EXACTEARTH LTD. (the “Company”)

MANAGEMENT’S DISCUSSION AND ANALYSIS

*The following management discussion and analysis (“**MD&A**”) is prepared as of November 2, 2015, and provides information that management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition for the financial years ended October 31, 2014, 2013 and 2012 and for the three and nine month periods ended July 31, 2015 and August 1, 2014. This MD&A should be read in conjunction with our annual audited consolidated financial statements and the notes thereto (the “**Consolidated Financial Statements**”) and our unaudited interim condensed consolidated financial statements (the “**Interim Condensed Consolidated Financial Statements**”). The Consolidated Financial Statements have been prepared in accordance with IFRS. All amounts herein are stated in thousands of Canadian dollars unless otherwise indicated. Unless otherwise noted, the information contained herein is dated as of July 31, 2015.*

Caution Regarding Forward-Looking Statements

This MD&A contains forward-looking statements that relate to our current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as “may”, “will”, “expect”, “anticipate”, “aim”, “estimate”, “intend”, “plan”, “seek”, “believe”, “potential”, “continue”, “is/are likely to” or the negative of these terms, or other similar expressions intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to: expectations regarding our revenue, expenses and operations; anticipated impact of changes to accounting policies; anticipated industry trends; anticipated new Order Bookings; research and development spending levels; selling, general and administrative spending; revenue growth guidance; gross margin trending, anticipated future launch dates and launch locations for satellite assets; anticipated and continued benefits our strategic collaboration agreement with SRT and the recent announcement of the Second Generation Constellation on-board Iridium NEXT; expected useful lives of satellite assets and anticipated completion of additional ground stations.

Forward-looking statements are based on certain assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments and other factors we believe are appropriate, and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Whether actual results, performance or achievements will conform to our expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, which are discussed in greater detail in the “Risk Factors” section of this MD&A.

Non-IFRS Measures

In this MD&A, we provide information about Order Bookings, earnings before interest, taxes, depreciation and amortization (“EBITDA”), Adjusted EBITDA, EBITDA Margin and Subscription Revenue. Order Bookings, EBITDA, EBITDA Margin and Subscription Revenue are not defined by IFRS and our measurement of them may vary from that used by others. These non-IFRS measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement the IFRS measures by providing further understanding of our results of operations from management’s perspective. Accordingly, they should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS.

We define “Order Bookings” as the dollar sum of fully executed contracts for the supply of our products and/or services to our customers received during a defined period of time. Order Bookings are indicative of firm future revenue streams; however, they do not provide a guarantee of future net income and provide no information about the timing of future revenue.

We measure EBITDA as net income plus interest, taxes, depreciation and amortization. We measure EBITDA Margin as EBITDA, divided by our total revenue. We measure Adjusted EBITDA as EBITDA plus offering related expenses, unrealized foreign exchange losses and share-based compensation costs, less unrealized foreign exchange gains. We believe that EBITDA is useful supplemental information as it provides an indication of the income generated by our main business activities before taking into consideration how they are financed or taxed. Prospective purchasers of Offered Shares should be cautioned, however, that EBITDA should not be construed as an alternative to net income (loss) determined in accordance with IFRS as an indicator of our performance or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows.

We define Subscription Revenue as the dollar sum of fully executed contracts for our products and/or services to our customers that are subscription-based, typically sold with a one-year period of service and recognized in our "Subscription Services" segmented revenue.

Overview

We are a leading provider of global maritime vessel data for ship tracking and maritime situational awareness solutions. Since our establishment in 2009, we have pioneered S-AIS maritime surveillance and have delivered to our clients a view of maritime behaviours across all regions of the world's oceans that is unrestricted by terrestrial limitations. We have deployed an operational data processing supply chain with our First Generation Constellation, receiving ground stations, patented decoding algorithms and advanced Big Data processing and distribution facilities. This ground-breaking system provides a comprehensive picture of the location of AIS equipped maritime vessels throughout the world and allows us to deliver data and information services characterized by high performance, reliability, security and simplicity to large international markets.

The consolidated financial statements include the accounts of our Subsidiary with inter-company transactions and balances eliminated. We have two locations, one in Cambridge, Ontario, Canada and the other in Harwell, UK. COM DEV and Hisdesat hold 73% and 27% respectively of the issued and outstanding common shares.

Key Components and Functions of our Product Offering

*Automatic Identification System ("**AIS**")*

Since 2004 all major ships in the world are required by the IMO to carry an AIS transponder which constantly transmits VHF radio signals containing information about the ship (name, destination, cargo) as well as its movement (position, course, heading speed etc.) In a typical seven-day period, we track approximately 165,000 AIS-equipped vessels. This capability is further enhanced by our patented capability to track small vessels in the open ocean utilizing a new class of specially modified Class B AIS transponders. We anticipate that with this added capability, our addressable market will increase to more than 1 million vessels by 2020. AIS was originally designed as a collision avoidance system; however, it has been widely recognised for some time that such open broadcast information can be collected and used to track and monitor shipping activity close to shore only from terrestrial AIS stations (the system is physically limited by the curvature of the earth and is only effective for approximately 50 nautical miles, or approximately 100 kilometres).We have led the way in overcoming this shortcoming by pioneering the reception of such AIS signals from LEO satellites, thus eliminating the distance limitation imposed by the terrestrial AIS stations, and for the first time in maritime history providing a real-time unrestricted global view of all shipping regardless of location, and importantly, proximity to a coastline.

Satellites

We receive AIS data from our constellation of LEO satellites. The first satellite, EV-0 was launched by COM DEV in 2008 for the purpose of validating the concept of collecting maritime AIS signals from space, but is now non-operational. Between 2011 and 2013, we launched and commissioned four more advanced AIS satellites, including EV-1, EV-2, EV-5 and EV-6. These satellites incorporated advanced AIS payloads designed to further improve AIS message detection from space. Our satellite constellation grew once again in December 2014 when we announced the successful integration of three advanced in-orbit AIS satellites into our exactView constellation through a contract under which we purchased one satellite, EV-11, and exclusively licensed data from two more. These are month to month lease agreements which can be terminated at any point and are subject to minimum service level requirements. The data from these three additional AIS satellites significantly increased the capacity of our global vessel monitoring service, expanded our constellation to eight satellites, and further enhanced our world-leading AIS message detection performance from space. Our new equatorial satellite, EV-9, was launched on September 28, 2015 and commissioning is in progress. We expect to receive data from two additional satellites currently under construction and expected to be launched in early 2016.

Ground infrastructure

We have deployed a network of international ground stations designed for highly reliable satellite payload downlinking, payload storage and payload transmission to our primary DPC for processing and distribution. The ground station facilities provide reception of AIS payload downloads and securely cache the payload data locally. The payload data is transmitted using encrypted high capacity links to the primary DPC. Ground stations are often equipped with redundancy devices to ensure the highest level of reliability.

Data processing centres and customer delivery

Upon reception at a ground station, the AIS information is forwarded through an extensive secure Virtual Private Network to one of our two DPCs both of which are located in Ontario, Canada. See "Business of the Company — Systems and Infrastructure."

Products and services

Through a variety of products and services, we provide what we believe to be the most advanced location-based information on maritime traffic commercially available today. We provide the flexibility needed to customise our services and products suited to the needs of our customers on a timely basis.

Subscription Services encompasses the sale of Data-as-a-Service ("DaaS"), Software-as-a-Service ("SaaS") and Information-as-a-Service ("IaaS"). DaaS includes the provision of continuous data feeds in various formats and delivery systems through secure data connections over the Internet. We provide a SaaS solution that allows users to access the ship information derived from our AIS data sources within an easy-to-use mapping environment. Our value-added and Information Services product offerings encompass our IaaS solutions.

Data Products include raw data and customized reports derived from our extensive and growing archive dating back to July 5, 2010, including more than 6.5 billion S-AIS messages. Since we commenced commercial operations in 2009, we have tracked approximately 300,000 unique vessels.

Other Products and Services include special projects with governments and space agencies to research methods and applications around the satellite AIS business, as well as specific analysis and reporting contracts.

Customers

As the primary supplier of S-AIS data delivery, our customers include both Government departments (defense; intelligence and security; search and rescue; border patrol and maritime safety; government and space agencies and other ministries and organizations) and Commercial and Other customers (commercial fishing; business intelligence and risk management; port management; commercial offshore (oil and gas); commercial shipping; hydrographic and charting and other academic and research institutions). Our S-AIS data service provides enhanced maritime domain awareness for improved vessel management, scheduling, environmental protection, search and rescue operations, and defence and border securing applications.

Strategic alliances

In July 2014, we announced a strategic alliance with Genscape, a leading real-time energy information supplier to commercial markets. Genscape, acquired our existing partner VesselTracker GmbH who provided the use of certain terrestrial stations. Pursuant to a 2012 agreement we included VesselTracker GmbH's Global Terrestrial AIS data into the Company's products and services. In addition VesselTracker offered exactEarth Satellite AIS data, as a distributor, to their customers primarily in the commercial sector. Genscape now provides the most extensive terrestrial AIS information available as well as expansive ship information. The Company's agreements with Genscape are non-exclusive and operate on a revenue share basis.

In May 2014, we entered into a strategic collaboration agreement with SRT aimed at optimizing the reception of low cost AIS transponder transmissions from satellite. SRT is the leading provider of Class B AIS transponders, identifiers and other AIS-based products to the global market. The detection range of AIS transponders by a coastal monitoring system is approximately 50 nautical miles (or approximately 100 kilometres). However many vessels, large and small frequently operate outside of the detection range of such systems. The ability to reliably receive AIS transmissions from Class B transponders from space and therefore without coastal range limitations will enable countries to significantly improve their vessel monitoring capabilities. Under the Company's Agreements with SRT, intellectual property that is jointly developed will be jointly owned by the parties while the originator of such intellectual property will maintain ownership of such intellectual property. SRT acts as a manufacturer and distributor for the physical identifiers (transponders) with exactEarth providing the data collection and distribution services. The service with SRT is currently undergoing customer trials.

On June 8, 2015 we announced the Harris Agreement which will allow us to apply our expertise and technology in AIS signal detections from space on-board Iridium NEXT. The payload utilizes Harris' powerful AppStar applications platform and will employ an in-orbit version of our patented AIS detection algorithms, creating an unrivaled AIS detection capability for global maritime tracking. The Second Generation Constellation will collect information across the entire maritime frequency band, and provide real-time access to and from the ground, enabling real-time delivery of the collected maritime information on a global scale.

Staffing

We rely on the knowledge and talent of our employees and we make use of their expertise in satellite operations, Big Data architecture, web services, software and product development and consulting services. The number of our employees has increased at a rate slower than the rate of growth of our revenue. The number of our employees at the end of fiscal 2014 was 51 (2013: 46, 2012: 42). The number of employees as at July 31, 2015 was 65.

Overall Performance

Revenue grew to $15,836 for our 2014 fiscal year from $11,978 in 2013 and $9,640 in fiscal 2012. Government departments are our main target customers since our system capabilities are closely matched to their service requirements. Government customers contributed $12,172 to revenue in 2014 which was a 30% increase from the government customer revenues of $9,331 in 2013 and 50% increase over the government customer revenues of $8,093 in 2012. There was similar growth in non-government department customers during the same period with revenue growing from $1,547 in 2012 to $2,647 in 2013 and $3,664 in 2014.

Revenue for the three and nine months ended July 31, 2015 increased to $7,781 and $19,138 compared to $3,643 and $11,369 in 2014. Government customer revenue for the first three quarters of 2015 increased to $14,554 compared to $8,877 in 2014, and commercial and other increased to $2,867 from $2,492. We have a sales force, marketing strategies and distribution agreements that should allow us to continue to grow with both types of customers.

As at October 31, 2014, we had unrealized subscription revenue totalling $30,894, as compared to the 2013 level of $11,873 and 2012 of $8,539. At July 31, 2015 we had unrealized subscription revenue totalling $18,532. Unrealized subscription revenue represents the amount subscriptions under contract for which we have not yet recognized revenue. Unrealized subscription revenue levels fluctuate as a function of the timing and size of subscription Order Bookings, the remaining length of the subscription terms and exchange rates at the reporting date.

	Subscription revenue expected to be realized in fiscal year:		
October 31, 2014 unrealized subscription revenue	**2015**	**2016**	**2017 and beyond**
$30,894	$18,738	$7,922	$4,234
	61%	26%	13%

	Subscription revenue expected to be realized in fiscal year:		
July 31, 2015 unrealized subscription revenue	**Remainder of 2015**	**2016**	**2017 and beyond**
$18,532	$5,277	$9,086	$4,169
	28%	49%	23%

The expected realization of subscription revenue is based on the remaining term of the subscriptions under contract at the end of 2014. This represents a portion of expected future revenue and actual results may differ materially from these expectations. See "Forward-Looking Statements" and "Risk Factors".

Volatility in exchange rates between Canadian and foreign currencies such as the US dollar, the Euro and the Pound sterling impact the business as a portion of our revenues are billed in non-Canadian currencies (predominately in Pounds sterling) and recognized in our Consolidated Statements of Financial Position in the form of cash, receivables and payables. The Bank of Canada average noon GBP/CAD exchange rate during fiscal 2014 was $1.8064, which compares to the 2013 average of $1.5917 and the 2012 average of $1.5862. The Bank of Canada average noon Euro/CAD exchange rate during fiscal 2014 was $1.4702, which compares to the 2013 average of $1.3443 and the 2012 average of $1.2980. The Bank of Canada average noon USD/CAD exchange rate during fiscal 2014 was $1.0906, which compares to the 2013 average of $1.0198 and the 2012 average of $1.0047.

The Bank of Canada average noon GBP/CAD exchange rates during the three and nine months ended July 31, 2015 were $1.8540 and $1.8773 compared to $1.8323 and $1.8066 in 2014. The Bank of Canada average noon Euro/CAD exchange rates during the three and nine months ended July 31, 2015 were $1.4149 and $1.3906 compared to $1.4719 and $1.4833 in 2014. The Bank of Canada average noon USD/CAD exchange rates during the three and nine months ended July 31, 2015 were $1.1704 and $1.2217 compared to $1.0817 and $1.0856 in 2014.

