REAL TIME MEASUREMENTS INC

INTERIM - MANAGEMENT DISCUSSION and ANALYSIS

1st Quarter, Fiscal 2007

For the three month period ended April 30 2006

JUNE 29 2006

RTM INC

REAL TIME MEASUREMENTS INC.

First Quarter, Fiscal 2007

Management Discussion and Analysis, June 29 2006

for

the three month period ended April 30 2006

General

This Management Discussion and Analysis of the operational results and financial condition of Real Time Measurements Inc. for the first quarter of fiscal 2007, which is the three month period ended April 30 2006, should be read in conjunction with the corresponding company's interim quarterly financial statements and accompanying notes thereto dated April 30 2006.

The company's financial statements are prepared in accordance with Canadian General Accepted Accounting Principles and the reporting currency is Canadian dollars, unless otherwise indicated. The date of this Management Discussion and Analysis is June 29 2006. 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 seasonally adjusted high levels 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 are 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 are also 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 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 has made some changes to the way the companies' financial activity will be reported from now on;

Arising from the Fiscal 2006 Audit, the company has begun to record a fair value estimate of the compensation cost with respect to options granted. This expense is being recorded during the period when the corresponding stock options are granted or expire unexercised. The effect of this change will shows-up in the quarterly results summary in Table 2 and any associated discussions. When a number is quoted from a previous quarter and the Stock-based Compensation figure is newly taken into account, the notation <re-stated> will follow the quoted number.

Prior to this reporting quarter, the company has consolidated the costs of providing services, product support, marketing activities, information technology and research all under the expense category called “Operating”. From now on, the company will report services, product support, marketing, information technology and research expenses under separate expense headings. For comparative purposes, the company will break operating expenses into the same corresponding new categories for the preceding four quarters using the same expense classification criteria as accurately as possible.

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 and technology development company with its head office in Calgary Alberta. The company was founded in December 1995 to exploit opportunities arising from the creative application of technological developments to solving oil and gas upstream measurement problems in more efficient ways. RTM’s primary business activities have revolved around the commercial introduction and development of a premium quality downhole pressure survey system which is used primarily, although not exclusively, in oil and gas wells. The service 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. RTM management has become aware of at least two other Canadian service companies that have begun to offer a service that appeals to the same customer requirement as the SDO. Since the beginning of 2005, the Company has been investing in the development of a brand new technological platform called DataTrak. DataTrak encompasses several components, each of which will be stand-alone products as well as enhancements to RTM’s current SDO technology platform.

Results of Operations - Overview

For the three month period ended April 30 2006 RTM recorded a 42% decrease in net Q1 revenue from $465,448 last year to $278,824 this year.

For the three month period ended April 30 2006, total expenses increased year over year by 7% from $552,853 <re-stated> to $592,514.

RTM reported a net loss for the quarter of $313,690 ($0.016 loss per share), a $218,592 net earnings decrease compared to last years first quarter net loss of $95,098 <re-stated> ($0.005 loss per share <re-stated>).

Cash flow deficit from operations for the first quarter of fiscal 2007 was $81,199 as compared to last years first quarter cash flow surplus from operations of $93,101. When the change in non-cash working capital is taken into account, the company recorded a net cash flow deficit in Q1 2007 of $1,272 ($84,155 deficit in Q1 last year).

First quarter 2007 closed with a working capital balance (current assets minus current liabilities) of $293,343 on April 30 2006, as compared to $416,003 at the beginning of the quarter on January 31 2006. At the end of Q1 last year on April 30 2005, the company's working capital surplus was $791,890. Working capital has been consumed as RTM invests in DataTrak development and as the company supports itself through the seasonally low quarterly revenue anomaly.

As at April 30 2006, the company had $5,411 in current capital lease obligations and no long term debt.

Revenue

Total revenue (ref. Table 1) in the first quarter of fiscal 2007 was $287,243 (Q1 fiscal 2006 - $472,898), a 39% year over year quarterly revenue decrease. RTM's largest quarterly revenue component was $188,801 from SDO operations ($352,302 in Q1 fiscal 2006), a 46% year over year quarterly decrease. Electronic instrument rentals revenue was $58,600 ($58,811 in Q1 fiscal 2006) a 0.3% year over year quarterly decrease. Revenue was $36,162 from data processing ($33,810 in Q1 fiscal 2006), an 8% year over year quarterly increase and $3,580 from battery and equipment sales which is 87% less than the $27,974 sales figure for Q1 2006.

