#	$
Common shares	13,528,327	29,563	19,378,904	22,969

From December 31, 2015 to the date of this filing, Automodular has repurchased 312,500 common shares under its NCIB.

GM LITIGATION UPDATE

As previously disclosed, Automodular has commenced a claim in the Ontario Superior Court of Justice (the "Claim") against General Motors Company and General Motors of Canada Ltd. (collectively, "GM"), and Inteva Products, LLC and Inteva Products Canada ULC (collectively, "Inteva"). The Claim relates to a contract (the "Contract") between GM and Automodular for the sequencing and sub-assembly of components and modules for the Chevrolet Camaro. By letter dated April 13, 2010, GM terminated the Contract effective September 20, 2010. GM then entered into a contract with Inteva for the same work that Automodular was performing under the Contract. Automodular alleges that GM's termination of the Contract was wrongful and in breach of the Contract. Automodular claimed $20.0 million against GM for breach of contract and against Inteva for inducing breach of contract. Automodular also sought punitive damages in the amount of $5.0 million.

The statement of Claim was issued on May 13, 2011 and served upon GM and Inteva. The defendants subsequently delivered statements of defence contesting the Claim. The parties exchanged documentary productions and conducted initial oral examinations for discovery. As previously disclosed, having obtained evidence from Inteva by way of the discovery process, on August 5, 2015 Automodular agreed to a dismissal of its claim against Inteva.

Automodular conducted a further examination for discovery of GM in July 2015. GM refused to answer a number of questions asked on that further examination and was delayed in providing responses to the undertakings that it gave on that further examination. Automodular scheduled a motion returnable December 15, 2015 to address the outstanding discovery issues. As a result, a Court Order was issued requiring GM to deliver answers to the questions refused and outstanding undertakings. A mandatory mediation was held on November 4, 2015. No resolution was reached. Automodular has served and filed its Trial Record in order to set the matter down for trial. Dates for pre-trial and trial will be scheduled by the Court in due course. There can be no assurance that the claim will be successful or that Automodular will recover any amounts from GM.

US SHAREHOLDER INFORMATION UPDATE

Based on results of its analysis, Automodular has concluded, for the year ending December 31, 2015, that it meets the definition of a Passive Foreign Investment Corporation ("PFIC") as defined in the Internal Revenue Code. The U.S. tax laws regarding PFICs are extremely complex and shareholders are advised to consult their own tax advisors concerning the overall tax consequences of their respective investment in, and ownership of shares of Automodular under United States federal, state, local and foreign law. It is Automodular's intention to prepare and make available to U.S. shareholders a PFIC Annual Information Statement in order to allow U.S. shareholders to make certain tax elections. We expect that the information will be available on or about March 31, 2016 and that the information will be filed on SEDAR and posted on our website at www.automodular.com.

2015 RECAP AND OUTLOOK

The forward-looking statements below are not historical facts but reflect the Company's current expectations regarding future results or events and are based on information currently available to management. Certain material factors and assumptions were applied in providing these forward-looking statements. Please review our forward-looking statement disclaimer at the end of this MD&A which includes a list of material factors and assumptions applied in providing these forward-looking statements.

For the 2015 year we reported an after tax loss of approximately $2.4 million which was a lower loss than previously forecasted in last year's MD&A, primarily due to the mitigation of certain expenses relating to our Oakville operations.

During the first quarter of 2015, we returned our Oakville facilities back to the respective landlords as planned. We rationalized our cost structure substantially over the year. We have reduced our staffing complement to two full time employees and one part-time consultant. In addition, we moved to a smaller corporate office and reduced our Board size.

Through the SIB, we provided a liquidity opportunity for shareholders who did not wish to retain their shares through the GM litigation process or await opportunities that could arise out of Automodular's diversification initiatives. The offer was nominally oversubscribed. We will continue to repurchase shares through our current NCIB when considered prudent.

Moving forward, our focus is on advancing the GM litigation while actively containing costs. We remain open to considering transactional opportunities to leverage our public company listing and cash balances.

