

REAL TIME MEASUREMENTS INC

INTERIM - MANAGEMENT DISCUSSION and ANALYSIS

3rd Quarter, Fiscal 2006

For the period ended October 31 2005

DECEMBER 29 2005



REAL TIME MEASUREMENTS INC.

Third Quarter, Fiscal 2006

Management Discussion and Analysis, December 29 2005

for

the three month period ended October 31 2005

General

This Management Discussion and Analysis of the operational results and financial condition of Real Time Measurements Inc. for the third quarter of fiscal 2006 which is the three month period ended October 31 2005, should be read in conjunction with the corresponding company's interim quarterly financial statements and accompanying notes thereto dated October 31 2005.

The company's financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting currency is Canadian dollars, unless otherwise indicated. The date of this Management Discussion and Analysis is December 29 2005. Additional information is available about the company on SEDAR at www.sedar.com.

Risk and Uncertainty

Demand for the company's services and products, depends largely on the level of spending by oil and gas companies for exploration, development and production activities worldwide. There has been a significant industry wide increase in the level of oil and gas services provision over the past several years and this trend is expected to continue. However, no assurance can be given that current activity levels will be maintained or increase or that demand for the company's services will reflect the level of overall activity. As well, oil and gas industry activity levels depend in large measure upon oil and gas prices which may be affected by local or international factors or by Government regulation which cannot be accurately predicted. If oil and gas prices decrease or fail to meet expectations, service activities may be reduced significantly, which can have a material adverse effect on the company's operations and financial condition. At present, oil and gas services activity is at a seasonally adjusted high level relative to recent historical levels. No assurances can be given that this trend will continue.

The company's operations are subject to the seasonal nature of oil and gas service company activity in Western Canada and the rest of the world. Accordingly, the Corporation's revenues may be impacted by its inability to conduct operations due to seasonal weather conditions. Oil and natural gas operations are subject to extensive legislative and regulatory controls imposed by various levels of government which may be amended from time to time. The company's operations may also be subject to compliance with federal, provincial and local laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment.

Oil and gas well service and testing activities involve risk of loss from causes such as fires and accidental explosions, blow-outs, cratering, petrochemical spills and the like, any of which can cause personal injury and/or loss of life and/or damage to property and/or damage to the environment. The company carries available insurance against certain commercial risks that management considers prudent. The company may not, however, be able to obtain insurance against all possible losses. Interruptions and delays caused by adverse weather conditions, equipment failures and other events that can significantly adversely affect the company's future prospects.

The company does not have patents on any of its principal technology, services and products and in some instances relies primarily on trade secrets and unpatented know-how to maintain its competitive position. There can be no assurance that others may not become privy to such trade secrets and know-how or independently develop the same or similar technologies, services and products.

While the company's technologies and services have been operating successfully in the oil and gas industry for over eight years, it has done so with only six Smart Drop Off (SDO) units in productive capacity with a relatively small number of oil and gas companies. If and when additional SDO units are manufactured and utilized by various oil and gas clients of the company, and notwithstanding managements optimistic viewpoint, there is no way to express the level of certainty as to whether or not future clients will be satisfied with the quality of future SDO services.

The company was named as the defendant in two civil lawsuits during the second quarter of this fiscal year. One of the lawsuits pertains to an alleged wrongful dismissal claim that has been filed by an ex-employee. The other lawsuit was filed against RTM by Spartek Systems. Management is taking all necessary prudent and diligent steps to ensure the company's best interests are looked after in these matters. RTM management believes the company will prevail in both legal actions. Management also believes that neither lawsuit will have a material impact on the future prospects of the company.

The company may require additional financing in order to grow and expand its operations. It is possible that required future financing will not be available or, if available, will not be available on favorable terms.

Any expansion of the company's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the company will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that the company will be able to manage growth successfully. Any inability of the company to manage growth successfully could have a material adverse effect on the company's future prospects.

Changes in Accounting Policies

The company did not make any changes to its accounting policies in this reported quarter.

