

RMS SYSTEMS INC.

MANAGEMENT DISCUSSION and ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2010

The following Management's Discussion and Analysis (MD&A) of the financial results for RMS Systems Inc. (the "Company") should be read in conjunction with the audited consolidated financial statements for the three months ended March 31, 2010. This MD&A was prepared as of May 27, 2010. It contains certain forward-looking statements that involve known and unknown risks and uncertainties, such as changes in commodity prices and government regulations, which are beyond the Company's control. Actual results could differ materially from those expressed here.

Forward-looking Statements

Certain information regarding the Company set forth in this report, including management's assessment of the Company's future plans and operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. These risks and uncertainties, many of which are beyond the Company's control, include the impact of general economic conditions and specific industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other competitors, the lack of available qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements, and accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits the Company can derive therefrom. Readers should be aware that historical results are not necessarily indicative of future performance.

The Company's Financial Strategy in the Current Economic Environment

The current economic environment is showing signs of recovery however, commodity prices have been decreasing again with the European economic downturn. The Western Canadian oil and gas industry has seen a recovery of oil prices from 2009, resulting in an increase in drilling activity of wells targeting oil production. However, natural gas prices continue to be slow to recover resulting in continued stagnated activity as far as the drilling of natural gas wells is concerned.

In this environment, the Company is highly focused on the key business objectives of maintaining financial strength, continuing to market the Company's products so as to generate significant free cash flow in the future, and further optimizing capital investments. The Company is also pursuing forms of financing to help finance its planned capital spending for 2010.

The Company continues to employ a conservative capital structure. Aside from trade payables, the Company is currently debt free.

In addition, the Company continues to monitor expenses and its capital spending. In light of the current market situation, the Company is aggressively pursuing further contracts for its products. The Company also has planned a measured, flexible approach to its 2010 capital spending with the flexibility to adjust expenditures up or down depending upon how economic circumstances unfold during the year.

Overall Performance

The Company was formed through Articles of Amalgamation pursuant to the Alberta *Business Corporations Act* (the "Act") on September 29, 2008. On that date the Company amalgamated with Tiger-Cat Energy Ltd. and changed its name from C-Data Communications Inc. ("C-Data") to RMS Systems Inc. (the "Amalgamation"). The Company is a technology company which commenced business in May, 2005. Prior to the Amalgamation the Company was a private corporation. Subsequent to the Amalgamation the Common Shares of the Company trade on the TSX Venture Exchange under the symbol RMS. It had four wholly owned subsidiaries (all incorporated pursuant to the Act): BARB Projects Ltd., CDHM Offshore Ltd., RigManager Services Ltd. and

Quatros Communications Ltd. of which all, except RigManager Services Ltd., amalgamated with the Company on January 1, 2010.

The Company has developed a drilling rig data analysis product for the drilling industry (the "RigManager System"). This RigManager System has been designed to provide oil and gas producers with accurate and timely drilling feedback during the drilling of an oil or gas well. The RigManager System developed by the Company is anticipated to be of value to oil and gas producers in western Canada and through-out the world. Since its inception in 2005, the Company has developed the RigManager System and related hardware and software. The Company spent approximately \$1.45 million in the development of the RigManager System. Through this drilling rig monitoring software the RigManager System provides real time data acquisition from the drilling rig to both the drilling site and the oil and gas exploration company's offices through a web portal. The Company is the developer of its software and utilizes licensed industry proven data collection sensors in the RigManager System. The Company licenses the RigManager System to its wholly owned subsidiary, RigManager Services Ltd. RigManager Services Ltd. markets and provides support services to industry clients. The RigManager System is usually licensed to the oil and gas exploration company and drilling contractor utilizing it. The Company earns revenue based upon the level of service contracted for by the exploration and drilling company and the days of operation of the drilling rig. In other instances a long term license may be entered into for a one time lump sum fee.

In Q2, 2009, the Company entered into a strategic alliance with Virgin Technologies Inc. ("Virgin"). Virgin is a satellite supplier to remote locations. Pursuant to the Virgin Agreement, both the Company and Virgin were entitled to earn certain commissions should they assist the other in locating new contracts. In addition, Virgin and the Company agreed to share their expertise with one another in regard to servicing customers' needs. This alliance was terminated effective March 11, 2010. The company has hired a marketing manager effective March 1, 2010, and has developed its own communications system that is expected to be utilized on approximately 90% of the installations of the RigManager System.

