



Management's Discussion and Analysis

Mitec Telecom Inc. ("Mitec" or the "Corporation") is a leading designer and provider of radio frequency ("RF") products and solutions for the telecommunications and satellite communications industries, as well as a variety of other sectors. The Corporation sells its products worldwide to network providers for incorporation into high-performing wireless networks used in voice and data/internet communications, enabling end-user communications around the world. Headquartered in Montreal, Canada, the Corporation also operates facilities in the United States and in China. Mitec is listed on the Toronto Stock Exchange under the symbol MTM.

The following management's discussion and analysis ("MD&A") is a narrative explanation, through the eyes of Mitec's management, on how the Corporation performed during the year ended April 30, 2010. It includes a review of the financial condition of Mitec and a review of operations for each of Mitec's operating segments for the year ended April 30, 2010 as compared to the year ended on April 30, 2009.

This MD&A supplements the consolidated financial statements for the year ended April 30, 2010 but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations for each business segment and it should be read in conjunction with the audited consolidated financial statements as at April 30, 2010. Mitec's financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts in this MD&A are in Canadian dollars unless otherwise indicated. This MD&A contains information available to July 23, 2010. Additional information relating to the Corporation can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, which reflect the Corporation's current expectations regarding certain future events. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". In the interest of providing shareholders and potential investors with information regarding Mitec, including management's assessment of future plans and operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Corporation's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to: the going concern uncertainty; the impact of general economic conditions; industry conditions, including changes in laws and regulations; increased competition; the lack of availability of qualified personnel or management; fluctuations in commodity prices; foreign exchange or interest rates; stock market volatility; and the impact of accounting policies issued by Canadian standard setters. Some of these items are further discussed in the "Risks and Uncertainties" section of this document and in the Risk Factors section of the Corporation's Annual Information Form dated July 23, 2010.

Although the Corporation believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Corporation disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Corporation or persons acting on its behalf, are expressly qualified in their entirety by these

cautionary statements.

APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Prior to publication, the Board of Directors, on the recommendation of the audit committee, approved Mitec Telecom's consolidated yearly financial statements and this MD&A.

OVERVIEW

Mitec Telecom Inc. was incorporated in 1972. Its activities, designing and manufacturing solutions that support various technologies in the ever-changing telecommunications industry, are divided into two core business segments: Wireless Telecommunications ("Telecom") and Satellite and Terrestrial Communications ("Satcom").

The Telecom segment consists of designing, manufacturing and selling state-of-the-art RF conditioning and amplifier subsystems for wireless and cellular base stations. These components are distributed worldwide and are integrated into high performing wireless communication infrastructures that enable voice, data/Internet and some of the core broadband capabilities in today's fast growing multimedia communications area. Mitec works closely with its customers, including the largest and fastest growing telecom equipment providers as well as niche telecom operators, to design and manufacture solutions which will enable them to achieve their respective industry objectives. Having the ability to work one on one with these customers at the design level, combined with the Corporation's ability to deliver volume production from its wholly-owned manufacturing facility in Suzhou China, sets Mitec apart from its competitors. Consequently, Mitec has achieved preferred vendor status with several global telecom players.

The Satcom segment generates revenues from the design, manufacture and sale of RF components and subsystems for Satellite Earth Stations used by direct-to-home TV service providers' very small aperture terminal ("VSAT") networks. It also generates revenues from the sale of solid-state power amplifier ("SSPA") technologies which carry a variety of intellectual property rights and are patent-protected, mainly to government and large military system integrators for military radar and communication systems.

As an established and recognized supplier in the satellite and wireless fields, with a stable infrastructure and a legacy of solid customer support, Mitec is well positioned to benefit from the growth in the communications industry and invests in research and development ("R&D") initiatives for new product lines in areas in which it predicts strong growth opportunities. Mitec uses its scalability and engineering expertise in order to address the demand for bandwidth, speed, capacity and reliability as telecom companies worldwide continue to require solutions for the rapid adoption of wireless telecommunications.

Mitec holds a competitive advantage in the military industry with its patented Keragis SSPA technology as it grows this business unit to address a billion dollar market for military applications requiring microwave or radar communications that demand power efficiency and large bandwidth in addition to physical and electrical integration. This technology has multiple applications and although military qualification can involve several levels of integration and long lead times for qualification, the opportunities relating to the sales cycle for this technology parallel a recurring revenue model over the long term once qualification and selection has occurred.

Mitec's headquarters are in Montreal, Canada and the Corporation has other operations in Suzhou (China) and Poway (U.S.A.). As at April 30, 2010, the Corporation's global workforce stood at 273 employees.

YEAR IN REVIEW AND MAJOR EVENTS

The period encompassing 2009 and 2010 was a challenging period worldwide for companies in the Telecommunication industry. Manufacturers had to revisit their sales strategies to adapt to constantly changing requirements from customers having to deal with reduced capital expenditures plans. At the same time technology changes were demanded from their customers because of the growth in wireless communication, broadcasting and social networking trends that have become part of everyday life. Moreover, worldwide competition increased rapidly driven by reduced prices, newly developed technologies or capabilities and vertical integration. Satellite communications also faced challenges during the period, expanding both in emerging countries and North American countries to fulfill this demand. Although the Corporation's operations resulted in a large financial loss, it continued its long-term commitment to remain competitive and design state-of-the-art solutions. The shortfall in revenues occurred principally in the Telecommunications sector, mainly because of the lack of credit and capital available for telecommunication infrastructure growth. However, the shortfall began to reverse in the latter part of the period as the Corporation began to penetrate new niche markets, such as coverage solutions and point-to-point wireless markets and has established itself as a preferred vendor with the world's fast growing telecom company as a supplier of key Long Term Evolution (LTE), 4G components. From a financial perspective, even under a very difficult credit environment, the Corporation managed to secure financing to repay its convertible debt and negotiated an important credit facility to support its working capital requirements. In general, having weathered the economic and financial upheaval over the past 2 years, the Corporation has been able to shift its strategy to build innovative and affordable niche products and solutions to support its customers' needs.

On July 20, 2010, Mitec announced that it had received initial orders for high performance filters from a leading provider of satellite radio services in North America for a series of trials in their mobile broadcast network. Upon successful completion of these trials, the Corporation expects to receive follow-on orders in early 2011, which will be manufactured at the Corporation's China facility.

On July 15, 2010, Mitec announced that it had received an order worth approximately \$1.5 million to support a European telecom provider's network upgrade. The equipment is being manufactured at the Corporation's China facility and will be delivered in the second quarter of fiscal year 2011.

On July 7, 2010, Mitec announced that it had received an initial order for one of its innovative coverage solution products for delivery by July 31, 2010. The customer, a Canadian telecom company was a new customer to Mitec. This Mitec 3G network solution enables an operator to reduce operational costs while allowing delivery of next generation services at a lower cost than present network architectures.

On June 15, 2010, Mitec announced that it had begun initial shipments for components designed for next generation Long Term Evolution (LTE) 4G wireless networks to a major global telecom company. This shipment, which is expected to generate approximately \$1.7 million in revenue over the next months, is part of a larger initiative and is expected to continue for the balance of fiscal 2011 and onward. It is anticipated that this product line will represent a significant source of revenue for Mitec over the next several years. The components are being produced at the Corporation's China facility.

On March 16, 2010, Mitec announced that it had received a major order for its latest R&D initiative, a dual band Distributed Antenna System ("DAS") network. Mitec is optimistic that follow-on orders will be received with respect to this specific project and that it will be an excellent reference point for Mitec for other applications this technology can serve. DAS resolves capacity issues in areas where existing network traffic is over capacity by providing an alternative to space

and regulatory zoning challenges for operators to overlay a network solution in high traffic areas, such as metropolitan areas.

On March 4, 2010, Mitec announced that it had arranged a receivables financing facility in the amount of \$2.5 million from a Canadian financial institution specializing in assisting small and medium sized businesses entering growth phases. The facility, which is subject to standard financial conditions, has been used to support Mitec's working capital requirements and growth opportunities.

On February 11, 2010, Mitec announced that it had received a new order for its VSAT MTX Block Upconverter ("BUC") product line. The equipment was used as part of a GSM cellular backhaul system in South America, which was part of a government mandate to expand rural cellular coverage in this region. This order represented a new territory win for Mitec's recently released MTX equipment.

On January 21, 2010, Mitec announced that it had been selected as the lead supplier for its flexible waveguide solution for one of the world's largest telecom equipment providers. The specific application in this supply agreement involved point-to-point radio diplexers ("diplexers") and subsequently generated over \$1.5 million in orders and should reach \$2.0 million, as expected.