We continued to make progress on our business plan throughout the periods reported. We achieved EBITDA of $1,697 for fiscal 2014 (2013: $395, 2012: ($3,651)), had Order Bookings of $34,857 (2013: $15,312, 2012: $13,644) and generated revenue of $15,836 (2013: $11,978, 2012: $9,640). We achieved EBITDA for the three and nine months ended July 31, 2015 of $1,995 and $3,597 (2014: $41 and $1,188), Order Bookings of $5,013 and $9,050 (2014: $4,540 and $15,786) and generated revenue of $7,781 and $19,138 (2014: $3,643 and $11,369). For further details, please refer to the EBITDA reconciliation included later in this MD&A.

In 2013, we signed an interest-free loan agreement with the Federal Development Agency for Southern Ontario ("**FED DEV**"). Under this agreement, we are eligible to receive interest free repayable funding to a maximum of $2,491 to offset capital and operating expenditures. In 2014, we received cash proceeds of $583 (2013: $1,879) from FED DEV. For additional information, refer to note 4 (Government assistance) and note 7 (Loans payable, financial instruments and foreign exchange) in the notes to the Consolidated Financial Statements.

On July 30, 2012, COM DEV and Hisdesat made available a revolving credit facility. The outstanding balance net of issue costs as at October 31, 2014 was $10,384 (2013: $8,014, 2012: $3,902). The facility had an initial term of one year and may be renewed for successive one-year periods at the option of the lender. COM DEV and Hisdesat have formally agreed to waive their rights to demand repayment of the principal owing until August 1, 2016. We can make principal repayments at any time and from time to time without notice, bonus or penalty. Interest accrues at the rate of 8% per annum, and is calculated and accrued monthly, with the monthly payment due on the first day of the next month. We made interest payments totalling $802 in 2014 (2013: $438, 2012: $106) and have not made any principal payments. In addition, we had accounts payable to COM DEV, primarily related to capital in progress for data rights and satellites, purchase of services and rent of $19,683 (2013: $18,209, 2012: $16,186). The balance was non-interest bearing during 2012-2014. For additional information, refer to note 7 (Loans payable, financial instruments and foreign exchange) and note 15 (Related parties) in the notes to the Consolidated Financial Statements.

The outstanding shareholder credit facility balance net of issue costs as at July 31, 2015 was $19,227 after translation of the USD balances, and the outstanding accounts payable to shareholders was $25,602. During the three and nine months ended July 31, 2015, we incurred interest expense on shareholder loans totalling $326 and $894 compared to $205 and $596 in 2014. COM DEV and Hisdesat also charged interest on accounts payable for the three and nine months ended July 31, 2015 of $424 and $1,156. For additional information, refer to note 6 (Loans payable, financial instruments and foreign exchange) and note 12 (Related parties) in the notes to the Interim Condensed Consolidated Financial Statements.

For an analysis of risks we face, please refer to the section titled "Risk Factors" in this MD&A.

Selected Annual Information

(in thousands of dollars except per share amounts)	2014	2013	2012
Revenue	$15,836	$11,978	$9,640
Gross Margin	8,140	5,334	2,187
Gross Margin %	51.4%	44.5%	22.7%
EBITDA(1)	1,697	395	(3,651)
EBITDA Margin(1)	10.7%	3.3%	(37.9)%
Loss from Operations	(3,005)	(4,111)	(5,804)
Net loss	(3,705)	(4,113)	(5,933)
Basic and diluted earnings per share	(0.33)	(0.37)	(0.53)
Total assets	62,888	58,581	
Deferred Revenue	977	367	
Other current liabilities	5,598	2,526	
Loans and borrowings	31,781	27,578	
Other non-current liabilities	176	—	

(1) As defined in non-IFRS measures.

Results of Operations

Revenue

We sell products in three broad categories: Subscription Services, Data Products and Other Products and Services. Generally, Subscription Services are sold with a one year period of service so that revenue is recognized equally over the contract term. Data Products and Other Products and Services are generally sold on an as-demanded basis and the revenue is recognized when the product is delivered to the customer. Revenue for the Data Products and for the Other Products and Services tends to be less predictable and is subject to fluctuations from one period to the next.

Revenues for the year ended October 31, 2014:

(in thousands of dollars)	**Subscription Services**	**Data Products**	**Other Products & Services**	**Total revenue**
Government departments	$9,707	$886	$1,579	$12,172
Commercial and Other	2,960	606	98	3,664
Total revenue	$12,667	$1,492	$1,677	$15,836

Revenues for the year ended October 31, 2013:

(in thousands of dollars)	**Subscription Services**	**Data Products**	**Other Products & Services**	**Total revenue**
Government departments	$8,383	$336	$612	$9,331
Commercial and Other	2,187	171	289	2,647
Total revenue	$10,570	$507	$901	$11,978

Revenues for the year ended October 31, 2012:

(in thousands of dollars)	**Subscription Services**	**Data Products**	**Other Products & Services**	**Total revenue**
Government departments	$7,257	$130	$706	$8,093
Commercial and Other	1,090	—	457	1,547
Total revenue	$8,347	$130	$1,163	$9,640

Our total revenue for 2014 was $15,836 compared to $11,978 in 2013 and $9,640 in 2012. The increasing trend in revenue is the result of both our growing customer base and the continuous expansion of our product offerings. This trend is expected to continue as we expand our satellite constellation on- board Iridium NEXT, expand our maritime market reach to new customers and applications and increase our data product offerings and other value-added services.

Subscription Services revenue was $12,667 in 2014 growing from $10,570 in 2013 and $8,347 in 2012. This subscription-based revenue represented 80% of our total revenue in 2014 compared to 88% in 2013 and 87% in 2012. Our Subscription Services revenue is more predictable and steady, and therefore provides a solid foundation for our revenue growth. Revenue from Data Products increased from $130 in 2012 to $507 in 2013 and $1,492 in 2014 which reflects our growing product offerings. Revenue from Other Products & Services, which are not predictable as they are generated from on-demand customer requests, was $1,163 in 2012, $901 in 2013 and $1,677 in 2014.

Revenues for the three months ended July 31, 2015:

(in thousands of dollars)	**Subscription Services**	**Data Products**	**Other Products & Services**	**Total revenue**
Government departments	$4,156	$4	$754	$4,914
Commercial and other	980	1,887	—	2,867
Total revenue	$5,136	$1,891	$754	$7,781

Revenues for the nine months ended July 31, 2015:

(in thousands of dollars)	Subscription Services	Data Products	Other Products & Services	Total revenue
Government departments	$12,724	$218	$1,612	$14,554
Commercial and other	2,571	2,013	—	4,584
Total revenue	$15,295	$2,231	$1,612	$19,138

Revenues for the three months ended August 1, 2014:

(in thousands of dollars)	Subscription Services	Data Products	Other Products & Services	Total revenue
Government departments	$2,301	$9	$378	$2,688
Commercial and other	874	64	17	955
Total revenue	$3,175	$73	$395	$3,643

Revenues for the nine months ended August 1, 2014:

(in thousands of dollars)	Subscription Services	Data Products	Other Products & Services	Total revenue
Government departments	$6,822	$885	$1,170	$8,877
Commercial and other	2,137	277	78	2,492
Total revenue	$8,959	$1,162	$1,248	$11,369

Our total revenue for the three and nine months ended July 31, 2015 was $7,781 and $19,138, compared to $3,643 and $11,369 in 2014. Revenue in all categories increased as compared to prior year due to the increased subscription base, additional product offerings, and increased project revenues.

Revenue by quarter

(in thousands of dollars)	Subscription Services	Data Products	Other Products & Services	Total revenue
Q4 2013	3,038	154	575	3,767
Q1 2014	2,976	78	386	3,440
Q2 2014	2,808	1,011	467	4,286
Q3 2014	3,175	73	395	3,643
Q4 2014	3,708	329	430	4,467
Q1 2015	5,057	56	305	5,418
Q2 2015	5,093	553	293	5,939
Q3 2015	5,136	1,891	754	7,781

Subscription Services revenue fluctuates depending on the number of days in a quarter and timing of subscription renewals. When normalized for the number of days per quarter, we have seen a steady increase in subscription revenue as customer base trended up. Purchases of Data Products and Other Products & Services is on demand, and therefore less predictable.

Gross profit

	Years ended October 31			% Change	
(in thousands of dollars)	2014	2013	2012	Year over year 2014/2013	Year over year 2013/2012
Gross profit	$8,140	$5,334	$2,187	53%	144%
Gross margin	51.4%	44.5%	22.7%		

Gross margin for 2014 averaged 51.4% compared to 44.5% in 2013 and 22.7% in 2012. Our gross margin increased both during 2014 and 2013 due to higher revenue from our growing customer base and the successful commissioning of additional satellites, offsetting the increased operational costs of our expanded satellite constellation. Costs increase relative to the number of satellites and ground stations, and volume of data processing, rather than relative to the number of customers. Therefore, we expect that our cost base will grow more slowly than the growth of our revenues which will result in increased gross margins. See “Business of the Company — Cost Structure.”

	Three months ended		
(in thousands of dollars)	**July 31, 2015**	**August 1, 2014**	**% Change**
Gross profit	$5,010	$1,644	205%
Gross margin	64.4%	45.1%	

	Nine months ended		
(in thousands of dollars)	**July 31, 2015**	**August 1, 2014**	**% Change**
Gross profit	$11,233	$5,610	100%
Gross margin	58.7%	49.3%	

Gross margin for the three and nine months ended July 31, 2015 averaged 64.4% and 58.7% compared to 45.1% and 49.3% in 2014. Our gross margin increased as compared to prior year due to higher revenue, offsetting the increased operational costs of our expanded satellite constellation.

Other expenses

	Years ended October 31			% Change	
(in thousands of dollars)	**2014**	**2013**	**2012**	**Year over year 2014/ 2013**	**Year over year 2013/ 2012**
Research and development expenses	$54	$138	$190	(61)%	(27)%
Selling, general and administrative expenses	5,426	4,410	4,504	23%	(2)%
Product development	928	650	710	43%	(8)%
Restructuring	—	96	365	(100)%	(74)%
Interest expense	665	357	60	86%	495%
Foreign exchange loss	108	3	29	3,500%	(90)%
Other income	(78)	(409)	—	(81)%	n/a
Other expense	5	51	40	(90)%	28%

Research and development (R&D)

	Year ended October 31			% Change	
(in thousands of dollars)	**2014**	**2013**	**2012**	**Year over year 2014/ 2013**	**Year over year 2013/ 2012**
Research and development costs	$63	$240	$214	(74)%	12%
Research and development recovery	(9)	(102)	(24)	(91)%	325%
Net research and development expense	$54	$138	$190	(61)%	(27)%

With the external funding sources, there was $54 net expense for research and development in 2014 compared to a net expense of $138 in 2013 and $190 in 2012. R&D has decreased from prior years as the technology used to receive and de-collide AIS signals has matured and efforts have been more focused on customer facing product development.

Selling, general and administrative expenses

Selling, general and administrative expenses increased to $5,426 in 2014 compared to $4,410 in 2013 and $4,504 in 2012. Selling expenses will fluctuate from quarter to quarter and year to year depending on the volume of new subscriptions versus renewals and the timing of renewals. General expenses increased, reflecting our investment as we execute on our strategic plan.

Product development

Product development expenses increased to $928 in 2014 compared to $650 in 2013 and $710 in 2012 as more web based functionality was developed and new product offerings were in progress. The increase in 2014 related to the successful development and launch of the ShipView platform and exactAIS Density Maps.

Restructuring

We did not incur restructuring charges in 2014 compared to $96 in restructuring charges in 2013 and $365 in 2012. Restructuring during 2012 and 2013 was primarily related to the elimination and combination of certain executive level positions.

Interest expense

Interest charges primarily relate to our outstanding term debt facilities. We incurred interest expense of $665 in 2014 compared to $357 in 2013 and $60 in 2012. The increases year over year are primarily attributed to the increase in shareholder and government loans.

Foreign exchange

Foreign exchange amounts in the Consolidated Statements of Comprehensive Loss include realized and unrealized gains and losses that result from translation of foreign denominated balances in our Consolidated Statements of Financial Position. The impact of translation of outstanding foreign denominated balances in the Consolidated Statements of Financial Position and of settling foreign denominated balances into cash during the year was a loss of $108 in 2014, compared to a loss of $3 in 2013 and a loss of $29 in 2012.

Other income

Other income of $78 in 2014 compared to $409 in 2013 and nil in 2012 is related to the Fed Dev operating grant income. For additional information refer to note 4 (Government assistance) in the notes to the Consolidated Financial Statements.

Other expense

Other expense of $5 in 2014 compared to $51 in 2013 and $40 in 2012 comprising amortization of deferred financing expense and other miscellaneous expenses. For additional information refer to note 11 (Other expense) in the notes to the Consolidated Financial Statements.

Other expenses Q3

	Three months ended		
(in thousands of dollars)	**July 31, 2015**	**August 1, 2014**	**% Change**
Research and development	$15	$16	(6)%
Selling, general and administrative	2,599	1,275	104%
Product development	345	259	33%
Interest expense	316	171	85%
Foreign exchange loss	28	53	(47)%
Other income	—	—	n/a
Other expense	28	—	n/a

	Nine months ended		
(in thousands of dollars)	**July 31, 2015**	**August 1, 2014**	**% Change**
Research and development	$46	$39	18%
Selling, general and administrative	6,194	3,893	59%
Product development	1,046	668	57%
Interest expense	983	508	94%
Foreign exchange loss (gain)	295	(102)	(389)%
Other income	—	(80)	(100)%
Other expense	55	4	1275%

Research and development (R&D)

R&D expenses remain low in the first three quarters of 2015 due to the maturity of the technology used to receive and de-collide AIS signals.

Selling, general and administrative expenses

Selling, general and administrative expenses increased to $2,599 and $6,194 in the three and nine months ended July 31, 2015 compared to $1,275 and $3,893 in 2014. Selling expenses will fluctuate from quarter to quarter and year to year depending on the volume of new subscriptions versus renewals and the timing of renewals. General expenses increased, reflecting our investment as we execute on our strategic plan.

Product development

Product development expenses increased to $345 and $1,046 in the three and nine months ended July 31, 2015 compared to $259 and $668 in 2014 as more web based functionality is under development and new product offerings are in progress.

Interest expense

Interest charges primarily relate to our outstanding term debt facilities. We incurred interest expense of $316 and $983 in the three and nine months ended July 31, 2015 compared to $171 and $508 in 2014. The increases year over year are attributed to the increase in shareholder and government loans and the initiation of interest charges on intercompany balances due to shareholders.