Overview of Financial Information

Financial Highlights	For the three months ended March 31, 2010	For the three months ended March 31, 2009
	\$	\$
Rental revenue	740,845	287,307
Rental services expense	458,991	209,093
General and administrative expense	454,018	403,517
Net income/(loss)	(305,438)	(453,951)
Per share – basic and diluted	(0.01)	(0.02)
EBITDA	(156,929)	(324,262)
Deferred development costs	-	-
Property and equipment expenditures	(99,991)	(887,004)
Weighted average shares outstanding		
Basic	26,604,907	26,562,715
Diluted	26,604,907	26,562,715
Total assets	4,102,652	5,834,859

Rental Revenue

Revenue for the three months ended March 31, 2010 was \$740,845 compared to \$287,307 for the three months ended March 31, 2009. The increase in revenue is a result of increasing the amount of RigManager Units deployed on drilling rigs compared to Q1, 2009. Revenue is anticipated to increase as the Company deploys additional RigManager Units with the Company's current customers and as the Company enters into additional contracts for the supply of the RigManager System. The Company continues to execute pilot projects with oil and gas producers to expand its customer base.

Rental Services Expense

Rental services expenses for the three months ended March 31, 2010 was \$458,991 compared to \$209,093 for the three months ended March 31, 2009. These costs were largely satellite services, direct salaries and direct costs related to rental of the RigManager Units and have increased when compared to prior year's quarter due to the increase in RigManager Units deployed. It is anticipated that, with the implementation of the Company's communication system, rental services will decrease on a per unit basis when compared to the prior year. Additionally, to increase revenue, the Company is deploying resources to develop solutions to replace other services that are outsourced.

General and Administrative

General and administrative expenses for the three months ended March 31, 2010 was \$454,018, compared to \$403,517 for the three months ended March 31, 2009. Early in 2010, the Company terminated employment of two officers of the Company and paid them a one time severance payment totaling \$74,400. This contributed to the increase in general and administrative costs. As at March 31, 2010, consulting and salaries contributed to 66% of the general and administrative costs and telephone, fax and internet contributed to 6% of total general and administrative costs. General and administrative costs are anticipated to increase as the Company increases the number of RigManager Systems deployed, however they will decrease on a per RigManager Unit basis.

Liquidity

The consolidated working capital at March 31, 2010 was \$445,820 compared to a working capital of \$690,240 at December 31, 2009. The decrease is due mainly to the following factor:

- Cash outflow from operations, excluding working capital items, in the approximate amount of \$158,000.

Other than the agreements pursuant to which the Company supplies the RigManager Units, ("Supply Contracts"), the Company currently does not have any material contractual obligations at March 31, 2010. As the customers of the Company request additional RigManager Units are anticipated to increase, the required capital expenditures of the Company will increase..

Property and Equipment Expenditures

During the three months ended March 31, 2010, the Company spent \$99,991 on property and equipment. These amounts relate to the RigManager Units which have been deployed pursuant to Supply Contracts. As at March 31, 2010, \$766,423 of the amounts in property and equipment remains as parts and raw materials. In the future, as additional RigManager Units are deployed, the property and equipment expenditures are anticipated to increase as a result of the necessity to deliver the Units themselves and ancillary expenses required to service new Units. However, it is anticipated that the cost per Unit will decrease due to the development of in-house technology that will replace externally purchased components required on the Units and as a result of economies of scale.

Summary of Quarterly Results

	Jan. to Mar. 2010	Oct. to Dec. 2009	Jul. to Sep. 2009	Apr. to Jun. 2009
	\$	\$	\$	\$
Rental revenue	740,845	538,221	446,563	96,181
Net loss for period	(305,438)	(554,371)	(439,513)	(591,113)
Basic loss per share	(0.01)	(0.02)	(0.02)	(0.02)
Diluted income (loss) per share	N/A	N/A	N/A	N/A
Weighted average number of shares outstanding	26,604,907	26,562,715	26,562,715	26,562,715

	Jan. to Mar. 2009	Oct. to Dec. 2008	Jul. to Sep. 2008	Apr. to Jun. 2008
	\$	\$	\$	\$
Rental revenue	287,307	211,667	148,640	20,170
Net loss for period	(453,951)	(555,802)	(82,232)	(321,616)
Basic loss per share	(0.02)	(0.021)	(0.010)	(0.055)
Diluted income (loss) per share	N/A	N/A	N/A	N/A
Weighted average number of shares outstanding	26,562,715	26,562,715	8,434,934	5,866,497

Off-Balance Sheet Arrangements

The Company does not have any special purpose entities nor is it party to any arrangement that would be excluded from the balance sheet.