Forward-looking Statements

This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those contained in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. Although new material developments will continue to be press-released as they are experienced, the company undertakes no obligation to publicly release any revision to these forward-looking statements, in order to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are referred to the following Management's Discussion and Analysis, including discussions of potential risks and uncertainties affecting the company's business, financial condition and liquidity, and results of operations that could cause actual results to be materially different from such forward-looking statements.

Nature of Business

Real Time Measurements Inc. is an independent Canadian oil and gas service company with its head office in Calgary Alberta. The company was founded in December 1995 to exploit opportunities arising from the creative application of recent technological developments to solving selected oil and gas upstream measurement problems in more efficient ways. RTM's primary business activity revolves around the commercial development of premium quality sensor-to-desktop data gathering systems which are used primarily, although not exclusively, in oil and gas wells. The commercial version of the technology is called Smart Drop Off (SDO). SDO provides customers with a secure internet based data port that links them to a high precision electronic pressure gauge downhole in a well. The SDO sensor-to-desktop system dramatically improves well test operational efficiency and quality. To the best of management's knowledge, at the present time, RTM is the only company in world that offers services using a system like the SDO. The company is presently engaged in the development of a new technology platform called DataTrak. DataTrak will support future additional RTM products and services and will be the technological platform that will make a much improved next generation SDO service possible.

Results of Operations - Overview

The three month period ended October 31 2005 produced the highest third quarter revenue and the highest nine month revenue in RTM history. Total Q3 revenue increased year over year by 51% from \$241,131 to \$364,232.

Revenue for the first nine months of fiscal 2006 was \$1,275,529. This is a 63% year over year increase over the \$780,526 reported for the same period in fiscal 2005.

For the three month period ended October 31 2005, total expenses increased year over year by 56% from \$256,819 to \$401,904. Total expenses for the nine month period increased year over year by 55% from \$781,050 to \$1,213,060.

RTM reported a net loss for the quarter of -\$44,067 (-\$0.002 loss per share), as compared to a net loss of -\$23,188 (-\$0.002 earnings per share) for the same three month period last year.

After nine months in fiscal 2006, RTM has reported net earnings of \$27,407 (\$0.001 per share) which is a \$47,340 improvement over the nine month loss of -\$19,933 for the same nine month period last year.

Third quarter fiscal 2006 operations produced a negative cash flow of -\$16,141 which was \$17,568 behind last years third quarter cash flow from operations surplus of \$1,427. When the change in non-cash working capital is taken into account, the company recorded a net Q3 2006 cash flow of \$83,020 (-\$43,582 for Q3 last year).

Fiscal 2006 nine month, cash flow from operations increased by 105% from \$57,517 last year to \$117,713 this year. After the changes in non-cash working capital are accounted for the company reported a negative net nine month cash flow of -\$32,682, as compared to last years net nine month cash flow of \$108,342.

Third quarter 2006 closed with a much stronger balance sheet as compared to the same date last year. Working capital (current assets minus current liabilities) on October 31 2005 was \$622,176, as compared to \$33,424 on October 31 2004. Working capital surplus was \$773,520 at the beginning of the fiscal year on January 31 2005.

As of October 31 2005 the company had no long term debt and a total of \$21,100 in current obligations under capital leases reported on the balance sheet.

Revenue

Total revenue (ref. Table 1) in the second quarter of fiscal 2006 was \$364,232 (Q3 fiscal 2005 was \$241,131), a 51% year over year quarterly increase. The revenue growth was evenly spread across all five business segments.

About 60% of RTM's revenue for the quarter was composed of \$218,628 from SDO operations (\$158,480, or 66% of total revenue in Q3 fiscal 2005), a 38% year over year quarterly increase. In Q3 fiscal 2006 RTM completed 24 SDO jobs to produce \$218,628 (ref. Table 1) which represents a per job revenue of \$9,109/job. In Q3 fiscal 2005, SDO revenue was \$158,480 from 20 jobs for a per job revenue of \$7,924/job. Average well depth in Q3 fiscal 2006 was 1,688 meters while the average well in Q3 fiscal 2005 was just about half at 752 meters. In the past three years, quarterly average SDO revenue per job has jumped around quite a bit. The main factors that affect SDO revenue per job are well depth, test length and test location. The volatile nature of the per job revenue number is a reflection of the instability of the variables in the well pressure survey business.