On January 19, 2010, Mitec announced that it had been selected as the lead supplier for diplexers for one of the world's largest telecom equipment providers. As of July 23, 2010, the agreement has generated \$0.5 million of revenues and the Corporation maintains its forecasts of over \$3.0 million for the balance of this year. The Corporation has set up for volume production to manage this opportunity effectively.

On October 29, 2009, Mitec announced that it had completed a private placement of convertible debentures with both new and existing shareholders, including Mitec's largest institutional investors. Proceeds were used to redeem debt which matured on October 17, 2009, and for working capital purposes. The debentures are convertible into Mitec common shares at \$0.06 per share, and pay interest at a rate of 12 percent per annum for a period of two years.

On October 26, 2009, Mitec announced that it had begun deliveries of a new high-powered pulse amplifier designed for a U.S. military customer as part of a large communications program. The initial deliveries were valued at over \$400,000 and involved the Corporation's Keragis subsidiary.

On October 21, 2009, Mitec announced that it had extended the term of 4,650,000 common share purchase warrants that were issued as part of a private placement which closed on October 18, 2006 (originally extended on October 3, 2008 and again on March 16, 2009 at an exercise price of \$0.10) and 18,952,279 common share purchase warrants that were issued as part of a private placement which closed on March 30, 2007 (originally extended on March 16, 2009 at an exercise price of \$0.22) for a further twelve months until October 30, 2010.

On August 27, 2009, Mitec announced that it had received two new orders from a customer in Africa for equipment from the recently launched VSAT MTX BUC line which enables cellular network expansion. It also received an order for a large earth station switching network that will be used in a satellite uplink expansion program taking place in Asia.

On August 6, 2009, Mitec announced that it had received approximately \$1.0 million in new orders for a niche product line it had developed which enhances performance of existing networks. The project involved using some of Mitec's core solutions such as Tower Mount Boosters ("TMB") and DAS to upgrade an existing telecommunication system located in Dryden, Ontario which was

suffering from performance issues. Mitec's equipment resolved these issues and along with support from Dryden Municipal Telephone System/Dryden Mobility, successfully demonstrated that existing networks can be upgraded to state-of-the-art networks demanded by today's telecom users.

On July 29, 2009, Mitec announced that it had received customer commitments for Keragis' patented SSPA technology which would likely amount to almost \$3.0 million in revenue, including a \$700,000 U.S. purchase order from the U.S. Department of Defense and qualification to participate in a US \$2.0 million program led by a major U.S. systems integrator also in the military industry.

On May 26, 2009, Mitec Telecom launched a new Mandarin language website. This new website reflects Mitec's commitment to its China presence and allows the Corporation to service the local market more effectively.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table presents selected financial information and is derived from our audited consolidated financial statements for each of the three most recently completed financial years:

<i>(in thousands of dollars, except per share data)</i>	2010	2009	2008
	\$	\$	\$
Sales	25,424	40,348	36,176
Gross profit	3,668	8,512	8,118
Research & development expenses	3,559	4,369	4,519
Selling and administrative expenses	6,712	7,510	7,374
Net loss	(11,447)	(4,608)	(6,421)
Net loss per share			
- Basic and diluted	(0.05)	(0.02)	(0.03)
Total assets	20,704	30,321	40,043
Long-term debt	1,157	1,215	1,124
Cash and short-term investments	2,067	4,666	4,861

RESULTS OF OPERATIONS FOR THE 12-MONTH PERIOD ENDING APRIL 30, 2010

Sales

For the twelve-month period ended April 30, 2010, consolidated sales reached \$25.4 million, a decrease of 37%, or \$14.9 million, from \$40.3 million in the previous year. The decrease in the Corporation's sales is largely attributable to a \$10.3 million decrease in the Telecom segment during the first half of fiscal 2010, as compared with the same period in the previous year when the deployment of traditional wireless networks was still high in the developing countries.

In addition to managing its operations during an unprecedented economic crisis when credit markets were not open to capital intensive expansion programs in the global telecom sector, the Corporation also initiated a long-planned shift in its wireless sales strategy by introducing a new series of product lines, which it had developed in prior years and had planned to launch as part of its overall restructuring plan when the economic crisis took hold.

These solutions, best described as next-generation technologies which reduce operating costs by

enhancing bandwidth, remain appealing to a large base of current and new customers who are facing increased budget constraints but are still under pressure to purchase capital equipment to address these customer demands. Since the Corporation has a geographically diverse customer base that is not exclusively dependent on any one region, this allows the Corporation to take advantage of economic recovery in any region. Consequently, the Corporation is beginning to see a gradual improvement in demand for its products.

The Corporation's new product lines were developed to address the always increasing demand in bandwidth as well as to resolve network interference issues with both wireless original equipment manufacturers and operators as well as to ensure the Corporation was successful in differentiating itself against increased worldwide competition. These products include diplexers and TMB and high power amplifier combinations as well as DAS which are expected to contribute to wireless revenues going forward. As well, the Corporation established itself with the telecom operator market in North America to expand its customer-base in North America and was successful in increasing its relationship with Asian customers, specifically one of the world's fastest growing global telecom companies who has qualified Mitec for several large, long-term programs, including next generation 4G network components which will be used to establish 4G networks worldwide over the next several years and point to point radios which provide greater speed and capacity transmission solutions to the telecom market, as the demand for increased mobile bandwidth and existing legacy backhaul spectrum becomes more scarce and too expensive to expand. At the same time, in order to support its new product lines, Mitec continued with its R&D and marketing initiatives to launch these new products and solutions.

Revenue for the Satcom segment decreased by \$2.5 million to \$18.0 million, or 12% compared to the previous fiscal year. The Corporation was successful in increasing its penetration into the VSAT market with the launch of new products, which have generated significant interest and have been accepted as the standard line of products going forward. This product line has differentiated the Corporation from its competition and although significant R&D and marketing expenses were recorded during the period, impacting initial profitability as they were launched, the Corporation anticipates solid long-term support for these products going forward.

Technology companies face stringent challenges since new technologies are short-lived as new entrants require management to quickly convert new product entries into defensible market positions, with image, cost effectiveness and market share challenges. Furthermore, since technology requires one-tenth the traditional development cycle compared with other industries and must be launched internationally, fiscal 2010 proved to be a very busy and challenging year for the Corporation as it balanced cost cutting measures and introduced new solutions.

Geographical Distribution

	North America	Europe	Asia	Other
2010	49%	21%	15%	15%
2009	37%	17%	33%	13%
2008	33%	24%	32%	11%

Gross profit

Gross profit for fiscal 2010 was \$3.7 million, a decrease of \$4.8 million from \$8.5 million in fiscal 2009. Gross profit generated in 2010 was a result of a combination of factors such as increased demand for products in the first half of fiscal 2009 allowing better overhead absorption during that period, unfortunately offset by lower sales levels in the second half as a result of the worldwide recession, which resulted in delaying telecom capital expenditures and impeded the Corporation's strategy of new product launches. Other factors that contributed to lower gross profit performance were sales of newly launched products necessitating product line adaptations. Telecom gross profit for fiscal 2010 was negative \$0.2 million, a decrease of \$3.1 million from \$2.9 million for

fiscal 2009. Satcom gross profit for fiscal 2010 was \$3.9 million, a decrease of \$1.7 million from \$5.6 million for fiscal 2009.

<i>(in thousands of dollars, except percentages)</i>	2010	2009	2008
	\$	\$	\$
Telecom	(207)	2,874	2,853
% of Telecom revenue	(2.8%)	14.5%	19.2%
Satcom	3,875	5,638	5,265
% of Satcom revenue	21.4%	27.4%	24.7%

Research and Development Expenses

R&D expenses, net of investment tax credits, for fiscal 2010 were \$3.6 million compared with \$4.4 million in fiscal 2009. This decrease is attributable to lower investments in the wireless sector as products enter final stages of approval. The decrease was also somewhat offset by an increase in R&D from the new products being developed by the Corporation's military product line associated with its U.S. based Keragis division. The Corporation intends to support R&D either directly or indirectly, to ensure these expenditures result in acceptable long-term profitability. During the last two quarters, several new product lines were introduced and are now entering into commercial sales phases, however, since some opportunities require custom commercialization, additional R&D may be required. The Corporation continues its commitment to R&D to ensure Mitec remains ahead of its competitors and has maintained its R&D spending by investing in various product lines in order to promote the availability of new products servicing Telecom Operators, Mobile and Fixed Wireless infrastructure markets as well as the VSAT and military markets.

Selling and Administrative Expenses

Selling and Administrative ("S&A") expenses were \$6.7 million for fiscal 2010 compared with \$7.5 million in fiscal 2009. The decrease was a result of cost cutting initiatives throughout the organization implemented during the course of the year combined with the reduction of amortization of intangible assets following the impairment taken in 2009.