Foreign exchange

Foreign exchange amounts in the Consolidated Statements of Comprehensive Loss include realized and unrealized gains and losses that result from translation of foreign denominated balances in our Interim Consolidated Statements of Financial Position. The impact of translation of outstanding foreign denominated balances in the Interim Consolidated Statements of Financial Position and of settling foreign denominated balances into cash during the three and nine months ended July 31, 2015 was a loss of $28 and $295, compared to a loss of $53 and a gain of $102 in 2014.

Other income

Other income was nil in 2015 compared to nil and $80 in the three and nine months ended August 1, 2014. Other income in 2014 related to the Fed Dev operating grant income. For additional information refer to note 3 (Government assistance) in the notes to the Interim Condensed Consolidated Financial Statements.

Other expense

Other expense of $28 and $55 in the three and nine months ended July 31, 2015 compared to nil and $4 in 2014 is comprised of amortization of deferred financing expense and other miscellaneous expenses.

EBITDA

EBITDA for the years ended October 31:

	2014	**2013**	**2012**
Net loss	$(3,705)	$(4,113)	$(5,933)
Interest expense	665	357	60
Income tax expense	—	—	—
Depreciation and amortization	4,737	4,151	2,222
EBITDA	$1,697	$395	$(3,651)
Offering related expenses	—	—	—
Unrealized foreign exchange loss (gain)	112	(18)	(46)
Share-based compensation	2	32	71
Adjusted EBITDA	$1,811	$409	$(3,626)

EBITDA Q3

	Three months ended		Nine months ended	
	July 31, 2015	**August 1, 2014**	**July 31, 2015**	**August 1, 2014**
Net income (loss)	$309	$(1,383)	$(1,496)	$(2,773)
Interest expense	316	171	983	508
Income tax expense	—	—	—	—
Depreciation and amortization	1,370	1,253	4,110	3,453
EBITDA	$1,995	$41	$3,597	$1,188
Offering related expenses	1,302	—	1,574	—
Unrealized foreign exchange loss (gain)	317	4	486	(116)
Share-based compensation	—	—	—	2
Adjusted EBITDA	$3,614	$45	$5,657	$1,074

We expect EBITDA and Adjusted EBITDA to continue to increase as revenues scale up faster than costs.

Net loss

Net loss was $3,705 in 2014, compared to $4,113 in 2013 and $5,933 in 2012. The decrease in net loss is primarily attributed to increasing revenues year over year as the number of customers and product offerings increase. The increase in revenues were partially offset by increasing operating, development, selling and depreciation costs as ground stations were added, personnel increased and additional satellite assets were commissioned.

The Company recognized net income of $309 and a net loss of $1,496 in the three and nine months ended July 31, 2015, compared to a net loss of $1,383 and $2,773 in 2014. The increase in net loss is primarily attributed to increasing operating, development, selling and depreciation costs as ground stations were added, personnel increased and additional satellite assets were commissioned, along with increased costs of executing our strategic plan. These cost increases were partially offset by increasing revenues year over year as the number of customers and product offerings increased.

Projects not yet generating operating revenue

Over the last two years, we have been negotiating with Harris to design and build the Second Generation Constellation maritime satellite system auxiliary components (payloads) to be hosted on Iridium NEXT. Those negotiations were successfully concluded on June 8, 2015 with the announcement of the Harris Agreement.

The payloads are expected to begin deployment in the spring of 2016 with full service expected by the beginning of 2018. When fully deployed, the Second Generation Constellation will provide persistent real-time global coverage with detection performance rivaling ground based systems. The robustness of the constellation, programmability of the payloads and support for multiple in- orbit applications makes this the global maritime information collection system designed to meet and exceed the needs and expectations of the world’s maritime community for the foreseeable future.

Under the Harris Agreement, we and Harris have agreed to share our respective AIS product revenue with each other, on terms set forth in the Harris Agreement. The table below outlines the revenue sharing terms as set forth in the Harris Agreement:

Revenue Source	**Revenue Sharing Agreement (Percentages of Revenue)**[(1)(2)]	
	Before IOC	**After IOC**
exactEarth Ltd. Payments to Harris		
All AIS Data Revenue	• 40% of annual revenue up to $40 million[(3)] • 33% of revenue in excess of $40 million[(3)]	• 40% of annual revenue up to $40 million • 33% of revenue in excess of $40 million

Revenue Source	Revenue Sharing Agreement (Percentages of Revenue)[1][2]	
	Before IOC	**After IOC**
Harris Payments to exactEarth Ltd.		
Revenue related to Class A Transponders	• 15% of U.S. Government revenue until earlier of achieving the “revenue trigger”[4] or March 31, 2016 and 50% of such revenue thereafter until IOC • 33% of Class A Harris non-U.S. Government revenue	• 18% of U.S. Government revenue • 33% of Class A Harris non-U.S. Government revenue
Revenue related to Non-Class A Transponders	• 50% of all revenues	
ShipView	• 15% of U.S. Government revenues until earlier of the “revenue trigger”[4] or March 31, 2016, and 50% afterwards	
Harris Proprietary Products[5]	• 5% of all revenue	
Payments related to Future Products		
Future Products	• Depends on whether or not both parties contributed to investments required to produce and develop new product and proportion of respective contribution • In the case where one party does not make any investment in the new product, they will be entitled to 40% of revenue from its own territory and 5% of revenue made by the other party until the other party recovers its costs plus 50% • Afterwards, normal revenue sharing applies, as outlined in the categories above	

(1) Under the terms of the Harris Agreement, each of us and Harris must meet certain minimum revenue targets. See the section titled “Risk Factors” for information related to the revenue sharing terms of the Harris Agreement.

(2) Included in revenue under this agreement is revenue derived from (a) the sales of AIS or VHF data and (b) the data portion (but not the value-added portion) with respect to sale of value added products and services. Future products which are added over time will follow this same model (i.e. revenue share on raw data content but not on value-added portion).

(3) Pre-IOC, the revenue sharing percentage is multiplied by the ratio of commissioned Second Generation Constellation satellites to the total amount of satellites expected to be commissioned as part of the Second Generation Constellation (as measured on the date one year prior to the end of our most recent fiscal quarter-end). The ratio will depend on the number and timing of satellites that are successfully launched and commissioned. The Company believes that under a best-case scenario the first batch of 10 satellites could be launched in the Company’s 3rd fiscal quarter of 2016.

(4) The “revenue trigger” under the Harris Agreement means the time at which the combined total of: (i) 35% of the aggregate Revenue related to Class A Transponders and (ii) 35% of the aggregate Shipview revenue after June 8, 2015 meets or exceeds $790,000.

(5) Harris Proprietary Products means data products specifically generated for Harris proprietary applications by the Second Generation Constellation.

In addition to the revenue-sharing payments described above, the Harris Agreement contemplates certain payments between us and Harris:

Pre-IOC

- We will pay Harris US$10 million in commitment fees in a number of installments by June 20, 2016, of which $7 million has already been paid and of which US$3 million is due on June 20, 2016;
- We will pay Harris US$50,000 per year for each satellite put in service as part of the Second Generation Constellation (up to US$750,000 per quarter); and
- Harris has made a US$2.5 million one-time payment to us as consideration for co-ownership rights to our historical AIS data for the two year period preceding the agreement and in respect of our placing our disaster recovery and backup media items into escrow.

Post-IOC

- We will pay Harris US$3 million annually, payable in quarterly installments.

Following the fifth anniversary of IOC, we are required to generate a minimum of US$51 million in annual revenue, while Harris is required to generate US$14 million in annual revenue, in each case in respect of products contemplated under the Harris Agreement. If a party to the Harris Agreement does not meet the minimum annual revenue requirements and also fails to achieve a sufficient share of the total commercial S-AIS market as determined by the ACT, then the defaulting party shall elect either to (i) forego exclusivity in its territory, following which the non-defaulting party must pay to the defaulting party 33% of the non-defaulting party's revenue generated from the territory that had formerly been exclusive to the defaulting party, or (ii) pay to the non-defaulting party an amount equal to the revenue share that would have been payable to the non-defaulting party had the minimum annual revenue target been met. Additional conditions are described in "Risk Factors".

The Harris Agreement remains in effect until the later of 12.5 years after IOC, or when the Second Generation Constellation does not meet certain service levels. We are restricted from entering into business arrangements that are contrary to, or that conflict with the Harris Agreement, and have agreed to participate exclusively with Harris during this period. The Harris Agreement relies on the deployment of a satellite constellation and certain advanced technology. As such, it carries various risks which are further described under "Risk Factors".

Financial position

The following chart outlines the significant changes in the Consolidated Statements of Financial Position between October 31, 2013 and October 31, 2014:

(in thousands of dollars)	**Increase/ (Decrease)**	**Explanation**
Cash and cash equivalents	$788	Refer to the Consolidated Statements of Cash Flows in the Interim Condensed Consolidated Financial Statements.
Accounts receivable	$326	Billings exceeded collections in 2014.
Unbilled revenue	$1,470	Unbilled revenue reflects the amount of revenue recognized in advance of billings. The balance increased due to revenue recognition outpacing billings compared to prior year end.
Prepaid expenses and other	$85	Miscellaneous prepaid expenses, accrued at a rate faster than the related expenses were recognized.
Property, plant and equipment	$(766)	Value of property, plant and equipment decreased as a result of $3,591 of depreciation, offset by capital expenditures of $2,794 and $31 relating to foreign exchange.
Intangible assets	$2,370	Intangible assets increased as a result of capital expenditures of $3,517, and were reduced by $1,147 of amortization.
Current accounts payable and accrued liabilities	$2,853	Increase in trade payables and accrued expense accounts outstanding at the end of 2014, primarily attributed to timing.
Deferred revenue	$610	Deferred revenue reflects the amount of billings that occur in advance of us recognizing revenue. The increase reflects this timing difference where billings outpaced revenue as compared to prior year end.
Due to related parties (current and non-current)	$3,844	Increase due to related parties is primarily attributed to the advances on the shareholder loan.
Government loan payable (current and non-current)	$578	Increase in government loan payable is primarily attributed to advances and imputed interest on the FED DEV loan.
Long-term profit sharing plan liability	$176	Increase in the long-term profit sharing plan during 2014 related to additional expected earnings growth.
Deficit	$3,705	Net loss of $3,705.
Accumulated other comprehensive loss	$(50)	Increase attributed to foreign exchange on translation of the foreign subsidiary for the year ended October 31, 2014.

The following chart outlines the significant changes in the Consolidated Statements of Financial Position between October 31, 2014 and July 31, 2015:

(in thousands of dollars)	**Increase/ (Decrease)**	**Explanation**
Cash and cash equivalents	$1,130	Refer to the Consolidated Statements of Cash Flows in the Interim Condensed Consolidated Financial Statements.
Accounts receivable	$1,933	Billings exceeded collections in the first three quarters of 2015.

(in thousands of dollars)	Increase/ (Decrease)	Explanation
Unbilled revenue	$(184)	Unbilled revenue reflects the amount of revenue recognized in advance of billings. The balance decreased due to billings outpacing revenue recognition compared to prior year end.
Prepaid expenses and other	$1,327	Miscellaneous prepaid expenses, accrued at a rate faster than the related expenses were recognized.
Property, plant and equipment	$7,003	Value of property, plant and equipment increased as a result of capital expenditures of $10,034 and $60 relating to foreign exchange, offset by $3,091 of depreciation.
Intangible assets	$9,716	Intangible assets increased as a result of capital expenditures of $10,735, offset by $1,019 of amortization.
Current accounts payable and accrued liabilities	$5,473	Increase in trade payables and accrued expense accounts outstanding at the end of Q3 2015, primarily attributed to timing.
Deferred revenue	$1,717	Deferred revenue reflects the amount of billings that occur in advance of us recognizing revenue. The decrease reflects this timing difference where revenue outpaced billings as compared to prior year end.
Due to related parties (current and non-current)	$14,905	Increase in due to related parties is primarily attributed to the advances on the shareholder loan and deferral of amounts due to related parties.
Government loan payable (current and non-current)	$(87)	Decrease in government loan payable is primarily attributed principle payments made, offset by imputed interest on the FED DEV loan.
Long-term profit sharing plan liability	$609	Increase in the long-term profit sharing plan related to additional accrual of expense for the first nine months of 2015.
Deficit	$1,496	Net loss of $1,496.
Accumulated other comprehensive loss	$(252)	Increase attributed to foreign exchange on translation of the foreign subsidiary for the nine months ended July 31, 2015.

Liquidity and capital resources

The key liquidity and capital resource items are as follows:

		October 31,		% Change	
(in thousands of dollars)	July 31, 2015	2014	2013	2015/2014	2014/2013
Cash	$3,533	$2,403	$1,615	47%	49%
Trade accounts receivable	4,759	2,826	2,500	68%	13%
Accounts payable and accrued liabilities	10,815	5,342	2,489	(10)%	115%
Due to related parties excluding credit facility	25,745	19,683	18,209	31%	8%
COM DEV loan	14,077	7,616	5,854	85%	30%
Hisdesat loan	5,150	2,768	2,160	86%	28%
Government loan	1,883	1,970	1,392	(4)%	42%

Significant cash flows:

	Years ended October 31,			% Change	
(in thousands of dollars)	2014	2013	2012	Year over year 2014/2013	Year over year 2013/2012
Cash from (used in) operating activities	$3,892	$119	$(1,621)	3,171%	(107)%
Cash used in investing activities	(5,930)	(5,911)	(8,157)	0%	(28)%
Cash from financing activities	2,833	5,879	3,931	(52)%	50%
Effect of exchange rate changes on cash and cash equivalents	(7)	24	2	(129)%	1,100%
Net (decrease) increase in cash and cash equivalents	$788	$111	$(5,845)	610%	(102)%
Cash and cash equivalents, beginning of year	1,615	1,504	7,349	7%	(80)%
Cash and cash equivalents, end of year	$2,403	$1,615	$1,504	49%	7%

Operating activities

We generated $3,892 of cash from operating activities in 2014 compared with $119 generated in 2013 and $1,621 used in 2012. We generated $2,508 from changes in working capital in 2014 compared to $364 in 2013 and $2,141 in 2012. The change in non-cash working capital balances in 2014 was mainly due to increases in accounts payable and accrued liabilities and due to related parties, offset by increases in accounts receivable and unbilled revenue.

Investing activities

We used $5,930 of cash for investing activities in 2014 compared with $5,911 in 2013 and $8,157 in 2012. The use of cash in 2014 is the result of acquisitions of property, plant and equipment totalling $2,412 compared to $3,182 in 2013 and $7,233 in 2012 and intangible assets totalling $3,518 compared to $2,729 in 2013 and $924 in 2012. Investments in property, plant and equipment primarily relate to satellite and ground station additions. Investments in intangible assets relate to computer software and data rights.