Third quarter rental revenue grew by a healthy 87% from \$45,846 in Q3 2005 to \$85,801 in Q3 2006. This increase is due to higher activity levels of RTM rental customers. Data processing jumped quarter over quarter by 69% from \$31,541 to \$53,300. This is a reflection of increased instrument rentals. Often, the data being processed by RTM is produced by the instruments RTM rents. Battery and equipment sales were materially unchanged quarter over quarter.

Total revenue for the nine month period was up by 63% as compared to the first nine months of last year. Just like the quarter, although all five business segments grew nicely, growth was lead by SDO operations.

The \$865,381 SDO nine month revenue figure is 73% higher than the SDO revenue figure of \$499,898 for the first nine months of fiscal 2005. As of October 31 2005, RTM had completed a total of 75 jobs year to date fiscal 2006 which is about 39% more than the 46 jobs done in the first nine months last year. The nine month revenue per job figure was \$11,538/job for fiscal 2006 as compared to \$10,867/job for the same period last year. An increased number of jobs plus increased revenue per job are encouraging signs for the SDO portion of RTM's business.

In the first nine months of fiscal 2006 Rental Revenue and Data Processing increased year over year by 70% and 64% respectively. These significant increases can be attributed to higher levels of RTM customer activity which is driven by higher levels of industry activity. Equipment sales for the nine month period decreased year over year by 22% from \$67,176 last year to \$52,126 this year. This decrease reflects that one less Engineered Permanent System was sold this year as compared to last year.

Table 1

| | Total Revenue | SDO Revenue | Rental Revenue | Data Processing Revenue | Equipment Sales |
|---|------------------------------|----------------------------|----------------------------|----------------------------|---------------------------|
| 1st nine months fiscal 2006 | \$1,275,529 (+63%) | \$865,381 (+73%) | \$239,395 (+70%) | \$118,627 (+64%) | \$52,126 (-22%) |
| Q3 fiscal 2006 | \$364,232 (+51%) | \$218,628 (+38%) | \$85,801 (+87%) | \$53,300 (+69%) | \$6,501 (+25%) |
| 1st nine months fiscal 2005 | \$780,526 | \$499,898 | \$141,219 | \$72,242 | \$67,176 |
| Q3 fiscal 2005 | \$241,131 | \$158,480 | \$45,846 | \$31,541 | \$5,264 |

Expenses

Total expenses of \$401,904 in the third quarter of fiscal 2006 (Q3 fiscal 2005 was \$256,819) represented a \$145,085 (56%) year-over-year quarterly increase in expenses.

Quarterly operating expenses increased year over year by 97% from \$150,439 to \$295,317. The significant increase in operating expenses is driven by two primary factors. One factor is the increased personnel and field operational expenses required to support the 51% increase in services rentals and sales. The second primary cost increase source is the spending to support DataTrak development. Increased fuel, insurance and payroll costs also contributed to increased operating expenses.

General and Administrative expenses for the quarter increased by 5% from \$71,060 last year to \$74,537 this year. This \$3,477 increase was attributed to increased legal and insurance expenses and the 4% general salary adjustment implemented in April 2005. Year over year quarterly combined amortization, public company, interest and business development expenses decreased by an insignificant \$3,270 from \$35,320 last year to \$32,050 this year.

Total expenses increased by 55% from \$781,050 to \$1,213,060 for the first nine months of fiscal 2006 as compared to the same nine months last year.

As was the case for the quarter, the bulk (90%) of the increase in total expenses for the first nine months was attributed to increased operating expenses. Operating expenses for the first nine months increased year over year by 83% from \$475,571 to \$868,145. The increase is mainly caused by the higher field operational costs associated with supporting the 73% increase in SDO business, plus, RTM is spending money on the development of DataTrak. Other factors contributing to increased operating expenses include higher fuel prices and increased personnel costs.

All the other expense categories which include General and Administrative, Amortization, Public Company, Business Development and Interest on Long Term Debt changed year over year by a cumulative \$31,026 (+9.8%). This increase is due to a number of factors that include higher payroll costs, increased regulatory fees and other inflationary increases, however most of the increase arises from the \$22,741 Business Development Expense of setting-up RTM (Cyprus) Limited.