Financial Expenses

Financial expenses were \$0.8 million for fiscal 2010, compared with \$0.9 million in fiscal 2009. This decrease was a result of a variety of factors, including interest on convertible debentures and accretion expenses.

Stock-based compensation

The amount of the expense totalled \$0.2 million in fiscal 2010, a decrease of \$0.4 million as compared with fiscal 2009. The Corporation issued only 500,000 stock options during fiscal 2010 as compared with 1,380,000 during the previous year. The Corporation estimates the fair value of stock options granted to employees, officers and directors. As at April 30, 2010, a total of 15,308,750 stock options were outstanding, of which 13,578,050 were exercisable. The Corporation uses the fair value method to account for stock options granted to employees, directors and consultants. Options issued to employees, officers and directors are recognized as an expense over the vesting period. The fair value is determined using the Black-Scholes option pricing model. Any consideration paid by employees, officers and directors on exercise of stock options or purchase of stock is credited to share capital.

Impairment of Property, Plant and Equipment

Management periodically reviews the property, plant and equipment carrying value in light of the Corporation's strategic plan and general business environment. During the year, the Corporation

determined that the carrying value of certain assets consisting mostly of machinery and equipment and furniture and fixtures were no longer recoverable. Consequently, property, plant and equipment with a carrying value of \$34,000 (2009 – \$431,000) were written off. A gain on disposal with a carrying value of \$26,000 (2009 – loss of \$39,000) was recorded during the exercise.

Impairment of Intangible Assets

Management periodically reviews the carrying value of the intangible asset portfolio whenever there is an indication of impairment. During the year, the Corporation concluded that the decrease in the Corporation's market capitalization was an event indicating the carrying amount of certain of the Corporation's intangible assets may not be recoverable. Management performed an impairment analysis as at April 30, 2010 using a cost approach to determine the fair value. The valuation was performed by an independent valuator. The Corporation determined that the carrying value of certain intangible assets resulting from the acquisition of Keragis were no longer recoverable. Consequently, customer relationships with a carrying value of \$369,000 and patented technology with a carrying value of \$355,000 were written off. In 2009, the Corporation recorded an impairment of \$50,000 on the value of its trademarks.

Impairment of Goodwill

The annual impairment test of the goodwill resulting from the acquisition of Keragis was completed as at April 30, 2010. As a result of the market value of the Corporation's equity being below its book value, the Corporation tested for impairment. Following the completion of an independent valuation, an impairment of \$1,991,000 (2009 – \$1,607,000) was recorded.

Income Tax

The Corporation recorded an income tax expense of \$0.1 million in fiscal 2010 relating to the previously recognized benefits of losses as compared to the income tax recovery of \$0.6 million in fiscal 2009 reversed upon the impairments recognized during the current fiscal year.

Net Loss

The net loss for the year ended April 30, 2010 was \$11.4 million, or \$0.05 per share, an increase of \$6.8 million compared to a loss of \$4.6 million, or \$0.02 per share, for the year ended April 30, 2009. These results also include an accounting charge of \$2.7 million for goodwill and intangible assets impairment associated with the prior acquisition of the company's U.S. operations. Without this adjustment, Mitec's net loss for the year would have been reduced to \$8.7 million, and largely attributable to lower gross profit relating to rapid reduction in revenues combined with the associated costs relating to the launch of new product lines which occurred during the year, as described above. Management is confident that its new product lines, cost containment programs in place and the general improvement in business conditions, combined with the Corporation's mandate to identify and assess various opportunities in the wireless market provide the basis for improved results.

SELECTED QUARTERLY FINANCIAL INFORMATION

The Corporation's sales and results fluctuate from quarter to quarter, or year to year, based on customers' requirements and the timing of orders. The Corporation has experienced fluctuations in its quarterly operating results and anticipates that such fluctuations will continue. Fiscal 2010 proved to be an extraordinarily unpredictable period for the Corporation since it was an extremely volatile period for the global economy and capital and credit were very difficult to access for telecom providers. As well, some of the Corporation's revenues are subject to significant technology risk. As a result, the Corporation's financial reporting relies upon management's estimates of earned revenues and the costs required completing the orders. Although management's objective is to ensure long-term profitability, there can be no assurance that levels

of profitability will not vary significantly among quarterly or annual periods.

The Corporation's expense levels are based in significant part on its expectations regarding future revenues relative to various programs which they are involved. Accordingly, the Corporation may not be able to adjust spending in a timely manner to compensate for any unexpected revenue shortfall and may have to increase spending in advance of a predicted revenue increase. Any significant revenue fluctuation could therefore have a material effect on the Corporation's results of operations.

<i>(in thousands of dollars, except per share data)</i>	2010				2009			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
Sales	6,358	5,161	7,198	6,707	6,927	7,922	10,568	14,931
Gross profit	955	861	817	1,035	1,083	1,897	2,366	3,166
Research & development expenses	777	1,031	683	1,068	1,137	1,054	1,151	1,027
Selling and administrative expenses	1,794	1,670	1,772	1,476	2,087	1,626	1,972	1,825
Net profit (loss)	(5,236)	(2,305)	(1,837)	(2,069)	(3,108)	(360)	(1,195)	55
Net profit (loss) per share:								
- Basic and diluted	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	0.00
Non-recurrent items:								
- Impairment of property, plant and equipment	34	—	—	—	80	—	351	—
- Impairment of goodwill	1,991	—	—	—	1,607	—	—	—
- Impairment of intangible assets	724	—	—	—	50	—	—	—
Total assets	20,704	23,703	26,585	29,118	30,321	36,244	39,230	44,027
Long-term debt	1,157	1,041	955	1,316	1,215	1,116	1,057	1,067
Cash and short-term investments	2,067	2,217	2,458	3,344	4,666	4,040	5,255	3,324

The information pertaining to each segment for the three-month periods ended April 30 is as follows:

	Telecom		Satcom		Consolidated amounts	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
Sales	2,048	2,207	4,310	4,720	6,358	6,927
Cost of sales	2,191	2,370	3,212	3,474	5,403	5,844
Gross profit (loss)	(143)	(163)	1,098	1,246	955	1,083

The information pertaining to each segment for the twelve-month periods ended April 30 is as follows:

	Telecom		Satcom		Consolidated amounts	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
Sales	7,378	19,774	18,046	20,574	25,424	40,348
Cost of sales	7,585	16,900	14,171	14,936	21,756	31,836
Gross profit (loss)	(207)	2,874	3,875	5,638	3,668	8,512

RESULTS OF OPERATIONS FOR THE FOURTH QUARTER

Sales

For the three-month period ended April 30, 2010, consolidated sales were \$6.4 million, an 8% decrease from the fourth quarter of the previous year. The decrease in the Corporation's sales is attributable to the last phase of a re-alignment in the Satcom sales strategy as the newly launched MTX product line was integrated into the Corporation's product line. This new MTX Product line replaces the legacy WTX products lines. The Satcom sector was also negatively affected by ongoing delays in the ordering process from the Military sector, which delays are expected to be lifted quickly once government budgets approve military spending budgets. Shipments from the Telecom segment, which contributed \$2.0 million of total revenues, decreased by \$0.2 million or 7%, during the fourth quarter as compared with the same period in the previous year. The Corporation benefited from early stage market penetration with its newly developed point-to-point radio diplexer product line during the period. Satcom segment shipments, which contributed 68% of total revenues, were \$4.3 million, a decrease of \$0.4 million, or 9%, compared to the fourth quarter of fiscal 2009.

<i>(in thousands of dollars, except percentages)</i>	2010				2009			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
Telecom	2,048	1,140	2,003	2,188	2,207	3,100	4,073	10,394
% of total sales	32.2%	22.1%	27.8%	32.6%	31.9%	39.1%	38.5%	69.6%
Satcom	4,310	4,021	5,196	4,519	4,720	4,822	6,495	4,537
% of total sales	67.8%	77.9%	72.2%	67.4%	68.1%	60.9%	61.5%	30.4%

Gross Profit

Gross profit for the fourth quarter of fiscal 2010 was \$1.0 million, a decrease of \$0.1 million from \$1.1 million in the fourth quarter of fiscal 2009. Although the Corporation was able to initiate a cost containment program during the previous quarter, gross profit was impacted by a variety of internal and external factors which reduced revenues, including new product introductions and legacy product wind-downs, the delays in spending from government and general difficulty in accessing credit for capital expenditures. These factors resulted in lower overhead absorption. Despite economic conditions, the Corporation continued with its launch of new products, which initially result in lower margins because of the complexity of the new products and required changes to operating lines associated with early stage commercialization. However, effective cost containment resulted in gross profit in the Telecom segment of negative \$0.1 million in the fourth quarter of fiscal 2010, an increase of \$0.1 million from negative \$0.2 million for the same period last year. Satcom gross profit was \$1.1 million in the fourth quarter of fiscal 2010, a decrease of \$0.1 million from \$1.2 million for the same period last year.