Most (88%) of the $185,655 quarterly overall revenue dip is accounted for by the $163,501 (46%) year over year decrease in quarterly SDO revenue. This is the continuation of a trend that management believes began during Q4 fiscal 2006 in December 2005. RTM's two other primary revenue sources produced results that were almost identical to the Q1 2006. The relatively flat rentals and data processing revenue figures suggest that RTM is maintaining its customer base and RTM rental and data processing customers are about as active this year as they were last year.

RTM management has been expecting and waiting for years for the implications of the change in SDO revenue that began in Q4 2006 and has continued into Q1 2007. The dip is caused by the arrival of competition to RTM's unique SDO service. RTM invented the SDO concept and the company has been working hard for many years to convince oil and gas companies that it is a useful service. Within the past 12 to 18 months oil and gas companies have begun to embrace the SDO concept. The strong customer interest in SDO services has helped at least two other established Canadian service companies decide that they are going to try and emulate RTM's SDO. This is exciting news for RTM management because it means the market for SDO is being validated. Exciting also because RTM is highly seasoned and the best at providing SDO services. As the market expands, RTM will be there with our experience and DataTrak to maintain a strong position of leadership in this growing new business segment.

The SDO is a truly useful service and the oil and gas industry is now beginning to wake-up and realize how useful it is. Some years ago, when the development of the market for RTM's exclusive SDO service began, RTM management anticipated success would be punctuated by the arrival of a competitor. In January 2005, RTM completed a financing. The largest proposed use of the proceeds of the January 2005 financing was the development of the DataTrak platform. RTM is currently investing as much as possible in the development of DataTrak. RTM is the pioneer and leader in the SDO business and the company will use its vast experience earned over the past ten years to ensure that DataTrak is the best technology platform possible for SDO type applications. Once commercial, DataTrak will ensure that RTM successfully transitions from being the only company to offer SDO services to being the best and a market leader.

Table 1

	Total Revenue	SDO Revenue	Electronic Instrument Rental Revenue	Data Processing Revenue	Equipment & Battery Sales
Q1 fiscal 2007	$287,243 (-39%)	$188,801 (-46%)	$58,600 (-0.3%)	$36,162 (+8%)	$3,580 (-87%)
Q1 fiscal 2006	$472,898 (+40)	$352,302 (+56%)	$58,811 (+2%)	$33,810 (+70%)	$27,974 (-18%)
Q1 fiscal 2005	$337,090	$225,797	$57,435	$19,806	$34,052

Expenses

Total expenses of $592,514 in the first quarter of fiscal 2007 (Q1 fiscal 2006 -- $552,853 <re-stated>) represented a $39,661 (7%) year-over-year quarterly increase in total expenses. Stock Based Compensation costs increased year over year from $151,800 to $203,150 this year. Generally speaking, RTM doesn't issue stock options every quarter. It just so happens that in Q1 fiscal 2006, addition stock options were granted pursuant to the January 2005 financing and the addition of a CFO and a new Director. In Q1 fiscal 2007, a number of old options expired and replacement options were granted. In Q1 2007 RTM appointed another new Director. The Stock Based Compensation calculation parameters are described in more detail in Note 7 of the accompanying Interim Financial Statements.

Quarterly Service Division operating expenses decreased year over year by 11% from $211,913 to $188,760. This decrease is primarily due to decreased personnel and operating expense requirements to support the 26% decrease in SDO activity. First quarter Products Division expenses increased by 68% from $49,652 last year to $83,595 this year. This increase represents the cost of the effort being expended by RTM staff as the company prepares to go into production with the first DataTrak product. Marketing expenses went from $4,336 to $18,370. This 325% increase is primarily due to recognition of more operating expenses actually being allocated to marketing. Information Technology expenses are being reported in Q1 2007 as $4,048. These are the expenses associated with maintaining the server where RTM's website resides and where customers go to retrieve their data. This is a new separate expense category which was previously part of Operating Expenses.

General and Administrative expenses for the quarter decreased year over year by 28% from $80,592 last year to $58,168 this year. Most of the decrease comes from lower staffing levels and ongoing cost control measures. Further cost cutting measures are currently being implemented by management. Examples are a 60% decrease in pay for the CEO and voluntary temporary pay reductions by dedicated management personnel.