Automodular expects that its annualized cash expenditures for 2016 will be approximately $2.0 million after tax with costs more skewed to the latter half of 2016. Amounts will fluctuate depending on the status of the GM litigation.

The Board of Directors has elected not to declare a dividend in the first quarter of 2016. The Company will revisit its dividend policy in conjunction with its go forward plans on a quarterly basis and will update its shareholders accordingly.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Our significant accounting policies are more fully described in Note 1 "*Summary of Business, Basis of Presentation and Significant Accounting Policies*" to our consolidated financial statements for the year ended December 31, 2015.

The application of the Company's accounting policies requires management to use estimates and judgments that can have a significant effect on the results of operations and the carrying values of assets and liabilities recognized and disclosures made in the consolidated financial statements. Estimates and judgments are significant when:

- the outcome is highly uncertain at the time the estimates and judgments are made; and
- different estimates or judgments could reasonably have been used that would have had a material impact on the consolidated financial statements.

Management's best estimates regarding the future are based on the facts and circumstances available at the time estimates are made. Management uses historical experience, general economic conditions and trends, as well as assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically and the effects of any changes are recognized immediately.

Following the closure of the Company’s Oakville operations and wind down of the associated balances, there are no estimates or judgments applied by management that are uncertain and/or material enough to have a significant effect on the results of operations and the carrying values of assets and liabilities recognized and disclosures made in the consolidated financial statements.

Areas which previously involved a higher degree of judgement or complexity, or areas where assumptions and estimates were significant to the financial statements, are set out in Note 3 to the Company’s 2015 consolidated financial statements.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

New standards and amendments to standards and interpretations that are effective for annual periods beginning after January 1, 2016 have not been applied in preparing the consolidated financial statements. Not all new standards are applicable to the Company. The anticipated impact of the new and amended standards which are applicable to the Company is discussed below:

<u>International Financial Reporting Standard 9, *Financial Instruments*</u>
In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. Management is evaluating the standard and has not yet determined the impact on the Company’s consolidated financial statements.

<u>International Financial Reporting Standard 15, *Revenue from Contracts with Customers*</u>
IFRS 15, *Revenue from Contracts with Customers,* specifies how and when to recognize revenue as well as requiring entities to provide users of financial statements with some informative, relevant disclosures. The standard supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in an entity’s first annual IFRS financial statements for periods beginning on or after January 1, 2018 and early adoption is permitted. Management is evaluating the standard and has not yet determined the impact on the Company’s consolidated financial statements.

<u>International Financial Reporting Standard 16, *Leases*</u>
On January 13, 2016, the IASB issued IFRS 16, *Leases*, which replaces the current guidance in IAS 17, *Leases*. IFRS 16 required lessees to recognize a lease liability reflecting future lease payments and a right of use asset for virtually all lease contracts. IFRS 16 must be applied to an entity’s first annual IFRS financial statements for periods beginning on or after January 1, 2019, with early adoption permitted. Management is evaluating the standard and has not yet determined the impact on the Company’s consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified to its President, Chief Executive Officer ("CEO") and Chief Financial Officer (“CFO”), and its Audit Committee to ensure appropriate and timely decisions are made regarding public disclosure.

Internal controls over financial reporting have been designed by management, under the supervision of, and with the participation of the Company's CEO/CFO, to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with GAAP.

The Company will file certifications, signed by the Company's CEO/CFO, with the Canadian Securities Administrators ("CSA"). In those filings, the Company's CEO/CFO will certify, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design and effectiveness of the Company's disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting. The Company's CEO/CFO also certifies the appropriateness of the financial disclosures in the Company's interim filings with securities regulators. In those interim filings, the Company's CEO/CFO also certify the design of the Company's disclosure controls and procedures and the design of internal controls over financial reporting.

The Company's Audit Committee reviewed this MD&A and the audited consolidated financial statements, and the Company's Board of Directors approved these documents prior to their release.