Financing activities

We generated $2,833 of cash from financing activities in 2014 compared to $5,879 in 2013 and $3,931 in 2012. The increase in cash from financing is primarily related to advances of government and shareholder loans.

	Three months ended		
(in thousands of dollars)	**July 31, 2015**	**August 1, 2014**	**% Change**
Cash from operating activities	$2,592	$302	758%
Cash used in investing activities	(7,327)	(638)	1048%
Cash from financing activities	4,393	—	n/a
Effect of exchange rate changes on cash and cash equivalents	413	(61)	(77)%
Net increase in cash and cash equivalents	$71	$(397)	(118)%
Cash and cash equivalents, beginning of year	3,462	3,220	8%
Cash and cash equivalents, end of year	$3,533	$2,823	25%

	Nine months ended		
(in thousands of dollars)	**July 31, 2015**	**August 1, 2014**	**% Change**
Cash from operating activities	$4,243	$1,843	130%
Cash used in investing activities	(11,817)	(3,227)	266%
Cash from financing activities	8,311	2,558	225%
Effect of exchange rate changes on cash and cash equivalents	393	34	1056%
Net (decrease) increase in cash and cash equivalents	$1,130	$1,208	(6)%
Cash and cash equivalents, beginning of year	2,403	1,615	49%
Cash and cash equivalents, end of year	$3,533	$2,823	25%

Operating activities

We generated $2,592 and $4,243 of cash from operating activities in the three and nine months ended July 31, 2015 compared with $302 and $1,843 in 2014. We generated $468 and $576 in working capital in the three and nine months ended July 31, 2015 compared to $362 and $943 generated in 2014. The change in non-cash working capital balances in the nine months ended July 31, 2015 was mainly due to an increase in accounts payable and accrued liabilities, due to related parties and deferred revenue and a decrease in unbilled revenue, offset by an increase in accounts receivable, prepaid expenses and other assets.

Investing activities

We used $7,327 and $11,817 of cash for investing activities in the three and nine months ended July 31, 2015 compared with $638 and $3,227 used in 2014. The use of cash in the first nine months of fiscal 2015 is the result of acquisitions of property, plant and equipment totalling $5,183 offset by reimbursement of $371 compared to $1,991 in 2014 and intangible assets totalling $7,005 in the first nine months of fiscal 2015 compared to $1,236 in the first nine months of fiscal 2014. Investments in property, plant and equipment primarily relate to satellite and ground station additions. Investments in intangible assets relate to data rights and computer software.

Financing activities

We generated $4,393 and $8,311 of cash from financing activities in the three and nine months ended July 31, 2015 compared to nil and $2,558 generated in 2014. The increase in cash from financing is primarily related to advances of shareholder loans offset by repayment of the government loan.

Contractual obligations

The following table outlines the contractual obligations (excluding accounts payable and accrued liabilities) as at October 31, 2014:

	Total	Less than one year	1-3 years	4-5 years	After 5 years
Due to related parties	$30,898	$889	$30,009	$—	$—
Lease obligation	22	22	—	—	—
Government loan	2,462	328	1,476	658	—
Long-term profit sharing plan	183	—	183	—	—
Capital commitments	8,684	3,381	5,303	—	—
Total contractual obligations	$42,249	$4,620	$36,971	$658	$—

As at the end of fiscal 2014, we had various contractual obligations, including shareholder and government debt and capital commitments. The Company has entered into an arrangement effective March 17, 2015 and has committed to provide in-kind datasets, not licensed for commercial use, in exchange for title to the EV9 satellite, subject to certain restrictions on the use, sale or transfer of the satellite within the six year period ending March 31, 2021. Once the contributions are made and the six year period has expired, the Company will have free title to the EV9 satellite. No datasets have been transferred as at July 31, 2015. For additional information, refer to note 7 (Loans payable, financial instruments and foreign exchange) and note 10 (Commitments and contingencies) in the notes to the Consolidated Financial Statements.

The following table outlines the contractual obligations (excluding accounts payable and accrued liabilities) as at July 31, 2015:

	Total	Less than one year	1-3 years	4-5 years	After 5 years
Due to related parties	$44,972	$233	$44,739	$—	$—
Lease obligation	113	50	63	—	—
Government loan	2,256	492	1,477	287	—
Long-term profit sharing plan	815	—	815	—	—
Capital commitments	3,851	3,851	—	—	—
Total contractual obligations	$52,007	$4,626	$47,094	$287	$—

As at July 31, 2015, we had various contractual obligations, including shareholder and government debt and capital commitments.

Credit facilities

As at the end of fiscal 2014, we had balances owing under our credit facilities with COM DEV and Hisdesat of $10,384 and with FED DEV of $1,970. For additional information refer to note 7 (Loans payable, financial instruments and foreign exchange) in the notes to the Consolidated Financial Statements.

As at July 31, 2015, we had outstanding balances under our credit facilities with COM DEV and Hisdesat of $19,227 and with FED DEV of $1,883. For additional information refer to note 6 (Loans payable, financial instruments and foreign exchange) in the notes to the Interim Condensed Consolidated Financial Statements. We believe that we have sufficient resources to allow us to meet our business plan objectives, including normal commitments for capital expenditures for the current fiscal year.

Off-balance sheet arrangements

As at the end of 2014 fiscal year, we do not have any off-balance sheet arrangements, other than operating leases as disclosed in note 10 (Commitments and contingencies) in the notes to the Consolidated Financial Statements.

As at July 31, 2015, we do not have any off-balance sheet arrangements, other than operating leases as disclosed in note 8 (Commitments and contingencies) in the notes to the Interim Condensed Consolidated Financial Statements.

Transactions with related parties

During 2012, Hisdesat and COM DEV made available a revolving credit facility to us which is described in note 7 (a)(i) and (ii) in the notes to the Consolidated Financial Statements. During 2014, we made incurred interest expense on these loans totalling $802 compared to $438 in 2013 and $106 in 2012. In addition, we have accounts payable to COM DEV, primarily related to capital in progress for data rights and satellites, purchase of services and rent. The accounts payable to COM DEV were non-interest bearing until the end of fiscal 2014. For additional information, refer to note 15 (Related parties) in the notes to the Consolidated Financial Statements.

During the three and nine months ended July 31, 2015, we incurred interest expense on shareholder loans totalling $326 and $894 compared to $205 and $596 in 2014. The interest charged on accounts payable to COM DEV and Hisdesat, primarily related to capital in progress for data rights and satellites, purchase of services and rent for the three and nine months ended July 31, 2015 was $424 and $1,156. For additional information, refer to note 12 (Related parties) in the notes to the Interim Condensed Consolidated Financial Statements.

Proposed transactions

As at October 31, 2014 and July 31 2015, we did not have any proposed transactions. See subsequent events discussion below.

Outstanding Share Data

We have 11,111,111 issued and outstanding Common Shares as of the date of this MD&A.

Summary of Significant Accounting Policies

Critical accounting estimates

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. These estimates are based upon management's historical experience and various other assumptions that are believed by management to be reasonable under the circumstances. Such assumptions and estimates are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources as well as the periodic recognition of revenue and cost of revenue. Actual results could differ from these estimates.

We believe the following critical accounting policies affect its more significant estimates and assumptions used in the preparation of our financial statements.

Revenue recognition

The majority of revenue is derived from the sale of data subscriptions. For subscription revenue, the timing of cash flows generally precedes the recognition of revenue and income, any initial payments are deferred and recognized ratably as delivered over the subscription period. Revenue is recognized upon delivery for non-subscription data sales.

We occasionally provide goods and services to our customers under long- term contracts. We recognize revenue on long-term contracts on the percentage of completion basis, based on costs incurred relative to the estimated total contract costs. Losses on such contracts are accrued when the estimate of total costs indicates that a loss will be realized. Accruals are drawn down as loss contracts progress. Contract billings received in excess of recognized revenue are included in current liabilities.

Project costs to complete

At the outset of each customer project, an estimate of the total expected cost to complete the scope of work under contract is made. During the course of the projects, these estimates are reviewed and revised to reflect current expectations of cost to complete, and total cost. These estimates are based on specific knowledge of the status of the project, as well as historical understanding of costs on similar projects. Cost elements include material, direct labour, and overhead costs, with labour and overhead costs being determined using pre-established costing rates applied to estimated labour hours required to complete the scope of work under contract. These estimates are reviewed on a monthly and quarterly basis to ensure the estimates reflect the current expectations for total costs, however this is not a guarantee that unforeseen or additional costs won't be incurred, which would have an impact on project total cost, reported revenue, and gross margins. Management believes it has effective control procedures in place to ensure the validity of these estimates at the time they are made.

Useful life of intangible and long-term assets

We have established policies for determining the useful life of our intangible and long-term assets, and amortize the costs of these assets over those useful lives. The useful life for each category of asset is determined based on the expectation of our ability to continue to generate revenues, and thus, our cash flows. This ability is tested periodically to ensure the conditions still exist to allow the asset to be reflected at its net-recorded value in our accounts, and any impairment to the valuation is reflected in such accounts at the time the impairment is determined.

Recoverable amount for long-lived assets

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use, and is determined for an individual asset or at the CGU level if individual assets do not have largely independent cash inflows. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Capitalization of development costs

When capitalizing development costs, we must assess the technical and commercial feasibility of the projects and estimate the useful lives of resulting products. Determining whether future economic benefits will flow from the assets, and therefore, the estimates and assumptions associated with these calculations are instrumental in: (i) deciding whether project costs can be capitalized, and (ii) accurately calculating the useful life of our projects.

Employee benefits

We sponsor a defined contribution pension plan for all of our employees. The cost of providing benefits through the defined contribution pension plan is charged to income in the period in which the contributions become payable.

For certain employees, we provide a share in the growth of net income over a three-year period. The liability is calculated using forecasted net income from the applicable periods in excess of a minimum net income at the date of the award and then discounted using the market yields at the end of the reporting period on high quality corporate bonds. The expense is recognized on a straight-line basis over the vesting period of three years.

Financial instruments

The valuation of our financial instruments requires estimation of the fair value of each instrument at the reporting date. Details of the basis on which fair value is estimated are provided in note 7 (Loans payable, financial instruments and foreign exchange) in the notes to the Consolidated Financial Statements.

Changes in Accounting Policies Including Initial Adoption

Future changes in accounting policies

A number of new standards, and amendments to standards and interpretations were not effective for the year ended October 31, 2014, and have not been applied in preparing the Consolidated Financial Statements. The following standards and interpretations have been issued by the International Accounting Standards Board ("**IASB**") and the International Financial Reporting Interpretations Committees with effective dates relating to the annual accounting periods starting on or after the effective dates as follows:

International Financial Reporting Standard 9 Financial Instruments: Classification and Measurement

International Financial Reporting Standard 9 Financial Instruments: Classification and Measurement ("**IFRS 9**") as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. On November 19, 2013, the IASB published IFRS 9, Hedge Accounting, which is a part of the third phase of its replacement of IAS 39. The new requirements allow entities to better reflect their risk management activities in the financial statements. As part of the amendments, entities may change the accounting for liabilities that they have elected to measure at fair value before applying any of the requirements in IFRS 9. This change in accounting would mean that gains caused by a worsening in an entity's own credit risk on such liabilities would no longer be recognized in profit or loss. Because the second phase of the IFRS 9 project related to impairment is not yet completed, the IASB decided that a mandatory effective date of January 1, 2015 would not allow sufficient time for entities to prepare to apply IFRS 9. Accordingly, the IASB determined to apply a later mandatory effective date, which will be determined when IFRS 9 is closer to completion. However, entities may still choose to apply IFRS 9 immediately. IFRS 9 must be applied retrospectively; however, hedge accounting is to be applied prospectively (with some exceptions). The amendment becomes effective for us on November 1, 2018. The Company is currently assessing the impact of adopting this new standard.

International Accounting Standard 32 Financial Instruments: Presentation

In December 2011, International Accounting Standard 32 Financial Instruments: Presentation ("**IAS 32**") was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future event. The adoption of the amendment to IAS 32 did not have an impact on the interim condensed consolidated financial statements of the Company.

IFRS Interpretations Committee ("**IFRIC**") 21 Levies

In May 2013, the IFRIC, with the approval by the IASB, issued IFRIC 21 — Levies. IFRIC 21 provides guidance on when to recognize a liability to pay a levy imposed by government that is accounted for in accordance with IAS 37 — Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, and is to be applied retrospectively. The adoption of IFRIC 21 did not have an impact on the interim condensed consolidated financial statements of the Company.

International Financial Reporting Standard 15 Revenue from Contracts with Customers

In May 2014, the IASB issued International Accounting Standard 15 Revenue from Contracts with Customers ("**IFRS 15**"), which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations. IFRS 15 is currently effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We are currently assessing the impact of adopting this new standard.

International Accounting Standard 36, Impairment of Assets

International Accounting Standard 36, Impairment of Assets ("IAS 36") was amended in 2013 to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs to sell. Specifically, for any material impairment losses recognized or reversed during the reporting period, this amendment requires an entity to disclose the recoverable amount of the cash generating unit ("CGU") and when the recoverable amount has been based on fair value less costs to sell, the entity must disclose the level of the IFRS 13 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined. For all measurements at Level 2 or Level 3 of the fair value hierarchy, the entity must disclose the valuation technique used as well as any changes in that valuation technique and key assumptions used in the measurement of fair value including the discount rates used if a present value technique is applied. The amendment became effective for the Company on November 1, 2014. The adoption of the amendment to IAS 36 did not have an impact on the interim condensed consolidated financial statements of the Company.

Risks Relating to Our Business and Industry

Our satellites use highly complex technology and operate in the harsh environment of space and therefore are subject to significant operational risks while in orbit.

Our satellites use highly complex technology and operate in the harsh environment of space and therefore are subject to significant operational risks while in orbit. The risks include equipment failures, malfunctions and other kinds of problems commonly referred to as anomalies. Satellite anomalies include, for example, circuit failures, transponder failures, solar array failures, battery cell and other power system failures, satellite control system failures and propulsion system failures. Acts of war, terrorism, magnetic, electrostatic or solar storms, space debris, satellite conjunctions or micrometeoroids could also damage our satellites.

In addition, the AIS signals we receive in space were not intended to be received in space. The development of highly sensitive space receivers has enabled our business. These receivers detect signals, AIS or otherwise, that are emitted from the earth's surface. Signals that are not AIS cause interference to the space detection of AIS. New transmitters could be deployed on the earth that emit in the same frequencies as AIS and cause our service to be severely compromised or disabled.

