Management Discussion and Analysis of

RMS SYSTEMS INC.

September 30, 2010

RMS SYSTEMS INC.
MANAGEMENT DISCUSSION and ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 nine months ended September 30, 2010. This MD&A was prepared as of November 24, 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.

Overall Performance

In Q2, 2010, the Company incorporated in Texas a wholly owned United States subsidiary, RigManager Inc., to facilitate expansion of its RigManager Units into the United States. Entry into the United States is expected to provide the Company with an opportunity to grow into a much larger market and should also mitigate losses with the seasonality decrease in revenues as a result of weather and ground conditions in Canada.

In Q3, 2010, the Company completed a private placement of 4,000,000 shares of the Company for gross proceeds of $800,000. It is anticipated that the private placement funds will assist the Company in the roll-out of RigManager Units for its Canadian operations, and also assist with the roll-out of RigManager Units into the United States.

In Q4, 2010, the Company completed an unsecured convertible debenture financing in the amount of $2,000,000 ("the Debentures"). Interest under the Debentures is charged at the rate of 8% per annum payable each quarter and commencing December 31, 2010. The Debentures are convertible at any time, at the option of the holders, into common shares at a conversion price of $0.30 per common share. The Debentures are redeemable by the Company at any time provided the Company's common shares are trading at a price in excess of $0.45 per share, or prior to October 15, 2011, upon the Company paying the amount owing on the Debenture plus 4% of the principal amount. The Debentures will mature on October 15, 2012. The funds raised through the issuance of the Debentures will also assist in the roll out of RigManager Units both in Canada and the United States.

Overview of Financial Information

Financial Highlights	**For the three months ended September 30, 2010 $**	For the three months ended September 30, 2009 $	**For the nine months ended September 30, 2010 $**	For the nine months ended September 30, 2009 $
Rental revenue	**796,534**	446,563	**1,658,999**	830,051
Rental services expense	**(267,938)**	(351,806)	**(850,101)**	(667,482)
General and administrative expense	**(509,136)**	(362,995)	**(1,471,310)**	(1,209,191)
Net income/(loss)	**(231,132)**	(439,513)	**(1,223,073)**	(1,484,577)
Per share – basic and diluted	**(0.01)**	(0.02)	**(0.04)**	(0.06)
EBITDA	**19,460**	(268,238)	**(641,177)**	(1,045,581)
Property and equipment expenditures	**493,192**	154,368	**758,617**	1,093,808
Weighted average shares outstanding				
Basic	**29,636,991**	26,562,715	**26,562,715**	26,562,715
Diluted	**N/A**	N/A	**N/A**	N/A
Total assets	**4,551,759**	4,854,623	**4,551,759**	4,854,623

Rental Revenue

Revenue for the three months ended September 30, 2010 was $796,534 compared to $446,563 for the three months ended September 30, 2009. Revenue for the nine months ended September 30, 2010 was $1,658,999 compared to $830,051 for the nine months ended September 30, 2009. The increase in revenue is a result of increasing the amount of RigManager Units deployed on drilling rigs compared to Q3, 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 September 30, 2010 was $267,938 compared to $351,806 for the three months ended September 30, 2009. The decrease in rental service is due to the implementation of the Company's communication system, which decreased the costs required to outsource the Company's communication needs. This decrease was off-set by a smaller increase in rental service expenses from increasing service staff.

Rental services expenses for the nine months ended September 30, 2010 was $850,101 compared to $667,482 for the nine months ended September 30, 2009. The increase is due in part to additional service staff hired to service the increase in deployed RigManager Units, off-set by a decrease in the expenses associated with the implementation of the Company's communication system.

The Company is also deploying resources to develop solutions to replace other services that are outsourced. This is anticipated to decrease the rental service expenses per RigManager Unit.

General and Administrative

The Company General and administrative expense ("G&A") for the nine months ended September 30, 2010 was $1,471,310, compared to $1,209,191 for the nine months ended September 30, 2009. With the increase in RigManager Units deployed, the Company has also increased staffing, which contributed to the increase in G&A. The Company also incorporated a US subsidiary, which increased G&A by approximately $30,000 in Q3, 2010. As at September 30, 2010, consulting and salaries contributed to 65% of the general and administrative costs and telephone, fax and internet contributed to 6% of total general and administrative costs. Severance totaling $74,400 was paid in Q1, 2010 upon severance of two employees of the Company. The Company's administrative payroll has increased to approximately $100,000 monthly (an increase of $19,000 per month from that at the end of 2009). This increase is as a result of the Company hiring additional staff to prepare for anticipated growth and as a result of expansion into the United States. General and administrative costs are anticipated to increase as the Company increases the number of RigManager Systems deployed, however G&A is expected to decrease on a per RigManager Unit basis.

Liquidity

The consolidated working capital at September 30, 2010 was $76,370 compared to a working capital of $690,240 at December 31, 2009. The decrease is due mainly to the following factors:

- Decrease due to the cash outflow from operations, excluding working capital items, in the approximate amount of $650,000.
- Decrease due to the purchase of property and equipment in the approximate amount of $760,000.
- Increase due to the private placement of shares and exercise of options and warrants for proceeds of $830,000

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 September 30, 2010. The number of RigManager Units deployed is anticipated to increase; this will result in an increase in the required capital expenditures of the Company.