Related Party Transactions

During the three months ended March 31, 2010, the Company paid, to a company related by virtue of a common director and officer, the amount of \$15,000 for reimbursement of general and administrative expenses.

Changes in Accounting Policies Including Initial Adoption

"Business Combinations", Section 1582, replaces the previous business combinations standard. The standard requires assets and liabilities acquired in a business combination, contingent consideration and certain acquired contingencies to be measured at their fair values as of the date of acquisition. In addition, acquisition related and restructuring costs are to be recognized separately from the business combination and included in the statement of earnings. The adoption of this standard will impact the accounting treatment of future business combinations entered into after January 1, 2011.

"Consolidated Financial Statements", Section 1601, which, together with Section 1602 below, replace the former consolidated financial statements standard. Section 1601 establishes the requirements for the preparation of consolidated financial statements. The adoption of this standard had no material impact on the Company's Consolidated Financial Statements.

"Non-controlling Interests", Section 1602, establishes the accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The standard requires a non-controlling interest in a subsidiary to be classified as a separate component of equity. In addition, net earnings and components of other comprehensive income are attributed to both the parent and non-controlling interest. The adoption of this standard has had no material impact on the Company's Consolidated Financial Statements.

The above CICA Handbook sections are converged with International Financial Reporting Standards ("IFRS"). The Company will be required to report its results in accordance with IFRS beginning in 2011. The Company is currently assessing the impact of the convergence of Canadian GAAP with IFRS on the Company's financial results of operations, financial position and disclosures.

Financial Instruments and Capital Management

FINANCIAL INSTRUMENTS

The Company is exposed to financial risk in a range of financial instruments including cash, accounts receivable, accounts payable and accrued liabilities. At March 31, 2010, the fair value of cash, accounts receivable and accounts payable and accrued liabilities approximates their carrying value due to their relatively short term nature. At March 31, 2010, the Company valued cash using level 1 inputs. The Company did not have any assets or liabilities which are valued using level 2 or level 3 inputs. The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are liquidity, credit and market risks.

Liquidity Risk

Liquidity risk includes the risk that, as a result of the Company's operational liquidity requirements:

- The Company will not have sufficient funds to settle a transaction on the due date;
- The Company will be forced to sell financial assets at a value which is less than what they are worth; or
- The Company may be unable to settle or recover a financial asset at all.

The Company's operating cash requirements are continuously monitored and adjusted as input variables change. As variables change, liquidity risks may necessitate the Company to conduct equity issues or obtain project debt financing. Management has assessed this risk as minimal.

A maturity analysis for the company's undiscounted financial liabilities, including interest, and contractual maturities is summarized in the following table.

	Accounts payable and accrued liabilities	Office premises
	\$	\$
2010	375,376	20,484
2011	-	28,128
2012	-	28,800
2013	-	16,800
	375,376	94,212

Credit Risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. This credit risk is mitigated by the use of approved credit policies to limit the amount of transactions according to the counter party's credit quality. The Company assesses quarterly if there has been any impairment of the financial assets of the Company. During the period ended March 31, 2010, there was no impairment provision required on any of the financial assets of the Company. The Company has a concentration of credit risk as 47% of the Company's trade receivables are from one customer which contributed to \$407,887 of revenues for the three months ended March 31, 2010. As such, the Company is economically dependent on this one customer.

All of the Company's cash is held at one financial institution and as such, has a concentration of credit risk on its cash.

The Company's accounts receivables are aged as follows:

	Total \$
Current (less than 30 days)	207,743
30 to 60 days	268,979
61 to 90 days	47,372
Over 90 days	34,679
Total	558,773

The maximum exposure to credit risk is represented by the carrying amount on the balance sheet.