Any single anomaly or series of anomalies or other failure (whether full or partial) of any of our satellites could cause our revenues and cash flows to decline materially, could damage our reputation and goodwill, and could have a material adverse effect on our relationships with current customers and our ability to attract new customers. In addition, an anomaly that has a material adverse effect on a satellite's overall performance or anticipated future commercial service life could require us to recognize an impairment loss. It may also require that we expedite or delay its planned replacement program, adversely affecting our profitability, increasing our financing needs and limiting the availability of funds for other business purposes. Finally, the occurrence of anomalies may adversely affect our ability to insure our satellites at commercially reasonable premiums, if at all, and may cause insurers to demand additional exclusions in policies they issue.

It is possible that the actual commercial service lives of our satellites will be shorter than anticipated.

We anticipate that the satellites comprising our First Generation Constellation will have the expected end-of-commercial-service life dates ranging from 10 to 12 years in service, depending on the type of satellite. It is possible that the actual commercial service lives of our satellites will be shorter than anticipated. A number of factors will affect the actual commercial service lives of our satellites, including: (i) the amount of propellant used in maintaining the satellite's orbital location or relocating the satellite to a new orbital location (and, for newly-launched satellites, the amount of propellant used during orbit raising following launch), (ii) the durability and quality of their construction, (iii) the performance of their components, (iv) conditions in space such as solar flares and space debris, (v) operational considerations, including operational failures and other anomalies, (vi) changes in technology which may make all or a portion of our satellite fleet obsolete.

Each of our satellites is required to, and has, a de-orbit plan for the end of its life. In each case the satellite is decommissioned, costs for supporting it will cease to accumulate and it will naturally de-orbit and burn up in the atmosphere. We periodically review the anticipated commercial service lives of each of our satellites using current engineering data. A reduction in the commercial service life of any of our satellites could result in the recognition of an impairment loss, an acceleration of capital expenditures and a loss of revenue from impediments to delivering timely data.

Satellites are subject to launch failures, which could result in a delayed launch or damage to a satellite.

We currently have 7 operational satellites in orbit and currently expect to launch three additional satellites over the next 18 months. Satellites are subject to certain risks related to failed launches. Launch vehicles may fail. Launch failures result in significant delays in the deployment of satellites because of the need to construct replacement satellites (which can take up to 24 months or longer) or to obtain another launch vehicle. Such significant delays could have a material adverse effect on our results of operations, business prospects and financial condition. A delay in launching replacement satellites may cause the aggregation and processing of vessel data to suffer and ultimately to not be delivered to customers. Launch vehicles may also underperform, in which case the satellite may be lost or, if it can be placed into service by using its onboard propulsion systems to reach the desired orbital location, will have a shorter useful life. A failed launch could also increase, perhaps prohibitively, our cost of insuring future launches. In addition, we do not have insurance against business interruption, loss of revenues or delay of revenues to cover such events and such revenues may not be recoverable.

Our current insurance does not protect us against all satellite-related losses that we may experience and does not protect us against business interruption, loss of revenues or delay of revenues.

Our business is subject to a number of risks and hazards including adverse conditions or changes in the regulatory environment. Such occurrences could result in damage to equipment, personal injury or death, monetary losses and possible legal liability. Despite any insurance coverage which we currently have or may secure in the future, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or we may elect not to insure against such liabilities due to high premium costs or other reasons, in which event we could incur significant costs that could have a materially adverse effect upon our financial position.

While we do have insurance coverage for failures of our satellites, including launch and in-orbit coverage, our current insurance does not protect us against all satellite-related losses that we may experience. Our insurance does not protect us against business interruption, loss of revenues or delay of revenues. Our existing launch and in-orbit insurance policies include, and any future policies that we obtain can be expected to include, specified exclusions, deductibles and material change limitations. Typically, these insurance policies exclude coverage for damage or losses arising from acts of war, anti-satellite devices, electromagnetic or radio frequency interference and other similar potential risks for which exclusions are customary in the industry at the time the policy is written. In addition, they typically exclude coverage for satellite health-related problems affecting our satellites that are known at the time the policy is written or renewed. Any claims under existing policies are subject to settlement with the insurers.

The price, terms and availability of satellite insurance has fluctuated significantly in recent years. These fluctuations may be affected by recent satellite launch or in-orbit failures and general conditions in the insurance industry. Launch and in-orbit policies on satellites may not continue to be available on commercially reasonable terms or at all. To the extent we experience a launch or in-orbit failure that is not fully insured, or for which insurance proceeds are delayed or disputed, we may not have sufficient resources to replace the affected satellite. In addition, higher premiums on insurance policies increase costs, thereby reducing our available cash. In addition to higher premiums, insurance policies may provide for higher deductibles, shorter coverage periods, higher loss percentages required for constructive total loss claims and additional satellite health-related policy exclusions. There can be no assurance that, upon the expiration of an in-orbit insurance policy, which typically has a term of one year, we will be able to renew the policy on terms we find acceptable.

Replacing satellites at the end of service life is costly and we may not have sufficient funds available to replace those satellites.

To ensure no disruption in our business and to prevent loss of customers, we will be required to commence construction of a replacement satellite approximately 3 to 5 years prior to the expected end-of-life of the subject satellite then in orbit. Typically, it currently costs in the range of $3.0 to $10.0 million to construct, launch and insure a satellite that is capable of producing 3,000,000 AIS reports per day. There is no assurance that we will have sufficient cash, cash flow or be able to obtain third party or shareholder financing to fund such expenditures on favorable terms, if at all. Should we not have sufficient funds available to replace those satellites, it could have a material adverse effect on our results of operations, business prospects and financial condition.

Delays in launching satellites are not uncommon and result from construction delays, the periodic unavailability of reliable launch opportunities, delays in obtaining required regulatory approvals, weather, timetable conflicts and launch failures.

We are dependent on launch schedules which have proven to be extremely variable. We either sign agreements to allow our payloads to be hosted on other company's satellites or we launch our own satellites. Inherent in either method are possible delays in satellite launch schedules. Delays in launching satellites are not uncommon and result from construction delays, the periodic unavailability of reliable launch opportunities, delays in obtaining required regulatory approvals, weather, timetable conflicts and launch failures, as well as government intervention such as sanctions imposed affecting the company contracted to launch the satellite, which can also result in cancellation of the launch. If satellite construction schedules are not met, a launch opportunity may not be available at the time the satellite is ready to be launched. Delays in the commencement of service may affect plans to replace an in-orbit satellite prior to the end of its service life, may result in the expiration or cancellation of launch insurance and may result in the loss of regulatory approvals for satellite launch and operations. The failure to implement new or replacement satellite deployment plans on schedule could adversely affect our ability to capture market share and/or have a material adverse effect on our results of operations, business prospects and financial condition.

Iridium NEXT may be our primary source for AIS data after IOC.

Pursuant to the Harris Agreement, we may generate all or a significant portion of our AIS data through the Second Generation Constellation hosted on-board Iridium NEXT. The terms of the Harris Agreement require us to continue to operate our First Generation Constellation until IOC, which is currently anticipated for January 1, 2018. When all of the satellites comprising the Second Generation Constellation are operational, we may decide not to use our existing First Generation Constellation to track AIS signals with the effect that we may become dependent on the Second Generation Constellation hosted on-board Iridium NEXT for our AIS data. Additionally, given the upfront payments required from us under the Harris Agreement, we may decide not to continue to invest in new satellites. Without a sufficiently large and modern fleet of satellite assets of our own, we may become dependent on the Second Generation Constellation hosted on-board Iridium NEXT for our AIS data. If that should occur, and there is an equipment failure, malfunction or other kind of disruption such as a satellite anomaly, or Harris or Iridium fails to obtain or maintain proper regulatory approvals, we may not be able to obtain AIS data or sufficient amounts of AIS data. This could have a material adverse effect on our results of operations, business prospects and financial condition.

The risk factors listed elsewhere in this "Risk Factors" section that pertain to satellite risk, including launch failure, commercial service lives of satellites and replacing satellites at the end of service life, should be read as also applying to the Second Generation Constellation hosted on-board Iridium NEXT. We do not reduce our satellite-related risk by not owning our own constellation of satellite assets.

Iridium has priority over the Second Generation Constellation hosted on- board Iridium NEXT.

Iridium's core business is to deploy, operate and exploit satellite infrastructure to serve the communications, telephony and data connectivity markets. Secondarily, Iridium has designed the Iridium NEXT infrastructure to support hosted payloads including the Company's Second Generation Constellation. We have agreed that the Iridium NEXT program, Iridium NEXT and any satellite or payload that is part of Iridium NEXT has priority and takes precedence over the operation of the Second Generation Constellation. This would require an unforeseen circumstance including, without limitation, new government regulations or a systemic technical problem discovered at such a point in time as to make it impossible to mitigate. This prioritization may result in Iridium deciding not to launch or host the Second Generation Constellation, the suspension or discontinuance of operations or reduction of resources to the Second Generation Constellation or otherwise degraded performance of the Second Generation Constellation which in each case could have a material adverse effect on our results of operations, business prospects and financial condition. The Company views such circumstances as remote. In addition the planned Second Generation Constellation is designed with excess capacity so that should some satellites require prioritization of Iridium NEXT's core mandate it should not impede the Company's ability to operate.

Iridium does not have any contractual obligations to us and we are not able to control any aspect of Iridium NEXT.

We do not have a contractual relationship with Iridium and Iridium does not have any contractual obligations to us. Harris and Iridium have entered into a hosting and cost reimbursement agreement and a data transmission services agreement (the "**Iridium Agreements**") in connection with Iridium NEXT and the Second Generation Constellation. The Iridium Agreements, to which we are not a party and to which we have not been granted access, contain the contractual terms related to the hosting of the Second Generation Constellation. While Harris has provided certain representations, warranties and covenants to us regarding the Iridium Agreements, only Harris on its own behalf, can make a claim against Iridium for a breach of one or more of the Iridium Agreements. To the extent that there is a breach under one or more of the Iridium Agreements that affects our ability to obtain AIS data from the Second Generation Constellation hosted on-board Iridium NEXT, our recourse under the Harris Agreement is limited, and this may have a material adverse effect upon our business, financial condition and results of operations.

We are required to share a substantial part of our revenue with Harris Corporation pursuant to the Harris Agreement.

Under the terms of the Harris Agreement, each of us and Harris must pay a significant portion of our respective revenues from the sale of AIS Source Data (as defined in the Harris Agreement) and AIS-based products to the other party based on certain metrics related to timing and specific product categories. To the Company's knowledge, prior to signing the Harris Agreement, Harris did not generate revenues of the type subject to the revenue sharing provisions of the Harris Agreement. This includes certain types of revenue which the Company does not expect Harris to generate in the immediate future, including without limitation the "Class A Harris non-U.S. Government revenue" described under the heading "U.S. Government Customers and Market". There can be no guarantee that we will receive substantial revenue from Harris. We may pay a substantial portion of our revenue to Harris while collecting a smaller amount from Harris in return. There can be no guarantee that we will obtain a higher return on our capital that will be invested in upfront costs, annual costs and revenue share paid to Harris in exchange for AIS Source Data generated from the Second Generation Constellation hosted on-board Iridium NEXT as compared to what we would have earned had we invested such funds in our own satellite constellation and not been obligated to share our revenue with Harris.

The Harris Agreement includes a decision-making committee with broad discretion.

Pursuant to the Harris Agreement, we and Harris have delegated certain decision- making authority to the ACT, a joint committee comprised of three representatives from each party. The ACT has the discretion to determine certain operational and financial details such as determining the target service levels to be maintained by each of us and Harris, setting certain aspects of pricing and amendments to revenue targets, to determine how jointly-developed intellectual property should be owned and to decide on certain elements of dispute resolution. Decisions of the ACT must be made unanimously, however in the event that a unanimous decision cannot be reached, senior executives of each party will confer in good faith to resolve the dispute. The failure of the parties to agree on contentious issues may have a material adverse impact on our business and ongoing operations.

We and Harris Corporation may have co-ownership rights in certain intellectual property.

Pursuant to the Harris Agreement, the ownership of any intellectual property that is jointly developed by us and Harris during the term of the Harris Agreement will be allocated as we and Harris determine, but if we do not reach agreement with Harris in this regard, the intellectual property will be jointly owned by us and Harris, unless determined otherwise by the ACT. If we and Harris co-own such intellectual property, we each may exploit such intellectual property rights, including transferring or licensing them. Depending on the arrangement with Harris, Harris may use such intellectual property to its own advantage upon termination of the Harris Agreement. As a result, after termination, Harris may become a competitor to us and we may not be able to retain some or all of our customers or obtain business from new customers. We and Harris may dispute the ownership of certain intellectual property rights required to operate our business or we and Harris may have failed to identify and protect valuable intellectual property to reduce competition. Any of these outcomes could have a material adverse effect upon our business, financial condition and results of operations.

We and Harris Corporation will have co-ownership rights in newly-created AIS data and certain AIS data currently owned by us.

Pursuant to the Harris Agreement, we and Harris will be equal co-owners of AIS Source Data (as defined in the Harris Agreement) produced during the term of the Harris Agreement and equal co-owners of certain of our archived AIS data. Additionally, we and Harris will have co-ownership of AIS data produced by us using our First Generation Constellation during the term of the Harris Agreement. Harris may use the co-owned Source Data and/or AIS data to its own advantage following termination of the Harris Agreement. As a result, Harris may become a competitor to us and we may not be able to retain some or all of our customers or obtain business from new customers and this could have a material adverse effect upon our business, financial condition and results of operations.

The Harris Agreement has non-competition provisions and is an exclusive agreement.

Pursuant to the Harris Agreement, we are restricted from entering into business arrangements that are contrary to, or that conflict, with the Harris Agreement, and we have agreed to participate exclusively with Harris during the term of the Harris Agreement. The Harris Agreement also contains non-competition provisions that prohibit us from entering into, or providing, managerial, supervisory, administrative or consulting services or assistance to, representing or owning any beneficial interest in, any business with operations engaged in the creation or sale of VHF data services similar to those offered by the Second Generation Constellation, or products containing or derived therefrom. These restrictions on our business may prevent us from entering into possible beneficial arrangements or making certain acquisitions, in each case which may limit our ability to grow and generate additional revenue and profits. These restrictions may result in us being reliant on Harris for revenue growth. If we are engaged in disputes with Harris as a result of joint operations it could have a material adverse effect upon our business, financial condition and our operations.