<i>(in thousands of dollars, except percentages)</i>	2010				2009			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
Telecom	(143)	(154)	(48)	138	(166)	382	571	2,087
% of Telecom sales	(7.0%)	(13.4%)	(2.4%)	6.3%	(7.5%)	12.3%	14.0%	20.1%
Satcom	1,098	1,015	865	897	1,247	1,515	1,795	1,081
% of Satcom sales	25.5%	25.2%	16.6%	19.8%	26.4%	31.4%	27.6%	23.8%

Research and Development Expenses

R&D expenses net of investment tax credits for the fourth quarter of fiscal 2010 were \$0.8 million, a decrease of 31% from \$1.1 million in the fourth quarter of fiscal 2009. Despite challenging economic conditions, the Corporation continues its commitment to its growth strategy and has not reduced drastically R&D investing in various product lines in order to promote the availability of new products servicing either the mobile or the fixed wireless infrastructure as well as the VSAT and the military markets to ensure Mitec remains ahead of its competitors. However, R&D expense has decreased and this trend is expected to continue as part of the Corporation's overall strategy to focus R&D on specific market sectors and consider the acquisition of technology when possible.

Selling and Administrative Expenses

The Corporation's S&A expenses for the fourth quarter in fiscal 2010 were \$1.8 million, a decrease of 14% from \$2.1 million in the fourth quarter of fiscal 2009. The decrease was primarily due to cost cutting initiatives implemented throughout the year.

Net Loss

The net loss for the fourth quarter of fiscal 2010 was \$5.2 million, or \$0.02 per share, as compared to \$3.1 million, or \$0.01 per share, for the same quarter of fiscal 2009. These results also include an accounting charge of \$2.7 million for goodwill and intangible assets impairment associated with the prior acquisition of the Corporation's U.S. operations. Without this adjustment, Mitec's net loss for the fourth quarter would have been reduced to \$2.5 million. The impairment charge of \$2.7 million to write down the value of goodwill and intangible assets related to Keragis is a reasonable assessment of its estimated fair value as of that date. The fair value was determined in part based on the Corporation's estimated cost of capital, current limited availability of resources and the continued and additional financing required to sustain Keragis' development programs under the current financial condition. The Corporation used a cost approach method and an independent valuation to calculate this impairment, consistent with the conservative approach it uses with respect to all of its financial disclosure. Although Mitec's Keragis division is gaining traction with some large U.S. military customers, management believes that this impairment charge is appropriate, in light of the current economic environment in the military sector.

Earnings before Interest, Taxes, Depreciation and Amortization

In addition to discussing earnings measures in accordance with Canadian GAAP, this MD&A provides earnings before interest, income taxes, depreciation and amortization ("EBITDA") as a supplementary measure. Depreciation and amortization include write-down of property, plant and equipment, intangibles assets, and investments. Interest is comprised of interest on credit facility and on long-term debt reduced by interest income. EBITDA is provided to assist readers in determining the ability of the Corporation to generate cash from operations. The Corporation also discloses the adjusted EBITDA from continuing operations to describe impacts from restructuring expenses, foreign exchange, stock-based compensation and the recovery of non-refundable tax credits. EBITDA does not have a standardized meaning prescribed by Canadian GAAP and is therefore unlikely to be comparable to similar measures presented by other companies.

The following table reconciles EBITDA to GAAP measures disclosed in the unaudited consolidated statements of earnings of actual and most recent quarterly reports. It also reconciles the adjusted EBITDA.

<i>(in thousands of dollars)</i>	2010				2009			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
Net Profit (Loss)	(5,236)	(2,305)	(1,837)	(2,069)	(3,108)	(360)	(1,195)	55
Income taxes	242	(39)	(39)	(39)	(523)	(89)	(14)	(14)
Amortization and loss on disposal and impairment of property, plant and equipment, intangible assets, goodwill, and investments	3,183	420	370	464	2,214	515	972	753
Interest	54	52	109	31	27	(1)	65	37
EBITDA	(1,757)	(1,872)	(1,397)	(1,583)	(1,390)	65	(172)	831
Effect of foreign exchange and stock-based compensation	331	320	42	469	(425)	(673)	(95)	94
Adjusted EBITDA	(1,426)	(1,552)	(1,355)	(1,114)	(1,815)	(608)	(267)	925

LIQUIDITY AND CAPITAL RESOURCES

The Corporation had \$2.1 million of cash and short-term investments as of April 30, 2010, compared to \$4.6 million as of April 30, 2009, which might not be sufficient to cover its operating requirements and its capital expenditures. The Corporation has access to an additional \$1.8 million from its \$2.5 million established credit facility supported by a strong working capital balance to support any third party financing, should it be required.

Working capital, excluding cash and short-term investments, decreased 31% to \$5.6 million at the end of fiscal 2010 compared to \$8.1 million at the end of the previous fiscal year. The decrease was mostly attributable to a reduction of inventory.

Operating Activity Cash Flows

Cash flow used by operating activities was \$3.5 million in fiscal 2010, an increase of \$4.3 million from \$0.9 million cash flow generated in fiscal 2009. Decline in gross margins and in the cost containment program discussed above were the main contributing factors. Cash flow used in operating activities was positively impacted by a \$2.7 million change in the non-cash working capital balances related to the reduction of inventories.

Investing Activity Cash Flows

Cash flow used in investing activities was \$0.1 million for fiscal 2010, a consequence of the acquisition of fixed assets to support volume production opportunities during the current period. During fiscal 2009, cash flow from investing activities was \$0.9 million.

Financing Activity Cash Flows

Financing activities resulted in a net cash inflow of \$1.0 million in fiscal 2010, following the issuance of net proceeds of \$1.7 million, convertible debentures and the repayment of \$1.4 million of expired long-term debt as well as an inflow of \$0.7 million from a recently authorized credit facility. In fiscal 2009, net cash outflows from financing activities were \$0.5 million, following the repayment of \$0.5 million in long-term debt.

CAPITAL MANAGEMENT

The Corporation's capital is composed of its shareholders' equity and its long-term debt. The Corporation manages its capital to safeguard the Corporation's ability to continue as a going-concern and to provide financial flexibility to fund organic growth and selective acquisitions, as well as allow the Corporation to respond to changes in economic and/or marketplace conditions. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Corporation could issue new shares, raise debt or enter into new capital leases. The Corporation has not historically paid dividends to its shareholders.

The Corporation's capital is composed of long-term debt and shareholders' equity which includes capital stock and has no external restrictions. There have been no changes in the Corporation's capital management policy during the year.

	2010	2009
	\$	\$
Long-term debt, including current portion	1,157	1,215
Shareholders' equity	12,753	23,657
	<u>13,910</u>	<u>24,872</u>

GOING CONCERN UNCERTAINTY

The accompanying consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Corporation has a history of losses over the past nine years and currently does not have the necessary financing in place to support continuing losses. The Corporation has accumulated a deficit of \$131,427,000 as at April 30, 2010. Historically, the Corporation has financed its operating and capital requirements mainly through issuances of debt and equity. The Corporation's continuation as a going concern is dependent upon, among other things, attaining a satisfactory revenue level, the support of its customers, a return to profitable operations and the generation of cash from operations as well as the ability to secure new financing arrangements and new capital. These matters are dependent on a number of items outside of the Corporation's control and there is uncertainty about the Corporation's ability to continue as a going concern.

The consolidated financial statements do not reflect any adjustments that would be necessary if the going concern basis was not appropriate. If the going concern basis was not appropriate for these consolidated statements, significant adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used.