Market risk

The major area of uncertainty for the Company is that the demand for its services is directly related to the strength of its customers' capital expenditure programs. The level of capital programs is strongly affected by the level and stability of commodity prices, which can be extremely difficult to predict and is beyond the control of the Company and its customers.

In Canada, the level of activity in the oilfield services industry is influenced by seasonal weather patterns. The spring thaw makes the ground unstable and less capable of supporting heavy weights. Consequently, municipalities and transportation departments enforce road bans that restrict the movement of heavy equipment, thereby reducing drilling and well servicing activity levels. In addition, during excessively rainy periods, equipment moves may be delayed, thereby adversely affecting revenues.

There is greater demand for oilfield services provided by the Company in the winter season when the occurrence of freezing permits the movement and operation of heavy equipment. Activities tend to increase in the fall and peak in the winter months of November through March. However, if an unseasonably warm winter prevents sufficient freezing, the Company may not be able to access well sites and its operating results and financial condition may therefore be adversely affected. Volatility in the weather and temperature can therefore create unpredictability in activity and utilization rates, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's objective is met by retaining adequate equity to guard against the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements.

The Board of Directors does not establish quantitative return on capital criteria for the Company; but rather promotes year over year sustainable growth in net income and funds flow. The Company defines capital as total equity plus net debt. Total net debt includes any potential long term debt, bank indebtedness or capital leases of the Company.

	March 31, 2010	March 31, 2009
	\$	\$
Total debt	-	-
Less cash	(208,677)	(2,352,953)
Net debt	(208,677)	(2,352,953)
Total equity	3,727,276	5,548,378
Total capital	3,518,599	3,195,425

The Company is not subject to any externally imposed financial requirements.

International Financial Reporting Standards

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises for interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011, including comparatives for 2010. The Company has completed its high-level IFRS changeover plan and established a preliminary timeline for the execution and completion of the conversion project. The changeover plan was determined following a preliminary assessment of the differences between Canadian GAAP and IFRS and the potential effects of IFRS to accounting and reporting processes, information systems, business processes and external disclosures. This assessment has provided insight into what are anticipated to be the most significant areas of difference applicable to the Company. External advisors have been retained and will assist management with the project on an as needed basis. The Company will also continue to monitor standards development as issued by the IASB and the AcSB as well as regulatory developments as issued by the Canadian Securities Administrators, which may affect the timing, nature or disclosure of its adoption of IFRS.

SEDAR

Additional information relating to the Company can be accessed on the Company's website at www.rigmanager.com and on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Risks and Uncertainties

An insurance program is maintained to mitigate risks and to protect against significant losses, while maintaining levels of risk within the Company, which management believes to be acceptable. While the Company believes that its liability, property and business interruption insurance is adequate and consistent with industry participants of the Company's size, the Company is unable to obtain insurance to cover all risks within the business or in amounts to cover all possible claims.

The Company's operations may be adversely affected by changes in governmental policies, regulations or taxation concerning the Canadian oil and natural gas industry. Changes in any of these areas may significantly increase the Company's costs or adversely affect its ability to conduct business.

The recent economic downturn has resulted in lower oil and gas prices. It is anticipated that should these lower prices prevail, they will result in continued lower drilling activity. Such reductions negatively impact the Company's cash flow and negatively impact the Company's ability to enter into other contracts for the supply of RigManager Units.

The Company's operations are highly dependent on its executive officers and key personnel. The loss of the services of any of these people could have an adverse effect on the Company.

The Company's main competitor is Pason Systems Inc. (TSX: PSI). Pason has a very significant share of the North American market for products such as the RigManager. Pason is a mature company with significantly more financial resources than the Company. In the event that Pason was to materially decrease the costs of its goods and services or were to otherwise attempt to utilize its size to its advantage the Company may not be able to compete with Pason. The ability of the Company to grow in the future will depend significantly on the ability of the Company to compete with Pason.

The financial statements for the period ended March 31, 2010 are incorporated by reference herein and form an integral part of this MD&A.

"signed: Dave Hall"

Dave Hall
Chief Executive Officer

"signed: Denny Chow"

Denny Chow
Chief Financial Officer