Earnings and Cash Flow

Total revenue of \$364,232, a cost of goods sold of \$6,395 and total expenses of \$401,904 resulted in RTM reporting a net loss of -\$44,067 (-\$0.002 loss per share) and a cash flow deficit from operations of -\$16,141 in the third quarter of fiscal 2006. This compares to a net loss of -\$23,188 (-\$0.002 loss per share) and a cash flow surplus from operations of \$1,427 for the same quarter last year.

Net earnings for the first nine months of fiscal 2006 were reported as \$27,407 (\$0.001 earnings per share) which is a \$47,351 improvement over the -19,944 loss for the first nine months of fiscal 2005. Cash flow from operations for the first nine months was \$117,713 which is a 105% increase over the \$57,517 cash flow surplus from operations last year.

Summary of Quarterly Results

Table 2 contains selected consolidated financial information, rounded to the nearest \$000's for Q3-2006 presented along side the previous ten quarters:

Like many other industries, the oil and gas business is highly volatile, and in Western Canada, where RTM presently operates, oil and gas service business activity is also cyclical due to annual weather conditions. Historically, the Western Canadian oil and gas service industries best quarters are generally Q1 and Q4. These quarters span the winter months when the ground is frozen and oil and gas service activity is

generally at its highest levels. RTM is no exception to this pattern. In fiscal 2004, Q4 was the strongest quarter, in fiscal 2005 Q1 was the strongest and so far in fiscal 2006, Q1 has been the best quarter. On the “flip-side” the weakest quarters are usually Q2 and Q3. In both fiscal 2004 and 2005, the weakest quarter was Q2. This year, the weakest quarter has been Q3.

It is impossible to predict from year to year exactly when the maximum and minimum levels of activity will occur. When looking for financial performance trends in a Canadian service company like RTM, it is critical that the comparison is made between quarters that correspond to each other on a yearly basis, that is, compare Q2 fiscal 2006 to Q2 fiscal 2005. Only confusion will result if trends are looked for by comparing quarters beside each other such as comparing Q3 to Q4.

Table 2

| | Net Revenue | G & A Expenses | Operating and Other Expenses | Cash Flow from Operations | Amortization | Net Earnings |
|----------------|-------------|----------------|------------------------------|---------------------------|--------------|--------------|
| Q3-2006 | 357 | 75 | 298 | (-16) | 28 | (-\$44) |
| Q2-2006 | 438 | 70 | 314 | 40 | 26 | \$14 |
| Q1-2006 | 465 | 92 | 290 | 83 | 27 | \$57 |
| Q4-2005 | 247 | 72 | 217 | (-42) | 30 | (-\$72) |
| Q3-2005 | 234 | 71 | 161 | 1 | 24 | (-\$23) |
| Q2-2005 | 202 | 51 | 142 | (-40) | 26 | (-\$15) |
| Q1-2005 | 328 | 64 | 192 | 70 | 27 | \$43 |
| Q4-2004 | 363 | 93 | 174 | 97 | 26 | \$71 |
| Q3-2004 | 282 | 82 | 161 | 39 | 23 | \$15 |
| Q2-2004 | 166 | 79 | 139 | (-52) | 24 | (-\$77) |
| Q1-2004 | 294 | 72 | 245 | (-23) | 24 | (-\$47) |

A few moments spent scanning through the numbers presented in Table 2 yields some potentially meaningful patterns; For the eight quarters prior to fiscal 2006, RTM’s net quarterly revenue has bounced between \$166K and \$363K. This is a 110% swing in quarterly revenue. On the other hand, notwithstanding a couple of irregular spikes, expenses have remained within a much narrower band. Generally speaking, for fiscal 2004 and 2005, when quarterly revenue climbed above about \$250,000 the company showed positive earnings. RTM has broken out of this pattern in fiscal 2006, and probably forever. Q1, Q2 and Q3 in fiscal 2006 have yielded revenues and operating costs that are higher than at any time previously in the company’s history. The January 2005 financing combined with the busiest nine months in company history has given management the opportunity to proceed with the development of the DataTrak technology platform.