Property and Equipment Expenditures

During the nine months ended September 30, 2010, the Company spent $758,617 on property and equipment. These amounts relate to the RigManager Units which have been deployed pursuant to Supply Contracts. As at September 30, 2010, $665,355 of the amounts in property and equipment remains as parts and raw materials for the manufacture of RigManager Units. 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 as a result of economies of scale and due to the development of in-house technology that will replace externally purchased components required on the Units.

Summary of Quarterly Results

	Jul. to Sep. 2010	Apr. to Jun. 2010	Jan. to Mar. 2010	Oct. to Dec. 2009
	$	$	$	$
Rental revenue	**796,534**	121,620	740,845	538,221
Net loss for period	**(231,132)**	(686,503)	(305,438)	(554,371)
Basic loss per share	**(0.01)**	(0.03)	(0.01)	(0.02)
Diluted income (loss) per share	**N/A**	N/A	N/A	N/A
Weighted average number of shares outstanding	**29,636,991**	26,629,382	26,604,907	26,562,715

	Jul. to Sep. 2009	Apr. to Jun. 2009	Jan. to Mar. 2009	Oct. to Dec. 2008
	$	$	$	$
Rental revenue	446,563	96,181	287,307	211,667
Net loss for period	(439,513)	(591,113)	(453,951)	(555,802)
Basic loss per share	(0.02)	(0.02)	(0.02)	(0.021)
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	26,562,715	26,562,715

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 nine months ended September 30, 2010, the Company paid, to a company related by virtue of a common director and officer, the amount of $45,000 for reimbursement of general and administrative expenses.

Subsequent Event

Subsequent to the period ended September 30, 2010, the Company issued 90,000 stock options to employees of the Company. The exercise price of these stock options varies from $0.265 to $0.27 per common share.

Changes in Accounting Policies Including Initial Adoption

Consolidation
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, RigManager Services Ltd. and RigManager Inc. All inter-company accounts and transactions have been eliminated.

"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, and capital lease obligations. At September 30, 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, and the fair value of capital lease obligations approximates their carrying value as they were entered into with similar terms for other third parties. Subsequent to the period end, the Company entered into convertible debentures which carrying values approximate fair values as they were also with third parties. At September 30, 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	Capital lease obligations	Office premises
	$	$	$
2010	775,223	41,794	6,828
2011	-	41,794	28,128
2012	-	56,414	28,800
2013	-	-	16,800
	775,223	140,002	80,556

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 September 30, 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 63% of the Company's trade receivables are from one customer which contributed to $1,113,543 of revenues for the nine months ended September 30, 2010. As such, the Company is economically dependent on this one customer.

The Company's accounts receivables are aged as follows:

	Total $
Current (less than 30 days)	468,795
30 to 60 days	125,932
61 to 90 days	94,445
Over 90 days	54,205
Total	743,377

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.

	September 30, 2010	December 31, 2009
	$	$
Total debt	**125,517**	-
Less cash	**(70,860)**	(725,077)
Net debt	**54,657**	(725,077)
Total equity	**3,651,019**	4,014,381
Total capital	**3,705,676**	3,289,304

The Company is not subject to any externally imposed financial requirements as at September 30, 2010. Subsequent to the period ended September 30, 2010, the Company will be subject to the financial requirements under the convertible debenture agreement.

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.

Anticipated significant areas of difference

The Company's anticipated significant areas of difference include property and equipment, impairment testing, and stock-based compensation. These areas of impact have the greatest potential impact to the Company's financial statements. The following discussion provides an overview of these areas.

Property and equipment

The significant components of the Company's property and equipment have been identified and a componentization model has been developed. Depreciation policies have been drafted according to each significant component which will likely decrease depreciation expenses under IFRS; although the decreases are not expected to be significant.

In addition, as required under IFRS, the Company is reviewing and assessing alternatives relating to the capitalization of borrowing costs to property and equipment.

Impairment

Under IFRS, the Company is required to recognize and measure an impairment loss if the carrying value exceeds the recoverable amount for a cash-generating unit. Under IFRS, the recoverable amount is the higher of fair value less cost to sell and value in use. Impairment losses, other than goodwill, are reversed under IFRS when there is an increase in the recoverable amount.

Stock based compensation

IFRS 2 Share-Based Payments requires the expense related to share-based payments to be recognized as the options vest. For options with different vesting periods, each vesting tranche must be treated as a separate option grant which accelerates the expense recognition ("Graded Vesting Amortization") in comparison to Canadian GAAP which allows the expense to be recognized on a straight-line basis over the period the options vests. The Company must also apply an estimated forfeiture rate at the initial grant date for each option tranche. The forfeiture rate is taken into account by adjusting the number of options expected to vest under each tranche and subsequently revising this estimate throughout the vesting period, as necessary. The Company expects to adopt this change in accounting policy prospectively.

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 September 30, 2010 are incorporated by reference herein and form an integral part of this MD&A.

"signed: Dave Hall"	*"signed: Denny Chow"*
Dave Hall	Denny Chow
Chief Executive Officer	Chief Financial Officer