MANAGEMENT’S REPORT ON DISCLOSURE CONTROLS AND PROCEDURES

Management, under the supervision of and with the participation of the Company's CEO/CFO, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined under National Instrument 52-109) and concluded, as at December 31, 2015, that such disclosure controls and procedures were effective.

MANAGEMENT’S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management, under the supervision of and with the participation of the Company's CEO/CFO, evaluated the effectiveness of the Company's internal controls over financial reporting (as defined under National Instrument 52-109). In making this evaluation, management used the criteria set forth by the Committee Sponsoring Organizations of the Treadway Commissions ("COSO") in Internal Control - Integrated Framework (2013). Based on that evaluation, management and the CEO/CFO have concluded that, as at December 31, 2015, the Company’s internal controls over financial reporting were effective.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

As a result of the completion of the Ford contract, the closure of the Oakville facilities, the reduction in volume and changes in the nature of transactions, the Company has reduced its workforce, including the finance function. This has resulted in the Company modifying certain internal controls and introducing compensating controls to mitigate the impact of the reduced finance function. Accordingly, during 2015, while there have been changes to internal controls, we do not believe that the changes materially affect, nor are they reasonably likely to materially affect, the Company’s ability to fulfill its financial reporting obligations.

FORWARD-LOOKING STATEMENTS

This MD&A contains statements which, to the extent that they are not recitations of historical fact, may constitute “forward-looking statements” within the meaning of applicable securities legislation. Forward-looking statements may include, but are not limited to, financial and other projections, as well as statements regarding our future plans, objectives or performance, anticipated business development, anticipated industry developments, our views on the long-term outlook of the automotive or renewable energy industry, our views on the future of outsourcing versus insourcing, or our underlying assumptions. Words such as “*may*”, “*would*”, “*could*”, “*will*”, “*likely*”, “*estimate*”, “*anticipate*”, “*believe*”, “*expect*”, “*intend*” or other similar expressions are intended to identify forward-looking statements. Such forward-looking statements, or forward-looking information, reflect management's beliefs, estimates and opinions regarding Automodular's future growth, results of operations, performance and business prospects and opportunities and are not guarantees of future results.

Specific forward-looking information in this document includes:

- that the Company's cash on hand will allow it to address its ongoing needs, cover costs with respect to the GM litigation, and at the same time, still provide flexibility to fund potential new diversification initiatives'
- the current Court-ordered timetable requires the matter to be set down for trial by April 29, 2016, following which point the Court will schedule a trial date;
- we will continue to repurchase shares through our current NCIB when considered prudent;
- that our focus is on moving the GM litigation forward while actively containing costs;
- we remain open to considering transactional opportunities to leverage our public company listing and cash balances;
- Automodular expects that its annualized cash expenditures for 2016 will be approximately $2.0 million after tax with costs more skewed to the latter half of 2016. Amounts will fluctuate depending on the status of the GM litigation; and
- the Company will revisit its dividend policy in conjunction with its go forward plans on a quarterly basis and will update its shareholders accordingly.

By its nature, forward-looking information involves certain risks, uncertainties and other factors which may cause actual future results to differ materially from those expressed or implied in any forward-looking statements and include but are not limited to the following:

- our ability to secure ongoing operations through acquisition;
- our ability to identify, close and integrate acquisitions;
- our ability to finance new business requirements; and
- our dependence on key personnel.

Persons reading this MD&A should not place undue reliance on forward-looking statements and are cautioned that forward-looking statements are only estimates and that our actual future results or performance may be materially different due to inherent risks and uncertainties surrounding future expectations, assumptions not being realized, changes in facts or other unforeseen circumstances. Except as required by continuous disclosure obligations, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking statements to reflect subsequent information, events, results, circumstances or otherwise.

ADDITIONAL INFORMATION

Additional information regarding the Company for the year ended December 31, 2015, can be found on the SEDAR website at www.sedar.com.

March 3, 2016