Management estimates that the previous fiscal 2004 and 2005 quarterly \$250,000 minimum revenue profitability baseline is approximately \$400,000 now, due mainly to the increased spending required to support DataTrak and corporate development.

Liquidity and Capital Resources

On October 31 2005 the company ended Q3 fiscal 2006 with a working capital surplus of \$622,176, which is \$97,089 less than the \$719,265 working capital figure at the beginning of the quarter and \$151,354 less than the \$773,530 surplus recorded nine months previous at year end on January 31 2005. The October 31 2005 working capital surplus is \$588,752 higher than the \$33,424 working capital surplus a year ago at the end of Q3 2005. The significant year over year increase in working capital is the result of the proceeds from the January 2005 financing and positive cash flow from operations for the nine month period. Management believes the company has sufficient working capital to proceed with the current business plan.

As at October 31 2005, the company had a total of \$21,100 in current obligations under capital leases and zero debt net of the current portion. The company's management believes this debt is very manageable within the context of the company's current financial condition and future prospects.

Outlook

The company's current business plan encompasses two general areas of activity:

First: Continuation of present business activities. All the revenue growth for the first nine months of this fiscal 2006 stems from significant growth in RTM's unique SDO business, electronic equipment rentals and data processing services. Between now and Q2 2007, management estimates that about \$70,000 will be invested in upgrading and increasing the capacity of RTM's current fleet of six SDO units, improving the rental equipment inventory, and enhancing the company's data processing capabilities. Management is looking forward to continued steady growth of all three of these already existing business lines.

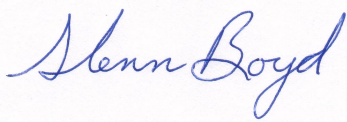
In the Management Discussion and Analysis that accompanied RTM's Q2 fiscal 2006 statements, management predicted that "SDO revenue will likely be impacted negatively by about 20% to 40% during the course of Q3 fiscal 2006 due to a planned equipment shut-down. RTM's main SDO deployment unit (DU-2) will be taken offline for a major overhaul that is now due after five years of continuous service. When DU-2 is offline, SDO services will be suspended". The shutdown didn't occur in Q3 as predicted. Instead, DU-2 was shut down on November 28, refurbished, and brought back online 3-1/2 weeks later on December 21 2005.

Second: RTM is developing DataTrak. DataTrak is the name of a completely new technology platform that rests on a modular combination of downhole and surface sensors, a proprietary data logging system, wireless communications technology and proprietary secure internet data retrieval software. The first DataTrak platform will be designed so that it is commercially adaptable to RTM's current lines of business. Once RTM's internal needs are fulfilled and DataTrak has replaced the current technology, DataTrak will be used to support a wide variety of applications beyond what RTM currently offers. Management estimates that the initial stages of DataTrak development will consume about half of the current working capital

surplus over the next six to twelve months. Management also believes the commercialized DataTrak platform coupled to an aggressive marketing plan will place RTM in a more competitive position and provide business prospects that will help fuel future corporate development. Management expects to see the first commercial applications using DataTrak technology being rolled-out in the third or fourth quarter of fiscal 2007.

Management believes RTM has the resources and capacity to successfully pursue the current intended business plan. In general, RTM management is dedicated to growing the business through the provision of first class oil and gas well evaluation niche market services and technological developments.

Dated : December 29 2005



Signed

Glenn Boyd, Director, VP Operations, CFO



Signed

Terry Matthews, Director, President, CEO



Real Time Measurements Inc. *as at December 29 2005 :*

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|------------------------------|--|
| STOCK EXCHANGE | TSX Venture Exchange |
| SYMBOL | RTY |
| MANAGEMENT TEAM | Terry Matthews, P.Eng. : Director, President, CEO Glenn Boyd, P.Eng. : Director, V.P Operations, CFO |
| INDEPENDENT DIRECTORS | Tom Adams: Director, Audit Committee Richard Velhat: P.Geol : Director, Audit and Compensation Committee |
| AUDITOR | Stan Peloski, MPG Chartered Accounts, Calgary, Alberta |
| LEGAL COUNSEL | Heighington Law Firm, Barristers & Solicitors, Calgary, Alberta |
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