Our strategic plan may be adversely impacted if the Harris Agreement is terminated, does not otherwise meet our expected service levels or the parties fail to renew the Harris Agreement.

The term of the Harris Agreement is until the end of the mission life of Iridium NEXT (as determined by the parties), or if we are unable to agree with Harris on a determination of this date, then the term shall end on the later of (i) 12.5 years after IOC and (ii) the date on which the Second Generation Constellation no longer meets certain service levels stipulated in the Harris Agreement. The Harris Agreement may also be terminated prior to the expiry of the term upon occurrence of specific events of “force majeure” including, among others, systemic failure, destruction or decommissioning of Iridium NEXT, failure of Iridium to obtain and maintain the proper authorizations, breaches by Iridium or failure of Iridium to deliver AIS data. There can be no assurance as to the terms upon which the Harris Agreement will be renewed, if at all, or that upon the termination of the Harris Agreement, we will be able to obtain sufficient replacement infrastructure, or required funding in respect thereof, to obtain comparable AIS data and consequently to continue to deliver our products and services at the same level of service to our existing and new customers. If we are unable to renew the Harris Agreement, or unable to renew it on terms which are acceptable to us, or we are unable to enter into a replacement agreement, it may have a material adverse effect upon our business, financial condition and results of operations.

We are required to meet certain revenue targets under the Harris Agreement.

Under the terms of the Harris Agreement, each of us and Harris must meet certain minimum annual revenue targets. Starting in our and Harris’ respective fiscal year following the fifth anniversary of IOC, we are required to generate a minimum of US$51 million in annual revenue, while Harris is required to generate US$14 million in annual revenue, in each case in respect of products contemplated under the Harris Agreement. If a party to the Harris Agreement does not meet the minimum revenue requirements and also fails to achieve a sufficient share of the total commercial S-AIS market as determined by the ACT, then the defaulting party shall elect either to (i) forego exclusivity in its territory, following which the non-defaulting party must pay to the defaulting party 33% of the non-defaulting party’s revenue generated from the territory that had formerly been exclusive to the defaulting party, or (ii) pay to the non-defaulting party an amount equal to the revenue share that would have been payable to the non-defaulting party had the minimum annual revenue target been met. There is no assurance that we or Harris may meet the minimum annual revenue targets or the required market share of the commercial S-AIS market.

We have incurred significant operating losses in each of the last three years.

We incurred net losses after finance charges of $3.705 million in 2014, $4.113 million in 2013 and $5.933 million in 2012. At October 31, 2014, we had an accumulated deficit of $30.952 million. These losses and accumulated deficit were due to the substantial investments we made to grow our business and acquire customers.

Significant expenditures to support our growth strategy may include investments in our satellites, earth stations and physical infrastructure, costs associated with the development of new products, expected increase in sales and marketing expenses, general and administrative costs and potential strategic acquisitions. We expect that our operating expenses will continue to increase as we spend resources on growing the business, and if our revenue does not correspondingly increase, our operating results and financial condition will suffer. The amount of these expenditures is difficult to forecast accurately and cost overruns may occur. We cannot be certain of the timing and extent of revenue receipts and expense disbursements. To become profitable, we will have to generate sufficient revenue while controlling costs and expenses. Our recent revenue growth should not be considered as indicative of future performance. Accordingly, we cannot be sure that we will achieve profitability in the future, nor that, if we do become profitable, that we will sustain profitability. Consequently, we cannot make assurances that we will generate positive cash flows from operating activities in the future or, if we do generate positive cash flows from operating activities, that they will be sustained.

We may suffer from a failure of our ground stations or our data processing facility which could result in a significant loss of service for our customers.

We currently operate, or have commercial arrangements for the use of, fourteen ground stations situated in a number of countries. Our ground stations use highly complex technology and are, in some cases, situated in remote locations. Additionally, one of our DPCs is located in Toronto, Ontario, Canada and is essential for processing data collected from our satellites that has been routed through our ground stations. We may experience a partial or total loss of one or more of these facilities due to natural disasters (tornado, flood, hurricane or other such acts of God), fire, acts of war or terrorism or other catastrophic events. A failure at any of these facilities would cause a significant loss of service for our customers. Additionally, there are inherent dangers and risks associated with our satellite operations, including the risk of increased radiation and possibility of in-orbit collisions with other objects. We may experience a failure in the necessary equipment at one or more ground stations, at our DPCs, or in the communication links between our satellites, ground stations and DPCs. A failure at any of our facilities or in the communications links between our facilities could have a material adverse effect on our results of operations, business prospects and financial condition.

We may suffer from failure due to unforeseen technical problems, operator error or orbital collisions involving our satellites.

Our satellites operate in a harsh environment of extreme temperatures, radiation, and space debris. It may not be possible to detect the presence of space debris and in cases where we can, we may not be able to steer our satellites out of the way. Operation of the satellites is carried out remotely and depends on being able to send commands, via ground transmitters, to the satellites. Operator error or other issues could negatively impact the operation of our satellites.

Our in-orbit satellites do not currently occupy all of the orbital locations for which we have obtained regulatory authorizations.

Our First Generation Constellation and our Second Generation Constellation involve non-geostationary LEO satellites which must operate within an approved orbital placement and using allotted frequencies pursuant to the ITU's coordination and notification procedures and Industry Canada regulations. Regarding the satellites we own or operate that are part of our First Generation Constellation, we are responsible for obtaining the necessary approvals from regulators and other radiocommunications operators. If we are unable to obtain regulatory approval for, or to effect placement of satellites into currently unused orbital placements in a manner that satisfies the applicable regulatory requirements, if there are delays in launching, or if we are unable to maintain satellites at the approved orbital locations that we currently use and without causing harmful interference prohibited by the regulatory requirements, we may become non-compliant with the regulatory requirements. We cannot operate our satellites without suitable orbital placements and frequency allotments in which to launch and operate the satellites. The inability to obtain approval for orbital placements or frequency allotments, the inability to operate in approved orbital placements, the inability to achieve coordination and notification of the orbital placement and use of frequency allocations in the future, and delays in launch could negatively affect our plans and our ability to implement our business strategy. These same regulatory risks apply to other satellites in our First Generation Constellation that we do not own or operate and the Iridium NEXT satellites in the Second Generation Constellation.

Any defects or malfunctions in the software we utilize in developing and providing our products could cause severe performance failures.

Our existing and new products depend and will depend on the continuous, effective and reliable operation of computer hardware and software. Any defect, malfunction or other failing in the computer hardware or software we utilize could result in inaccurate data reading, misinterpretations of data, or other performance failures that could render our services unreliable or ineffective and could lead to decreased confidence in our services, damage to our reputation and reduction in our sales, the occurrence of any of which could have a material adverse effect on our results of operations, business prospects and financial condition. Although we update the computer software utilized in our services on a regular basis, there can be no guarantee that defects do not or will not in the future exist or that unforeseen malfunctions, whether within our control or otherwise, will not occur.

We may suffer a financial loss if we infringe on the intellectual property rights of others.

While we believe that neither we nor our products or services infringe or misappropriate the intellectual property rights of any third parties, our commercial success depends, in part, on us not infringing or misappropriating the intellectual property rights of others. A number of our competitors and other third parties may have obtained patents or may have pending patent applications that may be granted, and accordingly such parties may have or obtain patent protection in one or more countries around the world for inventions similar to those which have been or are being developed or used by us. Some of these patents may grant very broad protection to the third party owners.

We have not undertaken a review to determine whether we or our products or services infringe any active third party patents, or may infringe the potential issuance of any third party patents, or whether we would need to change our operations, alter our products or services, obtain licenses, or cease certain activities as a result of the patents or potential patents of others.

In certain cases, we may be prohibited from developing, using or selling certain services and products unless we obtain a license from a third party. There can be no assurance that we will be able to obtain any such license on commercially favourable terms or at all. If we do not obtain such a license, we may be required to cease the sale of certain of our products and services and alter our products and services or alter our operations.

We may become subject to claims by third parties alleging that we or our products or services infringe or misappropriate the intellectual property rights of others. Legal proceedings in one or more countries may be necessary to determine the scope, enforceability and validity of third party intellectual property rights. Some of our competitors have, or are affiliated with companies having, substantially greater resources than us and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than we can. Regardless of the merit of any such infringement or misappropriation claims they can be time consuming to evaluate and defend, result in costly legal proceedings, cause product shipment and service delays or stoppages in one or more countries, divert management's attention and focus away from the business, subject us to significant liabilities and equitable remedies including damages and injunctions, require us to enter into costly royalty or licensing agreements and require us to modify our activities, products, or services, or stop using or selling certain products or services in one or more countries around the world.

We may suffer a significant financial loss if we do not successfully protect our intellectual property rights.

Our success depends, in part, on our ability to maintain various forms of legal protection including, without limitation, patent, trademark, copyright, and confidential information protection over aspects of our products, services, processes, and know-how, and over our trade secrets, inventions, and software (collectively referred to as "technology").

We have filed Patent Cooperation Treaty patent applications for certain aspects of our products, services and operations. We have also filed for patent protection in the United States and have the option to enter the national phase in a number of countries. However, we may not seek patent protection in all countries where we sell or may sell our products and services due to the cost associated therewith other business considerations. We may not obtain a patent application if it is refused by the local patent office of the corresponding filing country and we may choose not to maintain a patent application or patent in a particular country.

We have recently acquired patents and patent applications from COM DEV in the field of systematic data distilled from broadcasts of AIS messages. We have sublicensed certain of the intellectual property received from COM DEV to others and have indemnified those parties with respect to claims of intellectual property infringement resulting from the use of such intellectual property.

In connection with this acquisition, we have granted to COM DEV an exclusive, irrevocable, perpetual, world- wide royalty-free license to use the acquired intellectual property for any purpose outside of AIS data (systematic data distilled from broadcasts of AIS messages) applications. The intellectual property we have licensed includes, without limitation, patents, copyright, know-how, trade-secrets, and confidential and proprietary information relating to AIS. While we have an indemnity from COM DEV for any third party claims against us arising from or relating to products or services provided by COM DEV or COM DEV's licensees or sub-licensees, there can be no assurance that such indemnity will be sufficient or adequate to cover any damages that we may incur as a result of COM DEV's misuse of our intellectual property.

Our intellectual property may be subject to impeachment, opposition or cancellation proceedings or other challenges commenced by third parties. The validity of an issued patent or the patentability of a pending patent application may be challenged on a number of grounds, and the outcome of such challenges is inherently unpredictable. If such a challenge is successful in whole or in part then the subject patent application may not be granted or the subject patent may be found to be invalid, or certain patent claims may be cancelled, in which case the patent or patent claims will be unenforceable. A third party may also oppose or challenge our use of certain trademarks. If such a challenge is successful then we may have to re-brand some of our products or services.

While the majority of our patents, patent applications and copyright were recently issued, filed, or created, these types of intellectual property have limited terms such that the legal protection afforded therefor will expire at the end of the term.

Despite precautions, a third party may be able to independently develop or legally or illegally obtain, and then subsequently use, our technology. There can be no assurance that any steps taken by us will prevent the use of our technology by others, including in countries in which we have not obtained patents. If our intellectual property is infringed by a third party or if our technology has been misappropriated, we may need to commence legal proceedings against that party in one or more countries. The result of any such legal proceedings may be uncertain, and such legal proceedings could result in substantial costs and diversion of resources and could have a material adverse effect on our business, financial condition and results of operations.

We are dependent on third-party contractors for certain aspects of our business.

There are a limited number of manufacturers that are able to design and build satellites according to the technical specifications and standards of quality we require. There are also a limited number of suppliers able to launch such satellites. Adverse events with respect to any of our manufacturers or launch suppliers could result in the delay of the design, construction or launch of our satellites. General economic conditions may also affect the ability of our manufacturers and launch suppliers to provide services on commercially reasonable terms or to fulfill their obligations in terms of manufacturing schedules, launch dates, pricing, or other items. Even where alternate suppliers for such services are available, we may have difficulty identifying them in a timely manner, we may incur significant additional expense in changing suppliers, and this could result in difficulties or delays in the design, construction or launch of our satellites. Any delays in the design, construction or launch of our satellites could have a material adverse effect on our business, financial condition and results of operations.

We purchase equipment from third party suppliers and depend on those suppliers to deliver and support these products to the contracted specifications in order for us to meet our service and contractual commitments to our customers. We may experience difficulty if these suppliers do not meet their obligations to deliver and support this equipment. We may also experience difficulty or failure when implementing, operating and maintaining this equipment, or when providing services using this equipment. This difficulty or failure may lead to service interruptions or degradations in the product offered to our customers, which could cause our revenues to decline materially and could adversely affect our ability to market its services and generate future revenues and profit.

We rely heavily on certain relationship with third parties as part of our business.

We have established preferred relationships with COM DEV, Hisdesat and their respective affiliates. These relationships provide for marketing, sales, and technical support that help us to expand our opportunities, and provide us with systems and services to fulfill our procurement requirements. If we fail to maintain and enhance these relationships, or to establish new relationships in the future, this could have a material adverse effect on our business, results of operations and/or financial condition.

In addition, we communicate with our satellites through various ground stations which transmit and receive information to and from the satellite. A majority of our ground stations are owned and maintained by third parties, such as KSAT, and therefore if our relationship with these parties deteriorates then our operations could be adversely affected.

We rely on third-party distributors to market and sell our products and services to end users. Our distributors operate independently of us, and we have limited control over their operations, which exposes us to significant risks; including selling our services to proscribed countries. Distributors may not commit the necessary resources to market and sell our products and services and may also market and sell competitive products and services. In addition, our distributors may not comply with the laws and regulatory requirements in their local jurisdictions, which could limit their ability to market or sell our products and services. If current or future distributors do not perform adequately, or if we are unable to locate competent distributors in particular countries and secure their services on favorable terms, we may be unable to increase or maintain our revenue in these markets or enter new markets, we may not realize our expected growth, and our brand image and reputation could be materially and negatively affected.

Our share of the AIS data market and other areas of the maritime information market may be lost to competitors.

While the patented AIS data processing technology that we own which, along with the capital cost to acquire and launch satellites, provides a barrier to entry for many potential competitors, there are relatively low barriers to entry for certain experienced and well capitalized competitors. We may face increasing competition in the AIS tracking market. Large companies with expertise in satellite technology and use and data aggregation may have significantly more resources than we have and may be able to enter our market. We are constantly exposed to the risk that our competitors may implement disruptive technology, or new technology before we do, or may offer lower prices, additional products or services or other incentives that we cannot and will not offer. We can give no assurances that we will be able to compete successfully against existing or future competitors.