As of July 23, 2010, the following transactions, aimed at addressing the uncertainties described above, occurred:

- a. The Corporation launched a new Mandarin-language website to reflect the commitment of doing business in China and to allow service of the local market more effectively;
- b. The Corporation received customer commitments of almost \$3.0 million for its Keragis' patented SSPA technology, including a purchase order from the U.S. Department of Defense and qualification to participate in a program led by a systems integrator also in the military industry;

- c. The Corporation developed a coverage solution strategy for telecom companies in remote areas of North America who are looking to enhance their network bandwidth and reduce operating costs;
- d. The Corporation received two new orders for equipment in the VSAT MTX BUC line which enables network expansion as well as an order for a large earth station switching network that will be used in a satellite uplink expansion program taking place in Asia;
- e. The Corporation extended the term of 4,650,000 common share purchase warrants and 18,952,279 common share purchase warrants for a further twelve months until October 30, 2010;
- f. The Corporation announced that its Keragis subsidiary had begun deliveries of a new high-powered pulse amplifier designed for a U.S. military customer as part of a large communications program;
- g. The Corporation announced that it had completed a private placement of convertible debentures. Proceeds were used to redeem \$1.4 million of convertible debt which matured on October 17, 2009, and for working capital purposes;
- h. The Corporation has been selected as the lead supplier for diplexers for one of the world's largest telecom equipment providers;
- i. The Corporation has been selected as the lead supplier for its flexible waveguide solution for the equipment provider noted above;
- j. The Corporation agreed on terms and conditions of a receivables financing facility in the amount of \$2.5 million from a Canadian financial institution specializing in servicing the needs of small and medium sized businesses entering growth phases;
- k. The Corporation received a major order for its latest R&D initiative, a dual band DAS network. The Corporation is optimistic that follow-on orders will be received for many times greater than this initial order and that it will be an excellent reference point for Mitec for other applications this technology can serve;
- l. The Corporation began initial shipments for components designed for next generation, LTE 4G wireless networks to the same major telecom company as indicated above, which is expected to generate approximately \$1.7 million in revenue over the next several months and is expected to continue for the balance of fiscal 2011 onward;
- m. The Corporation received an initial order for one of its innovative coverage solutions, which combines existing hardware with boosters and amplifiers to enhance bandwidth, for delivery by the first quarter of fiscal 2011;
- n. The Corporation received an order worth approximately \$1.5 million for its low noise amplifiers to support a European telecom provider's network upgrade. The equipment will be delivered in the second quarter of fiscal year 2011;
- o. The Corporation received initial orders for high performance filters from a leading provider of satellite radio services in North America for a series of trials. The Corporation expects to receive a series of higher volume, follow-on orders in early 2011.

Management's plans with respect to the uncertainties described are as follows:

1. Approaching potential lenders and investors to secure additional debt and/or equity financing;
2. Exploring, under the guidance of its Mergers and Acquisitions Committee (comprised of management, directors and advisors of the Corporation), potential opportunities relating to the sale of selected business segments, divestiture of certain assets or the acquisition of complementary and synergetic assets or businesses;
3. Investigating a range of alternatives to streamline its Telecom and Satcom business units and focus its efforts towards selected niche markets with the objective of ensuring the Corporation can generate sustainable, long-term profitability.

Given extreme challenges that face the Corporation internally as a growth technology company and externally as forces, such as the unprecedented worldwide financial crisis have impacted all facets of business around the globe, management and the board of directors of Mitec continually evaluate ways to ensure that the Corporation is able to continue to have the financial strength to stay competitive and to achieve long-term profitability. Such explorations include developing niche product lines that generate solutions demanded by its growing customer base through R&D and marketing efforts, mergers and acquisitions activities, divestitures, joint ventures and strategic initiatives with both industry and financial partners.

The Corporation continues to evaluate several opportunities consistent with these objectives and expects that several milestones will be achieved in fiscal 2011 as it executes on one or more of them.

Management believes that should the Corporation be successful at securing additional funding and/or realigning its Telecom and Satcom business units and with the continued support of the Corporation's current shareholders and customers, the Corporation will be able to continue operating as a going concern in the foreseeable future. There can, however, be no assurance that such plans will be sufficient to permit the Corporation to continue to operate as a going concern.

SIGNIFICANT ACCOUNTING ESTIMATES AND PROVISIONS

The preparation of financial statements in accordance with generally accepted Canadian accounting principles 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. The reported amounts and note disclosures in the consolidated financial statements are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Significant items subject to estimates and assumptions include, but are not limited to, the estimated useful life of assets, inventory obsolescence, impairment of long-lived assets, goodwill and intangibles with an indefinite life, future income taxes, investment tax credits, revenue recognition, the measurement and determination of stock-based compensation and warrants, discount rate on convertible debentures, legal liabilities, warranty provision, bad debt expense, and allowance for doubtful accounts. Actual results, however, may differ from the estimates used in the consolidated financial statements and such differences could be material. The Corporation's significant accounting policies are discussed in Note 2 of the audited consolidated financial statements; critical estimates inherent in the accounting policies are discussed in the following paragraphs.

Inventory Valuation

The Corporation records a provision to reflect management's best estimate of the net realizable value of the inventory. The provision is calculated considering inventory aging and current and future expectations with respect to product offerings. Assumptions underlying the allowance for inventory obsolescence include future sales trends and offerings. The estimate of the Corporation's allowance for inventory obsolescence could materially change from period to period due to changes in product offering and customer acceptance of those products. Management reviews the entire provision to assess whether, based on economic conditions, it is adequate.

Impairment of Long-Lived Assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Management reviews the carrying value of the assets and considers whether an impairment charge should be recorded. The review is based on the assessment of technological changes; the Corporation's intended use and on the projected estimated future undiscounted cash flows expected to be generated from the underlying assets. Any impairment results in an

impairment of the assets and a charge to income during the year to the extent that the asset's carrying value exceeds its fair value, generally determined on a discounted cash flow basis or replacement cost basis. Management's estimate of future cash flows is subject to risks and uncertainties therefore it is reasonably possible that changes in circumstances could occur which may affect the recoverability of the Corporation's long-lived assets.

Goodwill

On at least an annual basis and more frequently if events or circumstances indicate that the asset might be impaired, the Corporation subjects goodwill to an impairment test based upon a comparison of the carrying amount to the fair value of the reporting unit. Any impairment in the carrying amount of goodwill is charged to operations in the period such impairment is identified. The annual impairment test of the goodwill resulting from the acquisition of Keragis was completed on April 30, 2010. As a result of the market value of the Corporation's equity being below its book value, the Corporation tested goodwill for impairment. Following the completion of an independent valuation, the Corporation concluded that an impairment of \$1,991,000 was required.

Allowance for Doubtful Accounts

The Corporation records an allowance for doubtful accounts to reflect Management's best estimate of losses inherent to its portfolio of receivables as of the balance sheet date although the majority of its receivables are insured. The calculation takes into consideration payment records, collection attempts, bankruptcy filings and economic events. Management believes that the allowance of doubtful accounts is adequate to cover anticipated losses under current conditions. However, significant deterioration in any of the above factors, or in the health of the economy, could significantly change these expectations.

Future Income Taxes Assets

The Corporation accounts for future income tax assets mainly from losses carried-forward and deductible temporary differences. Management assesses and reviews the realization of these future income tax assets to determine whether a valuation allowance or provision is required. Based on that assessment, it is determined whether it is more likely than not that all or a portion of the future income tax assets will be realized. Factors taken into account include future income based on internal forecasts, losses in recent years and their expiry dates, history of losses carried-forward as well as reasonable tax planning strategies.

Warranty Provision

The Corporation records a warranty provision on the sale of certain products, which contain active components. This estimate is based on historical repair frequency and related costs. Management reviews the provision on an on-going basis and the provision at April 30, 2010 was considered adequate.

Foreign Currency Translation

a. Canadian operations

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities are converted at the historical rate. Revenues and expenses are translated into Canadian dollars at rates of exchange in effect. Exchange gains and losses arising from the translation of foreign currency items are included in the determination of net income/loss.

b. Foreign operations

The financial statements of the Corporation's self-sustaining foreign subsidiaries, Mitec Communications Ltd., Mitec Telecom (Suzhou) Company, Ltd. and Keragis Corporation, are translated into Canadian dollars using the current rate method. Under this method, assets and liabilities are translated at the exchange rates prevailing at the end of the period and revenues and expenses are translated at the average exchange rates during the period. The adjustment arising from the translation of these accounts has been recorded in the accumulated other comprehensive profit (loss) in shareholders' equity. When there is a reduction in the net investment of a self-sustaining foreign subsidiary, a proportionate amount of deferred translation gains and losses is recognized in net income/loss.

Stock-Based Compensation

The Corporation estimates the fair value of stock options granted to employees, officers and Directors. As at April 30, 2010, a total of 15,308,750 stock options were outstanding, of which 13,578,050 were exercisable. The Corporation uses the fair value method to account for stock options granted to employees, directors and consultants. Options issued to employees, officers and directors are recognized as an expense over the vesting period. The fair value is determined using the Black-Scholes option pricing model. Any consideration paid by employees, officers and directors on exercise of stock options or purchase of stock is credited to share capital.

CHANGES IN ACCOUNTING POLICIES

Effective May 1, 2009, the Corporation adopted the following recently introduced CICA Handbook Sections:

Goodwill and Intangible Assets and Financial Statement Concepts

In February 2008, the CICA released new Handbook Section 3064 "Goodwill and Intangible Assets", replacing Handbook Section 3062 "Goodwill and Intangible Assets" and Handbook Section 3450 "Research and Development costs." The CICA also amended Handbook Section 1000 "Financial Statements Concepts" to provide consistency with this new standard. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. This section clarifies that costs can be deferred only when they relate to an item that meets the definition of an asset and as a result start-up costs must be expensed as incurred. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are equivalent to the corresponding provisions of International Financial Reporting Standards IAS 38 "Intangible Assets". Upon adoption, there was no impact on the Corporation's consolidated financial statements.