Both commercial and government organizations have indicated that they might build and launch satellites capable of collecting AIS information from space. In the case of some competitors, the AIS signal collection is a secondary use of the satellites and thus has a lower marginal cost than for us. Terrestrial collection of AIS signals is relatively inexpensive and while the range of detection is limited, this capability may be sufficient for some potential customers.

The markets in which we operate are characterized by changing technology and evolving industry standards.

Any failure or delays by us in meeting or complying with changing technology and an evolving industry could have a material adverse effect on our business prospects, results of operations and financial condition. Our ability to anticipate changes in technology, technical standards and the needs of the industries we serve or propose to serve will be a significant factor in our ability to compete or expand into new markets. There can be no assurance that we will be successful in identifying, developing and marketing products or systems that respond to rapid technological change, evolving standards or individual customer standards or requirements.

We will be required to invest in technology to meet the changing needs of our customers. Technological development is expensive and requires significant lead time. It is possible that we may not be successful in developing new technology or that the technology we are successful in developing may not meet the needs of our customers or potential new customers. Our competitors may also develop technology that better meets the needs of our customers, which may cause those customers or potential new customers to migrate to our competitors. If we do not continue to develop, manufacture and market innovative technologies or applications that meet customers' requirements, sales may suffer which could have a material adverse effect on our business prospects, results of operations and/or financial condition.

Our customers may change their product requirements and we may not be able to meet this change.

Our products have a variety of applications. Despite this variety, there can be no guarantee that our customers will continue to be satisfied with the current applications of our products. We can give no assurances that we will be able to meet changing customer requirements, or to meet them quickly enough. The failure to meet changing customer requirements could result in a material adverse effect on our results of operations, business prospects and financial condition.

We rely on a limited number of customers to provide a substantial portion of revenue, many of which are Governments of sovereign nations.

For our fiscal years ended October 31, 2014, October 31, 2013 and October 31, 2012, our three largest customers and their affiliates represented approximately 60.2%, 62.7% and 71.8% of our revenue, respectively. The loss of, or default by, one or more of these customers could significantly affect our business.

Although we monitor our larger customers' financial performance and seek deposits, guarantees and other methods of protection against default where possible, customers may in the future default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. Defaults by any of our larger customers or by a group of our smaller customers who, collectively, represent a significant portion of our revenue could have a material adverse effect on our results of operations, business prospects and financial condition.

In addition, because service revenue depends either partially or entirely on the usage of our products and services by our customers and end users, the decline or slowdown in the growth of usage patterns of these customers which could occur at any time and with or without a reduction in the number of our billable subscribers could have a material adverse effect on our business, financial condition and results of operations.

We rely heavily on contracts with Government customers which customers are subject to political change. Additionally, we operate in a market that is subject to significant Government regulation.

A significant amount of our sales are to government agencies. Changes in Government policies, priorities or regulations, tax revenue or funding levels through agency or program budget reductions, the imposition of budgetary constraints or the lack of Government appropriations or the delay and/or deferment in Governmental contract approvals or in Government programs could have a material adverse effect on our results of operations, business prospects and financial condition. A decline in Governmental support and funding for programs in which we or our customers participate could result in contract terminations, delays in contract rewards, the failure to exercise contract options, renewals of existing contracts at lower prices, the cancellation of planned procurements and fewer new business opportunities, any of which could result in a material adverse effect on our results of operations, business prospects and financial condition. Furthermore, contracts with any Government, including the Canadian or United States Government, may be terminated or suspended by the Government at any time, with or without cause. There can be no assurance that any contract with the Government of any country will not be terminated or suspended in the future. Although we attempt to ensure that Government contracts have, as standard provisions, termination for convenience language which reimburses the contractor for reasonable costs incurred, subcontractor and employee termination and wind-down costs plus a reasonable amount of profit thereon, the payments are not assured and may not be sufficient to fully compensate us for any early termination of a contract, which may impact our results of our operations and financial condition.

The majority of the areas in which we operate are subject to significant regulation. These regulations are subject to change. A failure by us to keep current and compliant with these changes could result in sanctions or financial penalties that may have a material adverse effect on our results of operations, or limit our ability to operate in a specific market.

The operation of certain systems, such as satellites or other devices, which are or will be operated by us, require us to obtain regulatory approvals, such as those relating to licences and communication frequencies. In certain circumstances third parties may be required to obtain such approvals or licences. There can be no assurance that the approvals or licences will be obtained by either us or third parties on a timely basis or retained for continuous operations. A failure to obtain approvals or licences could affect our results of operations and financial condition.

Current and future global financial markets have been and may continue to be volatile and may negatively affect us, our counterparties and our customers.

Current and future global financial markets have been and may continue to be subject to increased volatility. Access to financing has been negatively impacted in Canada, the United States and elsewhere. As such, we are subject to counter-party risk and liquidity risk. We are exposed to various counter-party risks including, but not limited to: (i) risks relating to financial institutions that hold our cash; (ii) risks relating to companies or Governments that have payables to us or to whom we have made prepaid expenditures; and (iii) risks relating to our insurance providers.

The current state of the global financial markets may negatively impact our ability to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to us. If levels of volatility are increased or there is market turmoil, our planned growth could be adversely impacted and the trading price of our securities could be adversely affected.

Customers may reduce or postpone expenditures in view of the uncertainty of the global credit and financial markets and the limitations on available credit. Additional impacts of prevailing global financial conditions may include the inability of key suppliers to remain solvent and/or to obtain sufficient financing for the development and manufacture of the satellites, earth stations and other technological requirements.

We may have difficult accessing additional capital on reasonable financial terms, or at all.

Implementation of our business strategy requires the outlay of additional capital. As we pursue our business strategies and seek to respond to developments in our business and opportunities, either organic or via potential strategic acquisitions, and trends in the industry, our actual capital expenditures may differ from those that we expect. Moreover, implementation of our business strategies could result in potentially dilutive issuances of equity securities, significant expenditures of cash, the incurrence of debt and contingent liabilities or an increase in amortization expenses. There can be no assurance that we will be able to satisfy our capital requirements in the future. In addition, if one of our satellites failed unexpectedly, there is no assurance of insurance recovery or the timing thereof and we may need to obtain additional financing to replace the satellite. The availability and cost to us of external financing depends on a number of factors, including our credit rating (if any) and financial performance and general market conditions. Declines in our expected future revenues under contracts with customers and challenging business conditions faced by our customers are among the other factors that may adversely affect our credit. The overall impact on our financial condition of any transaction that we pursue may be negative or may be negatively perceived by the financial markets and ratings agencies and may result in adverse rating agency actions with respect to our credit rating (if any). Deterioration in our financial performance could limit our ability to obtain financing or could result in any such financing being available only at greater cost or on more restrictive terms than might otherwise be available.

We may suffer as a result of software errors, bugs or other vulnerabilities.

Our products incorporate software and algorithms that are highly technical and complex. They have contained, and may now or in the future contain, undetected errors, bugs, or vulnerabilities. Some errors in these technologies may only be discovered after release and could result in damage to our reputation, loss of customers, loss of users, loss of revenue, or liability for damages, any of which could have a material adverse effect on our results of operations, business prospects and financial condition.

We may be subject to an attack on, or failure of, our technical infrastructure.

Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security, and availability of our products and technical infrastructure to the satisfaction of our customers and users may harm our reputation and ability to retain existing customers and attract new customers. We have security measures in place to protect our infrastructure from break-ins by hackers, and are continually upgrading such security measures, but no system is entirely secure, and accordingly this risk must be acknowledged. Computer viruses or break-ins by hackers could negatively affect us in several ways, including theft, compromise and/or misuse of proprietary collected historical or future data, technical information or customer information, interruptions in service to customers and business partners.

Our business is dependent on the Internet.

Our ability to create our products and deliver them to customers depends in part on the use of the Internet. Usage of the Internet may be inhibited for a number of reasons. The Internet infrastructure may not be able to support the demands placed on it by continued growth and may lose its viability due to delays in the development or adoption of new equipment, standards and protocols to handle increased levels of Internet activity, security, reliability, cost, ease- of-use, accessibility and quality of service. Federal, state, provincial, local or foreign Governments may adopt laws or regulations limiting the use of the Internet. Any disruptions in our usage of the Internet could result in a material adverse effect on our results of operations, business prospects and financial condition.

We are party to agreements that provide for indemnifications and guarantees.

In the normal course of business, we enter into agreements that provide for indemnification and guarantees to counterparties in transactions involving sales of assets, sales of services, purchases and development of assets and operating leases. The nature of almost all of these indemnifications prevents us from making a reasonable estimate of the maximum potential amount that we could be required to pay counterparties. If these payments were to become significant, future liquidity, capital resources and our credit risk profile may be adversely affected.

In the future, we may pursue acquisitions, dispositions and strategic transactions, which may include joint ventures and strategic relations, as well as business combinations or the acquisition or disposition of assets.

Acquisitions, dispositions and strategic transactions involve a number of risks, including: (i) potential disruption of our ongoing business, (ii) distraction of management, (iii) we may become more financially leveraged, (iv) the anticipated benefits and costs savings of those transactions may not be realized fully or at all or may take longer to realize than expected, (v) increasing the scope and complexity of our operations, and (vi) loss or reduction of control over certain of our assets.

The presence of one or more material liabilities of an acquired company that are unknown to us at the time of acquisition could have a material adverse effect on our results of operations, business prospects and financial condition. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction.

We may not be able to properly manage our growth.

Failure to manage our growth successfully may adversely impact our operating results. Our ability to manage growth will require us to continue to build our operational, financial and management controls, human resource policies, and reporting systems and procedures. Our ability to manage our growth will also depend in large part upon a number of factors, including our ability to rapidly: (i) expand our internal and operational and financial controls significantly so that we can maintain control over operations; (ii) attract and retain qualified technical personnel in order to continue to develop reliable and flexible products that respond to evolving customer needs; (iii) build a sales team to keep customers informed regarding the technical features issues and key selling points of our products, and (iv) obtain adequate capital required to fund our growth plans. We must also successfully implement our sales and marketing strategy, respond to competitive developments, and further commercialise our products.

Failure to effectively manage the expansion of our product portfolio in a cost-effective manner could result in declines in product and service quality and customer satisfaction, disruption of our operations, or increased costs, which would reduce our ability to expand our margins as we expect. We currently face a variety of challenges, including maintaining the infrastructure and systems necessary for us to manage the growth of our business. As our product portfolio continues to expand, the responsibilities of our management team and other company resources also grow. Consequently, we may further strain our management and other company resources with the increased complexities and administrative burdens associated with a larger, more complex product portfolio.

We cannot assure an investor that we have made or will make adequate allowances for the costs and risks associated with the expansion of our business, that our systems and procedures or controls will be adequate to support our operations, or that we will be able to successfully offer and expand our suite of products. We cannot assure an investor that we will be able to manage our growth or shifts in our business revenues effectively. An inability to achieve any of these objectives could harm our business, financial condition and results of operations.

We will need to gain an increasing share of a growing market in order to successfully execute on our business plan.

We are not able to predict with full certainty the total size of the addressable market and what portion of that market we will ultimately capture. Pricing levels, competitor behaviour and customer adoption rates will ultimately determine the success of our business plan.

We rely on a number of key employees, including members of our management and certain other employees possessing unique experience in scientific, technical and commercial aspects of the satellite and data aggregation and analysis business.

If we are unable to retain our key employees, it could be difficult to replace them. In addition, our business, with its constant technological developments, must continue to attract highly qualified and technically skilled employees. The available talent pool of individuals with relevant experience in the satellite, Big Data and geospatial industries is limited, and the process of identifying and recruiting personnel with the skills necessary to operate our system can be costly. New employees generally require substantial training, which requires significant resources and management attention. Even if we invest significant resources to recruit, train and retain qualified personnel, we may not be successful in our efforts. In the future, our inability to retain or replace these employees, or our inability to attract new highly qualified employees, could have a material adverse effect on our results of operations, business prospects and financial condition.

We face certain risks due to our global operations.

We have global operations and as a result, changes in domestic and foreign governmental regulations and licensing requirements, deterioration of relations between Canada and a particular foreign country, increases in tariffs and taxes and other trade barriers, austerity programs or similar significant budget reduction programs, civil unrest or wars or economic or political or social instability in the areas that we provide our services may result in us being unable to perform our contracts or otherwise successfully operate. We may also encounter difficulties in enforcing our contracts for payment for services in certain countries due to the legal systems in place in such countries. Our international operations also expose us to exchange controls and foreign currency exchange risks. These risks could impact our revenues. In addition, certain countries may impose withholding taxes on us or on our customers. These taxes can make the services more expensive or impose an unanticipated tax burden on us.

We are exposed to foreign exchange risk as a result of transactions in currencies other than our functional currency, the Canadian dollar.

The majority of our revenue is transacted in Canadian dollars; however portions of the revenue are denominated in Pounds sterling and Euros. Purchases, consisting primarily of the majority of salaries, certain operating costs, and manufacturing overhead, are incurred primarily in Canadian dollars. Our foreign operations are conducted through our Subsidiary. The assets and liabilities of the foreign operations are translated into Canadian dollars using the exchange rates in effect at the dates of the consolidated statements of financial position. Foreign currency risks arising from translation of assets and liabilities of foreign operations into our functional currency are generally not hedged.

We are subject to interest rate risk, primarily with respect to new financings that we may undertake.

Our risk exposure to market interest rates relates primarily to new financing that we may undertake following the repayment of our indebtedness owing to the Selling Shareholders as described under the section of this prospectus titled “Use of Proceeds”. Our policy will be to review our borrowing requirements on a continual basis and to enter into fixed or variable interest rate borrowing arrangements as required.

We are exposed to credit risk from the potential default by counterparties that carry our cash and cash equivalents.

We attempt to mitigate our credit risk by dealing only with large financial institutions with good credit ratings. All of the financial institutions that we transact with meet these qualifications; however there can be no guarantee as to the solvency or reliability of such counterparties.

Credit risk also arises from the inability of customers to discharge their obligation to us. If one or more customers were to delay, reduce or cancel Order Bookings, our overall Order Bookings may fluctuate and could adversely affect our operations and financial conditions. In the normal course of business, we monitor the financial condition of our customers and review the credit history of each new customer.

Liquidity risk is our ability to meet our financial obligations when they come due.

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of our financial assets (e.g., accounts receivable, other financial assets), liabilities (e.g., payables, loans), and projected cash flows from operations. Our objective is to maintain a balance between continuity of funding and flexibility through borrowing facilities available through our bank and purchase contracts. Our policy is to ensure adequate funding is available from operations, established lending facilities and other sources are required. An inability to properly manage our liquidity risk could have a material adverse effect on our results of operations, business prospects and financial condition.

Our revenue is difficult to forecast and may fluctuate significantly from quarter to quarter. In addition, our operating results may not follow any past trends.

The factors affecting our revenue and results, some of which are outside of our control, include: (i) competitive conditions in the industry, including strategic initiatives by us or our competitors, new products or services, product or service announcements and changes in pricing policy by us or our competitors, (ii) our ability to maintain existing relationships and to create new relationships with customers, (iii) the length and variability of the sales cycles for our products, (iv) strategic decisions by us or our competitors or our prospective competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in our business strategy, (v) general weakening of the economy, or demand for maritime data, resulting in a decrease in the overall demand for our products and/or (vi) timing of product development and new product initiatives.

We will be subject to taxes in Canada and certain foreign jurisdictions.

Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. We are also subject to the examination of our tax returns and other tax matters by applicable tax authorities and Governmental bodies. We intend to regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of taxes owed is for an amount in excess of amounts previously accrued, this could have a material adverse effect on our results of operations, business prospects and financial condition.

We will be required to make accounting estimates and judgments in the ordinary course of business.

Such accounting estimates and judgments will affect the reported amounts of our assets and liabilities at the date of our financial statements and reports and the reported amounts of our operating results during the periods presented. Additionally, we will be required to interpret the accounting rules in existence as of the date of the financial statements and reports when the accounting rules are not specific to a particular event or transaction. If the underlying estimates are ultimately proven to be incorrect, or if auditors or regulators subsequently interpret our application of accounting rules differently, subsequent adjustments could have a material adverse effect on our operating results for the period or periods in which the change is identified. Additionally, subsequent adjustments could require us to restate our financial statements or reports. A restatement of our financial statements or reports could result in a material change in the price of the Common Shares.

We are subject to litigation risk as part of our business.

Our business is subject to the risk of litigation by employees, customers, suppliers, competitors, shareholders, Government agencies (including but not limited to antitrust regulators), or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation, particularly class action lawsuits, regulatory actions and intellectual property claims, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to these lawsuits may remain unknown for substantial periods of time. In addition, certain of these lawsuits, if decided adversely to us or settled by us, may result in liability material to our financial statements as a whole or may negatively affect our operating results if changes to our business operations are required. The cost to defend future litigation may be significant. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation could have a material adverse effect on our results of operations, business prospects and financial condition.

There are myriad laws and regulations regarding personal privacy rights and inadvertent disclosures of this information could subject us to legal or civil penalties.

We transmit, and in some cases store, end user data, including personal information. In jurisdictions around the world, the transmission and storage of personal information is becoming increasingly subject to legislation and regulations intended to protect consumers' privacy and security. The interpretation of privacy and data protection laws and regulations regarding the collection, storage, transmission, use and disclosure of such information in some jurisdictions is unclear and evolving. These laws may be interpreted, applied and enforced in conflicting ways from country to country and in a manner that is not consistent with our current data protection practices. Complying with these varying international requirements could cause us to incur additional costs and change our business practices. Because our services are accessible in many foreign jurisdictions, some of these jurisdictions may claim that we are required to comply with their laws, even where we have no local entity, employees or infrastructure. We could face a variety of enforcement actions or government inquiries or be forced to incur significant expenses if we were required to modify our products, our services or our existing security and privacy procedures in order to comply with new or expanded regulations.

In addition, if end users allege that their personal information is not collected, stored, transmitted, used or disclosed appropriately or in accordance with our privacy policies or applicable laws, we could have liability to them, including claims and litigation resulting from such allegations. Any failure on our part to protect end users' privacy and data could result in a loss of user confidence, hurt our reputation and ultimately result in the loss of users.

As an operator of a global satellite system, we are regulated, to varying extents, by Government authorities in Canada and other countries in which we operate and the ITU.

As an operator of a global satellite system, we are regulated by Government authorities in Canada, the United States and other countries in which we operate as well as by the ITU. We have partners (eg: resellers and agents) and goods and services suppliers in other jurisdictions which are regulated by those foreign authorities and have sole responsibility for maintaining compliance with foreign law. We are subject to various laws and regulations governing our business, employment standards, taxes and other matters. It is possible that future changes in applicable federal, provincial or common laws or regulations or the ITU regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting us (including with retroactive effect) or our partners and suppliers. Any changes in the laws to which we or our partners and suppliers are subject could materially adversely affect our results of operations, business prospects and financial condition. It is impossible to predict whether there will be any future changes in the regulatory regimes to which we will be subject or the effect of any such change. See "Regulatory Overview."

Many of our most important customers are Governments of sovereign nations or departments or agencies thereof, some of whom use our products and services for purposes of national defense. Some of these customers may require that we or our partners and suppliers not distribute our data, or portions thereof, that they consider to be important to their national security interests. Any such requirements may materially adversely affect our results of operations, business prospects and financial condition.

Satellites are highly regulated and policies could change which would affect the launch and operation of the satellites in our First Generation Constellation and our Second Generation Constellation. The next three satellites that contain our payload will likely be launched out of Russia and India and due to policy stances by Canada or other countries, these launches could be delayed or even cancelled resulting in a delay in the planned capacity of our system.

The IMO established AIS as a global mandate for open over the air transmission of messages between ships to facilitate collision avoidance and for SOLAS. Our service takes advantage of this global mandate by detecting the same signals from space. The IMO could change the mandate in such a way that detecting the signals from space or extracting useful information from the signals is no longer possible. Such a change would render our service inoperable.

Satellites, satellite payload systems, ground control stations, communications networks and related components, software and technology that we use in our business are subject to the export control laws and regulations of Canada, the United States and other governments. Under these regulations, we may be required to obtain government authorizations to export or re-export these controlled items to our business partners and customers. Similarly, our suppliers may be required to obtain government authorizations to provide certain items to us that are required for the operation of our business. There is a risk that we could be subject to material fines, penalties and other sanctions if we fail to comply with these export control regulations or the terms of the export authorizations issued thereunder.

We are certified under the Canadian Government Controlled Goods Program (CGP) in compliance with the Canadian Defence Production Act ("**CDPA**"). Our employees are subject to security assessment prior to hire, and must be certified and trained to adhere to CGP regulations when possessing, examining or transferring goods and documentation designated as controlled goods under the CDPA. Failure to comply could be classified as a breach in security and result in cancellation of our CGP Certification, the payment of fines and/or risk of imprisonment.

If we or our suppliers fail to obtain or maintain particular authorizations or any of the required licenses on acceptable terms, or to have successful and timely launch of new satellites in our First Generation Constellation or Second Generation Constellation, such failure could delay or prevent us from offering some or all of our services and adversely affect our results of operations, business prospects and financial condition. In particular, we or our suppliers may not be able to obtain all of the required regulatory authorizations for the construction, launch and operation of any of our future satellites or export of controlled goods. Even if we are able to obtain the necessary authorizations, licenses and orbital placement, the licenses we obtain may impose significant operational restrictions, or not protect us from interference that could affect the use of our satellites. Countries or their regulatory authorities or the ITU may adopt new laws, policies or regulations, or change their interpretation of existing laws, policies or regulations, that could cause our existing authorizations and frequency allocations we rely on for use of the satellites to be changed or cancelled, require us to incur additional costs, impose or change existing price ceilings, or otherwise adversely affect our operations or revenues. As a result, any currently held regulatory authorizations and licenses are subject to rescission and renewal and may not remain sufficient or additional authorizations may be necessary that we may not be able to obtain on a timely basis or on terms that are not unduly burdensome. While management does not anticipate any issues with respect to the timely renewal of our licenses, there is no guarantee that such licenses will be renewed. Further, because the regulatory schemes vary by country, we may be subject to regulations in foreign countries of which we are not presently aware that we are not in compliance with, and as a result could be subject to sanctions by a foreign Government.

These same regulatory risks are applicable to the satellites that we do not own or operate, such as the Iridium NEXT satellites, and that are or will be a part of the First Generation Constellation or Second Generation Constellation.

Our satellites may collide with space debris or another spacecraft, which could adversely affect the performance of our constellations.

Although our satellites, including those we own or operate and those owned or operated by third parties, have some ability to actively maneuver to avoid potential collisions with space debris or other spacecraft, this ability is limited by, among other factors, uncertainties and inaccuracies in the projected orbit location of and predicted conjunctions with debris objects. Additionally, some space debris is too small to be tracked and therefore its orbital location is completely unknown; nevertheless, this debris is still large enough to potentially cause severe damage or a failure of our satellites should a collision occur. If our constellations experience satellite collisions with space debris or other spacecraft, our service could be impaired.

Provisions of Canadian law may delay, prevent or make undesirable an acquisition of all or a significant portion of our shares or assets.

The *Investment Canada Act* (Canada) subjects an acquisition of control of us by a non-Canadian entity to government review if the value of our assets as calculated pursuant to the legislation exceeds a threshold amount. A reviewable acquisition may not proceed unless the relevant Minister is satisfied that the investment is likely to be of net benefit to Canada. This could prevent or delay a change of control and may eliminate or limit strategic opportunities for shareholders to sell their Common Shares.

We are subject to Canadian and UK sanctions laws when we directly provide our goods and services to customers.

We and our UK subsidiary provide goods and services to commercial and government parties around the world. Canada and the UK maintain various laws and sanctions proscribing the transfer of goods and services to certain governments and government agencies and agents and designated persons. Through internal due diligence prior to directly providing goods and services to customers, we are able to limit our liability under Canadian and UK sanctions law. However, there remains inherent risk that these customers or their board of directors, executives, employees are subject to Canadian or UK sanctions, or that the customers transfer our goods and services to such places or persons. Compliance with these Canadian sanctions and other proscribed entity lists is a condition of the RSSSA provisional approval. Although the risk is minimal and we are not aware of any violations to date, there is are legal and business risk regarding the direct provision of goods and services to customers outside of Canada and the UK.

We rely on resellers, agents and suppliers in other jurisdictions to obtain and abide by laws of foreign jurisdictions.

Our First and Second Generations rely on services being provided to us by non-Canadian third parties, such as resellers or manufacturers as well as Harris, which are located in other jurisdictions such as the US and Norway. In some cases, these third parties are in possession of goods (including hardware and software and the AIS products), whether received from us, which would be considered controlled under Canadian and other laws and thus require export permits and controlled goods permits or the equivalent in those jurisdictions. We rely on these third parties to be knowledgeable of, make applications for, obtain and maintain the necessary authorizations of any applicable jurisdiction to possess and distribute these goods to other third parties in various jurisdictions. We rely on these third parties to be knowledgeable of, and abide by the laws of any applicable jurisdiction regarding sanctions on countries or persons. Additionally, these third parties may be making authorized or unauthorized representations relating to us to other third parties and we rely on our third party suppliers to ensure compliance with all applicable laws regarding anti-bribery and corruption. Through our agreements with third parties and through internal due diligence prior to dealing with a third party, we are able to limit our liability under foreign law for the responsibilities of these third parties. However, there remains inherent risk that these laws and regulations of foreign jurisdictions could inhibit the ability of third parties to supply us with goods to support our operations, which could negatively impact our business. In addition, these third parties with whom we deal directly or indirectly may be non-compliant and that such non-compliance poses serious legal or business risk to us.

We may not pay dividends.

We have not paid dividends to the holders of our Common Shares to date. Dividends may be paid if and when operational and financial circumstances permit. Investors seeking cash dividends should not purchase the Offered Shares.

Given our international business, there is a risk that our employees, consultants or agents could violate anti-corruption laws

Anti-corruption laws in effect in many countries, including Canada and the United States, prohibit companies and their intermediaries from making improper payments to public officials for the purpose of obtaining new business or maintaining existing business relationships. Certain anti-corruption laws such as Canada's Corruption of Foreign Public Officials Act and the U.S. Foreign Corrupt Practices Act (the "FCPA") also require the maintenance of proper books and records, and the implementation of controls and procedures in order to ensure that a company's operations do not involve corrupt payments. Since we conduct operations throughout the world, and given that some of our clients are government-owned entities and that our projects and contracts often require approvals from public officials, there is a risk that our employees, consultants or agents may take actions that are in violation of our Group's policies and of anti-corruption laws, which could result in the imposition of material fines, penalties and other sanctions against the Company.

Cybersecurity

We face a variety of risks from cyber attacks and intrusions. These attacks may take the form of malware, computer viruses, cyber threats, cyber extortion, and other types of security and data breaches and may arise from inside and outside of our organization. The attacks may cause significant disruption of our IT networks or related systems, which are critical to the operation of our business and may be critical or essential to the operations of our customers. The risk of our experiencing a cybersecurity incident has increased as the number, intensity, and sophistication of attempted attacks and intrusions have increased globally. Some of our systems manage and protect confidential information, including personally identifiable information, protected health information, and information relating to national security and other sensitive government functions. We face heightened risks of security breaches of systems maintaining and protecting such information. Although we make significant efforts to maintain the security and integrity of our IT networks and related systems, including by implementing various measures to manage the risks of security breaches or network disruptions, there can be no assurance that our security efforts and measures will be able to stave off all cyber threats. We may be unable to anticipate evolving techniques or to implement adequate security barriers or other preventative measures to protect against a constantly shifting cybersecurity threat landscape; thus, it is virtually impossible for us to entirely mitigate this risk. A significant cybersecurity incident could result in the following:

- A disruption of the proper functioning of our IT networks and related systems;
- A disruption of our business operations and/or the operations of our customers;
- Unauthorized access to, and destruction, loss, theft, misappropriation or release of, proprietary, confidential, sensitive or otherwise valuable information of ours or our customers, including trade secrets, which others could use to compete against us or for disruptive, destructive or otherwise harmful purposes and outcomes;
- A compromise of national security and other sensitive government functions;
- An expenditure of significant resources in remedying the damages that result;
- Claims against us for breach of contract, damages, credits, penalties or termination;
- Inquiries, investigations, or litigation on brought by government regulatory agencies; and
- Damage to our reputation with our customers (particularly government agencies) and the public generally.

Any or all of the above could negatively impact our business, financial conditions, operations, and cash flows.

Outstanding Share Data

We have 11,111,111 issued and outstanding Common Shares as of the date of this MD&A.