Credit Risk and the Fair Value of Financial Assets and Liabilities

On January 20, 2009, the Emerging Issues Committee ("EIC") issued Abstract EIC-173 "Credit Risk and the Fair Value of Financial Assets and Liabilities". This abstract is to be applied retroactively, without restatement, to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The Corporation has taken into account the consensus reached in this abstract in preparing its April 30, 2010 financial statements. The new requirement has no impact on the Corporation's financial results.

Financial Instruments – Disclosures

In June 2009, the CICA amended Section 3862 "Financial Instruments – Disclosures" to require enhance disclosures about financial instruments, in particular, the classification of the financial instruments measured at a fair value hierarchy according to the significance of the inputs to fair value measurements and the entities' exposure to liquidity risk. The new requirements apply to

annual financial statements for fiscal years ending after September 30, 2009. The Corporation applied this standard in its April 30, 2010 annual financial statements. The Corporation is exempt from providing comparative information in the year of adoption. The application of these new amendments had no effect on the Corporation's statements of earnings, balance sheet and cash flows. These amendments are aimed specifically at the disclosure. (See Note 20 in the consolidated financial statements)

FUTURE CHANGES IN ACCOUNTING POLICIES

Business Combinations

Section 1582, Business Combinations, replaces Section 1581, Business Combinations. The section establishes standards for the accounting for a business combination. It provides the Canadian equivalent to the International Financial Reporting Standards ("IFRS") standard, IFRS 3 (Revised), Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The Corporation is currently evaluating the impact of the adoption of this new section on the Corporation's consolidated financial statements.

Consolidated Financial Statements

Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests, together replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, International Accounting Standard ("IAS") 27 (Revised), Consolidated and Separate Financial Statements. The sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The Corporation is currently evaluating the impact of the adoption of these new sections on the consolidated financial statements.

Accounting Changes

In June 2009, the CICA issued amendments to CICA Handbook Section 1506 – "Accounting Changes". Section 1506 was amended to exclude from its scope changes in accounting policies upon the complete replacement of an entity's primary basis of accounting. The amendments are effected for annual and interim financial statements relating to years beginning on or after July 1, 2009. The adoption of IFRS is not expected to qualify as an accounting change under Section 1506.

EIC 175 - Multiple Deliverable Revenue Arrangements

In December 2009, the CICA issued EIC 175, Multiple Deliverable Revenue Arrangements, replacing EIC142, Revenue Arrangements with Multiple Deliverables. This abstract was amended to: (1) provide updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated and the consideration allocated; (2) require, in situations where a vendor does not have vendor-specific objective evidence ("VSOE") or third-party evidence of selling price, that the entity allocate revenue in an arrangement using estimated selling prices of deliverables; (3) eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method; and (4) require expanded qualitative and quantitative disclosures regarding significant judgments made in applying this guidance. The accounting changes summarized in EIC 175 are effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. Adoption may either be on a prospective basis or by retrospective application. If the Abstract is adopted early, in a reporting period that is not the first reporting period in the entity's fiscal year, it must be applied retroactively from the beginning of the Corporation's fiscal period of adoption. The Corporation is currently assessing the future

impact of these amendments on its financial statements and has not determined the timing and method of its adoption.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, Canada's Accounting Standards Board ("AcSB") confirmed that Canadian GAAP, as used by publicly accountable enterprises, would be fully converged into IFRS, as issued by the International Accounting Standards Board ("IASB"). The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Therefore, the Corporation will be required to report under IFRS for its 2012 annual financial statements starting with its July 31, 2011 first quarter interim report. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies which may significantly impact the Corporation's processes and financial results. While the Corporation's believe that the adoption of IFRS will not have a material impact on Mitec's reported distributed cash from operations, it could have a material impact on Mitec's consolidated balance sheet and consolidated statement of operations and deficit.

Implementation plan

The implementation project consists of three (3) primary phases, which in certain cases will be process concurrently as IFRS is applied to specific areas from start to finish.

Phase 1: Scoping and Diagnostic phase:

This phase involved performing a detailed diagnostic comparing Canadian GAAP to IFRS and identifying key areas that may be impacted by the transition to IFRS. Phase 1 included:

- Performing a detailed analysis of our actual accounting policies and practices with all relevant IFRS standards and applicable interpretations;
- Identifying the different options available to the Corporation at the date of transition as well as the ongoing IFRS policy choices that could be applied to prepare subsequent IFRS financial statements.

Phase 2: Impact Analysis and Design Phase

In this phase, each area identified from the scoping and diagnostic phase are addressed. Phase 2 includes:

- Making accounting policy choices, including those under IFRS 1 choices;
- Determining the changes required to existing accounting policies;
- Determining the changes or additions required to information technology and data systems, internal controls over financial reporting and disclosure controls;
- Developing draft IFRS Financial statements.

Phase 3: Implementation and Review Phase

In this last phase, the Corporation will implement changes in accounting policies and practices to the different business processes, information systems and internal controls and ensure that all significant differences have been successfully resolved by the first quarter ending July 31, 2011.

Current status of the Corporation's IFRS changeover plan

The Corporation initiated the process of IFRS conversion during the winter of 2009. The Scoping and Diagnostic phase has been completed and the Corporation is currently in Phase 2 of the process. It expects to address all the areas described in Phase 2 above and to continue its analysis on more detailed items within various standards during the remainder of 2010.

Management has identified that the following areas could have the highest impact on the Corporation's accounting standards but it is still in the process of assessing the impact that they will have on the financial statements.

Notwithstanding the above, the current IASB and International Financial Reporting Interpretations Committee ("IFRIC") projects are likely to significantly modify some of the actual IFRS requirements which might therefore ultimately impact the following identified major differences.

First-time Adoption of IFRS (IFRS 1)

The adoption of IFRS requires application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS provides certain mandatory exceptions and permits limited optional exemptions in specified areas of certain standards from this general requirement. Management is in the process of assessing the application of these first time adoption options.

Share based Payments

Under IFRS, when stock option awards vest gradually, each tranche is to be considered as a separate award while GAAP considers the gradually vested tranches as a single award. There are also differences in which forfeitures are accounted for. The compensation expense will have to be recognized over the expected term of each vested tranche and takes into account how forfeitures must be accounted for.

Fixed assets and depreciation

Under IFRS, after the initial recognition, fixed assets can be measured using the cost model or the revaluation model while GAAP does not allow revaluation. The Corporation will continue to use the cost model in order to avoid balance sheet variations in the fair value of fixed assets and the corresponding impact on Profit & Loss statements.

Under IFRS, fixed assets are amortized based on their components while GAAP has less stringent rules on component identification.

Under IFRS, The mandatory annual evaluation of useful life and residual value may have an impact on depreciation and on the choice of certain depreciation methods over others. The Corporation is evaluating the most appropriate depreciation method to choose for each class of assets that will be affected by this change.

Impairment of assets

Under IFRS, impairment testing for fixed assets, intangible assets and goodwill is required when there is an indicator of impairment at the cash generating unit ("CGU") level. The application of this new standard should result in discounted cash flow testing being applied to smaller group of assets. This could result in additional expenses for asset depreciation. These expenses could however be reversed subsequently.

Foreign exchange translation

Under IFRS, an entity measures its assets, liabilities, revenues and expenses in its functional currency, which is the primary economic environment in which it operates. For Mitec, there are various indicators to be considered in determining the appropriate functional currency for each one of its subsidiaries as well as for the Canadian operations.

Financial liabilities

Under IFRS the carrying amount of compound instruments such as convertible debentures is allocated between its debt and equity components so that the liability is recognized at its fair value and the equity component as the residual. GAAP permits this allocation to be made using the

relative fair value method or by assigning the less easily measurable component (which may be, in certain circumstances, the liability component) as the residual.

Provisions, Contingent Liabilities

Under IFRS, provisions and contingent liabilities are recorded base on a “probable” criterion while under GAAP, they are recorded if they are “more likely than not” to occur. In addition, under IFRS, provisions and contingent liabilities are recorded using the weighted average of probable values in the range, whereas under GAAP the low end of range is used. For the Corporation, some provisions and contingent liabilities may be recorded earlier, or recorded when they may not have been recorded at all under GAAP.

Presentation of Financial Statements

IFRS requires significantly more disclosure than existing GAAP. In addition, classification and presentation may be different for some balance sheet and income statement items. The Corporation is analyzing the overall impact of the classification and presentation changes on its financial statements.

CONTINGENCIES

The Corporation is subject to various claims and contingencies related to lawsuits, taxes and contractual and other commercial obligations. The contractual and other commercial obligations primarily relate to operating lease agreements. The Corporation recognizes liabilities for contingencies and commitments when a loss is probable and can be estimated. Significant changes as to the likelihood and estimates and estimates of a loss could result in the recognition of an additional liability.

In January 1997, the Corporation received notice from attorneys for the residents of a house in Williston, Vermont, of a potential claim alleging property damage and personal injury arising from the presence of certain contaminants in the groundwater beneath their property. In July 2008, a settlement agreement in the amount of \$143,000 (US\$120,000) was proposed by the United States Environmental Protection Agency which was accepted by the Corporation during the current fiscal year.

The Corporation is from time to time involved in various claims and legal proceedings arising in the ordinary course of business, and has recorded provisions in certain circumstances. It is the opinion of management that a final determination of these proceedings cannot be made at this time, but should not materially affect the Corporation’s financial position or results of operations.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following is a summary of the Corporation’s material contracts obligations due per years:

	Credit facility	Accounts payable	Long- term debt	Operating Leases	Total
	\$	\$	\$	\$	\$
1 year	733	3,687	—	418	4,838
2 – 3 years	—	—	1,857	487	2,344
Over 4 years	—	—	—	—	—
	733	3,687	1,857	905	7,182

The Board of Directors has mandated its Executive Chairman to review various merger and acquisition opportunities and to actively pursue related financing activities. The Board verbally agreed on compensating the Executive Chairman should he be successful with any of these initiatives. For the year ended April 30, 2010, consulting fees in the amount of \$167,000 (2009 - \$37,500) were paid to a company controlled by the Executive Chairman of the Board. This transaction was in the normal course of operations and was measured at the exchange amount, which is the amount agreed upon between the related parties.

COMMON SHARES, WARRANTS, AND STOCK OPTIONS

As of April 30, 2010, there were 220,666,756 common shares and 23,602,279 warrants outstanding as well as 15,308,750 stock options. During the current fiscal year, the Corporation decided to extend the expiry date of 4,651,000 warrants as well as for 18,925,279 warrants to now expire on October 30, 2010.

OFF-BALANCE SHEET ITEMS

The Corporation's off-balance sheet items relate to operating leases exclusively which are described in the table above. Other than these commitments, which are considered to be in the ordinary course of business, the Corporation does not have any other off-balance sheet arrangements and does not expect to enter into any other such arrangements outside of the ordinary course of our business in the near future.

PROPOSED TRANSACTIONS

Mitec continually reviews opportunities for mergers, acquisitions and divestitures that could increase shareholder value. It is working with its Mergers and Acquisitions Committee comprised of management, directors and advisors to the Corporation, to assess various opportunities with the objective of increasing its presence in the wireless market and achieving long-term profitability.

RELATED PARTY TRANSACTIONS

The Board of Directors has mandated its Chairman to review various merger and acquisition opportunities and to actively pursue related financing activities. The Board verbally agreed on compensating the Chairman should he be successful with any of these initiatives. For the year ended April 30, 2010, consulting fees in the amount of \$167,000 (2009 - \$37,500) were paid to a company controlled by the Executive Chairman of the Board. This transaction was in the normal course of operations and was measured at the exchange amount, which is the amount agreed upon between the related parties.

OUTLOOK

As an established and recognized presence in the satellite and wireless fields, Mitec is well positioned to benefit from future growth in the communications industry, still in its infancy. Mitec uses its scalability and engineering expertise in order to address the demand for bandwidth, speed, capacity and reliability as telecom companies worldwide continue to require solutions for the rapid adoption of wireless telecommunications.

With the introduction of its coverage solutions, fixed wireless and VSAT product lines, Mitec has chosen to invest on niche opportunities in very significant sized markets that its customers – among the largest and fastest growing wireless and satcom players worldwide – have indicated will generate significant opportunities to the Corporation.

Mitec clearly holds a competitive advantage in the military industry with its patented Keragis SSPA technology as it grows this business unit to address a billion dollar market for military applications requiring microwave or radar communications that demand power efficiency and large bandwidth in addition to physical and electrical integration.

The Corporation's management, board of directors, advisors and consultants continue to work together to ensure that Mitec succeeds in becoming a dominant player in those markets in which it has identified will deliver sustained profitability to the Corporation.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls

The Corporation maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, accurate, reliable and timely. The disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in its various reports are recorded, processed, summarized and reported accurately.

The President and Chief Executive Officer and the Chief Financial Officer of the Corporation have evaluated, or caused the evaluation of, under their direct supervision, the effectiveness of the Corporation's disclosure controls and procedures (as defined in National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings) as at April 30, 2010, and have concluded that such disclosure controls and procedures were designed and operating effectively.

Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Management has evaluated the design and effectiveness of its internal controls and procedures over financial reporting (as defined in National Instrument 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings) for the year ended April 30, 2010. The evaluation was based on the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This evaluation was performed by the President and Chief Executive Officer and the Chief Financial Officer of the Corporation with the assistance of other Management and staff members to the extent deemed necessary. Based on this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded that the internal controls and procedures over financial reporting were appropriately designed and operating effectively.

The Corporation did not make any material changes to the design of internal controls over financial reporting during the twelve months ended April 30, 2010 that have had a material effect on the Corporation's internal controls over financial reporting. In spite of its evaluation, Management does recognize that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance and not absolute assurance of achieving the desired control objectives. In the unforeseen event that lapses in the disclosure of internal controls and procedures occur and/or mistakes happen of a material nature, the Corporation intends to take the steps necessary to minimize the consequences thereof.

RISKS AND UNCERTAINTIES

Mitec operates in industry segments that have a variety of risk factors and uncertainties. In addition to the going concern uncertainty described above, the Corporation's business could be materially and adversely affected by any of the risks and uncertainties described below. Additional risks and uncertainties not presently known to Mitec or presently or currently immaterial, may also adversely affect its business in the future.

Industry Risk

Mitec's success in the commercial wireless market depends in large part on investments by its customers in wireless infrastructure equipment. The Corporation's customers may reduce their capital expenditures in response to current or anticipated reductions in consumer demand for their products and services. If the current economic uncertainty continues, demand for Mitec's commercial wireless products may be sharply reduced or may fail to develop, which would adversely affect its revenues. In addition, the need to invest in the engineering, research and development and marketing required to penetrate markets and maintain service support capabilities limits the Corporation's ability to reduce expenses during downturns.

Dependence on a Few Customers

The Corporation has exposure due to its reliance on certain large contracts and customers. In fiscal 2010, the Corporation had no customer who accounted for more than 10% of its sales. Although the Corporation invests considerable effort in maintaining its relationships with its customers, there can be no assurance that Mitec will be able to sell to such customers on an advantageous basis in the future, or that such customers will continue to buy from Mitec. Any changes in their business strategies, changes in timing, or marketing issues, could have a material financial impact on Mitec. The Corporation is putting increasing emphasis on growing its customer base, and diversifying its sales channels into each business sector, to mitigate this risk. Additionally, Mitec will pursue a strategy of balanced growth, mainly to exploit the counter-cyclical nature of the Telecom and Satcom businesses.

Customers' Business

In general, the Corporation's integrated components and subsystems must be custom designed for use in Mitec's customers' products. As a result, the Corporation sell its products to a relatively small group of customers, and its products must be specifically engineered for each customer. While Mitec selects its customers based on our its assessment of their ability to succeed in the marketplace, the Corporation cannot be sure of their success. If Mitec's customers are not successful, the length of time required to re-engineer their product for another customer may delay their sales or prohibit the Corporation from getting its products to the marketplace in a timely manner or at all. If, for any reason, Mitec's customers decide to produce their RF and microwave subsystems and systems internally, increase the percentage of their internal production, require Mitec to participate in joint venture manufacturing or compete directly against the Corporation, Mitec's revenues would decrease which would adversely impact the Corporation's results of operations.

Production Risk

The Corporation's quarterly results have varied significantly in the past and are likely to continue to vary significantly. These fluctuations are due to a number of factors, including the following: timing, cancellation or rescheduling of customer estimates for product; customer orders and shipments; pricing and mix of products sold; introduction of new products; the ability to obtain components and subassemblies from suppliers; and variations in manufacturing efficiencies. Any one of these factors could substantially affect the Corporation's results of operations for any particular fiscal quarter.

Also, in some cases, Mitec relies on sole suppliers or limited groups of suppliers to provide the Corporation with services and materials necessary for the manufacture of its products. If Mitec is not able to obtain sufficient allocations of these components, its production and shipment of product will be delayed, the Corporation may lose customers and profitability may be affected.

Other risks relating to the Corporation's reliance on sole suppliers include reduced control over production costs, delivery schedules, reliability and quality of materials. Any inability to obtain timely deliveries of acceptable quality materials, or any other circumstances that would require Mitec to seek alternative suppliers, could adversely affect Mitec's ability to deliver products to its customers. While it is unlikely that costs from Mitec's major suppliers will increase as costs are strictly managed through non-binding long-term agreements, if they did, the Corporation may suffer losses if it is unable to recover such cost increases under fixed price production commitments to its customers.

Operational Risk

The activities conducted by the Corporation are subject to operational risks, including competition from other businesses, performance of key suppliers, product performance warranty, regulatory risks, successful integration of new acquisitions, dependence on key personnel and reliance on information systems, all of which could affect the Corporation's ability to meet its obligations.

New Products and Technological Changes

The markets for the Corporation's products are characterized by rapidly changing technologies involving frequent new products introduction. The Corporation's success will depend upon market acceptance of its existing products and its ability to enhance its existing products and to introduce new products to meet changing customers' requirements. Mitec's R&D investment will remain an important element of our business, and will continue to be complemented by externally sourced technology. There can be no assurance that the Corporation will be successful in identifying, developing, manufacturing and marketing new products. In addition, there can be no assurance that products or technologies developed by others will not render Mitec's products or technologies non-competitive or obsolete.

Senior Management and other key employees

The Corporation's success is, to a significant extent, attributable to the leadership and experience of its senior management and other key employees. The unexpected loss of any one of the Corporation's current senior management or other key employees, or its ability to attract hire and retain such persons in the future could have an adverse effect on the business and prospects of the Corporation. In order to manage this risk, the Corporation monitors and adjusts its compensation to the marketplace and, has in place a long-term incentive plan for key personnel.

Cash Repatriation from Foreign Subsidiary

The Corporation generates cash from its foreign subsidiary. The process to repatriate this cash back to Canada is subject to laws, regulations and government policies and could be restricted.

General Economic Conditions

The recent turmoil in the global economic situation represents a risk to the Corporation in that it may impact the ability of the Corporation's customers to finance capital equipment expenditures resulting in delays and possibly increased quarterly fluctuations. It may also adversely affect the business of the Corporation. For example, the curtailment of production activities due to unfavourable economic conditions could result in significant costs associated with temporary layoffs or termination of employees. The Corporation has products and technologies that reduce operating costs by reducing bandwidth costs which results in a compelling reason for certain customers who are facing increased budget constraints to still purchase capital equipment.

The Corporation has a geographically diverse customer base that is not exclusively dependent on any one region; this may allow the Corporation to take advantage of economic recovery in any region. There is economic uncertainty related to tightening of credit markets worldwide. The credit situation is fluid and it is difficult to predict future outcomes. The Corporation currently has a credit facility.

The Corporation's future operating results will substantially depend on the ability of its officers and key employees to manage changing business conditions, to implement its strategic plan and improve its operational, financial control and reporting systems.

Credit risk

The Corporation is exposed to credit risk in its cash, short-term investments, and trade receivables. The Corporation does not use credit derivatives or similar instruments to mitigate this risk and, as such, the maximum exposure is the full carrying value or face value of the value of the financial instrument. The Corporation minimizes credit risk on cash and short-term investments by depositing with only reputable financial institutions.

The Corporation sells products to customers primarily in Canada, the United States, Europe and Asia. The Corporation performs ongoing credit evaluations of customers and generally does not require collateral. Allowances are maintained for potential credit losses. It is reasonably possible that the actual amount of loss, if any, incurred on trade receivables will differ from management's estimate.

The Corporation records impairment losses on its trade receivables separately from gross receivables. The movements on this allowance account during the year are summarized below:

	2010
	\$
Allowance for doubtful accounts, beginning of year	270
Increases in allowance	8
Written off against allowance	(214)
	64

The foreign trade receivables of the Canadian operation are guaranteed by the Export Development Corporation Canada ("EDC") and the Corporation's customer base comprises of many geographically dispersed customers. No customer (2009 – two) accounted for more than 10% of sales for the year ended April 30, 2010 (2009 – 42%) and two customers (2009 – two) accounted for 36% of trade receivables as at April 30, 2010 (2009 – 27%). The same two customers represented 47% of Telecom sales for the year ended April 30, 2010 (2009 – two customers represented 86% of Telecom sales).

As at April 30, 2010, the aging of the trade receivable is as follows:

	2010
	\$
Current	4,527
31 – 60 days	754
Over 61 days	515
Accounts receivable	5,796
Less: allowance for doubtful accounts	(64)
	5,732

Liquidity risk

Liquidity risk is the risk the Corporation will not be able to meet its financial obligations as they come due. The Corporation currently settles all of its financial obligations out of cash. The Corporation's approach in managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damages to the actual and budgeted cash flows. Also, the Board of Directors reviews and approves the Corporation's operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on mergers and acquisitions or other major investments or divestitures. The Corporation has financed its expansion in losses in the last years mainly through equity offerings.

As at April 30, 2010, the Corporation had at its disposal working capital of \$7,613,000 (2009 - \$12,760,000). The Corporation has sufficient cash, and working capital available to meet its financial contractual obligations. Accounts payable and accrued liabilities are all due within the current operating period. On March 2, 2010, the Corporation approved terms and conditions of a receivables financing facility in the amount of \$2.5 million – which can be increased up to \$5 million at the Corporation's option and under certain terms and conditions – from a Canadian financial institution specializing in servicing the needs of small and medium sized businesses entering growth phases. The facility, which remains subject to standard conditions, will be used to support the Corporation's working capital requirements and growth opportunities. As of April 30, 2010, \$733,000 (2009 – N/A) had been drawn from the credit facility.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to such variation since its credit facility considers a floating interest rate. Based on the credit facility as of April 30, 2010, the variation of 1% in the interest rate would result in an increase/decrease in net profit and comprehensive income of \$7,000/(\$7,000). The Corporation is not exposed to interest rate risk with its long-term debt since it considers a fixed interest rate.

Foreign Currency Risk

The Corporation operates internationally and a substantial portion of the expenses is incurred in U.S. dollars. A significant change in the currency exchange rate between the Canadian dollar relative to the U.S. dollar could have a material effect on our results of operations, financial position or cash flows. The Corporation has some hedging contracts to mitigate its exposure to currency fluctuations for which it has not elected to use hedge accounting. As at April 30, 2010, the Corporation held various forward contracts with nominal values ranging from \$100,000 to \$200,000, strike prices ranging from 0.975 to 1.095, and expiry dates ranging from May 24, 2010 to September 10, 2010 for a total value of \$900,000. The unrealized gains relating to these contracts included in the statement of loss and comprehensive loss as at April 30, 2010 was \$20,797.

The Corporation is exposed to currency risk through its cash, accounts receivable and accounts payable and accrued liabilities denominated in U.S. dollars and Chinese Yuan (RMB) for which the Canadian dollar equivalent is as follows:

	As at April 30, 2010	
	RMB	US\$
	\$	\$
Cash	197	1,324
Accounts receivable	2,071	3,566
Accounts payable and accrued liabilities	1,528	1,365

Based on the above net exposures as at April 30, 2010 and assuming that all other variables remain constant, a 10% depreciation of the Canadian dollar or a 10% appreciation of the Canadian dollar against the U.S. dollar and the Chinese Yuan would result in an increase/(decrease) in net profit and comprehensive income of \$426,000/(\$426,000).

Environmental Matters

The Corporation's activities are subject to environmental laws and regulations associated with risks to human health and the environment. Changes to these laws and regulations could have a significant adverse effect on the Corporation's operations and financial situation. The Corporation monitors these risks through environmental management systems and policies.

Stock Price Fluctuation

The market price of our common shares, like the shares prices of many companies in the telecommunications industry, is subject to wide fluctuation in response to a variety of factors, including: actual or anticipated operating results; announcements of technological innovations; announcements of new products or new contracts by us, our competitors or customers; government regulatory action; developments with respect to wireless telecommunications; and general market conditions and other factors. In addition, the stock market has from time to time experienced significant price and volume fluctuations. These fluctuations have particularly affected the market prices for the shares of technology companies and have often been unrelated to the operating performance of particular companies. The market price of our common shares has been highly volatile and may continue to be highly volatile.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A was prepared as of July 23, 2010. Updated information on Mitec, including the annual information form, can be found on the SEDAR web site at www.sedar.com.

As of July 23, 2010, a total of 220,666,756 common shares and 23,602,279 warrants were issued and outstanding, as well as a total of 15,295,000 stock options.