Year over year combined quarterly amortization, public company and interest expenses increased by an insignificant 3% from $35,161 last year to $36,424 this year. Most of the increase is due to a small jump in amortization expenses.

Cash Flow and Net Loss

Total revenue of $280,977, a cost of goods sold of $2,153 and total expenses of $592,514 resulted in RTM reporting a net loss of $313,690 ($0.016 loss per share) and a negative cash flow from operations of $81,199 in the first quarter of fiscal 2007. This compares to a net loss of $95,098 <re-stated> ($0.005 loss per share <re-stated>) and a $93,098 cash flow surplus from operations for the same fiscal period last year.

Summary of Quarterly Results

Table 2 below contains selected consolidated financial information, rounded to the nearest $000's for Q1-2007 presented along side the previous twelve quarters:

Table 2

	Net Revenue	G & A Expenses	Amort…	Operating and Other Expenses	Stock Based Comp	Net Earnings	Cash Flow from Operations
Q1-2007	279	58	29	302	203	(-313)	(-81)
Q4-2006	323	43	40	361	-54	(-68)	(-91)
Q3-2006	357	75	28	299	-54	9	(-16)
Q2-2006	424	70	26	313	37	(-22)	41
Q1-2006	465	81	27	302	152	(-95)	93

Q4-2005	247	72	30	217	0	(72)	(42)
Q3-2005	234	71	24	161	0	(23)	1
Q2-2005	200	72	25	142	0	(40)	(14)
Q1-2005	328	64	27	192	0	43	70
Q4-2004	363	93	26	174	0	71	97
Q3-2004	282	82	23	161	0	15	39
Q2-2004	166	79	24	139	0	(77)	(52)
Q1-2004	294	72	24	245	0	(47)	(23)

RTM is like most Canadian oil and gas service companies in that the best financial quarter of each year is generally Q1 or Q4. For RTM, in fiscal 2004, Q4 was the strongest quarter, in fiscal 2005, Q1 was strongest and in fiscal 2006, Q1 was again the strongest. Q1 and Q4 span the winter months when the ground is frozen and oil and gas service activity is generally at its highest levels. RTM's weaker quarters are usually Q2 and Q3, which span the spring and summer months. In both fiscal 2004 and 2005, the weakest quarter was Q2. Fiscal 2006 broke the pattern when Q4 turned out to be the weakest quarter. This anomaly is most likely due to the market validation of RTM's SDO service as marked by the arrival of competition.

Analysis by management of the figures Table 2 yields some interesting patterns; Over the past 13 quarters RTM's quarterly revenue has bounced between $166K and $465K. This is a 280% (465/166) swing in quarterly revenue. On the other hand, combined G&A plus amortization plus operating and other expenses floated between a low of $239K in Q2 2005 and a high of $444K in Q4 2006 for a narrower band of about 186% (444/239) in variability. In the past five quarters, operating expenses have been creeping above traditional previous levels. This increase is due to the additional costs associated with the investment in DataTrak development and the cost of supporting increased revenue generating activity. Management is dedicated to implementing positive steps, such as decreasing the CEO's pay by over 60% and temporary voluntary management personnel pay reductions to preserve working capital while forging ahead with companies' business plan.

Research and Development

During Q1 2007, by way of $64,096 in deferred development costs, $83,594 in product support costs, and $29,102 in IRAP grant monies from the Canadian National Research Council, RTM invested a net of $118,588 on DataTrak development in Q1 2007. This represents 42% of RTM's revenue for the quarter. In the first quarter of fiscal 2006, RTM spent $19,399 (4% of quarterly revenue) in preliminary DataTrak research. This significantly increased investment in DataTrak development is evidence of RTM management's determination to successfully commercialize DataTrak.

Liquidity and Capital Resources

On April 30 2006 the company ended Q1 fiscal 2007 with a working capital surplus (current assets – current liabilities) of $293,343. This is $122,660 less than the $416,003 surplus recorded three months previously at the end of fiscal 2006 on January 31 2006. The working capital surplus at the end of Q1 fiscal 2007 is $418,685 lower than the $712,028 working capital surplus a year ago at the end of Q1 fiscal 2006. The year over year decrease in Q1 working capital stems from cash reserves being used to purchase some new equipment, refurbish some older equipment, support DataTrak development and make-up for the cash flow deficit in Q1 2007. Management has responded to the SDO revenue dip by cutting management payroll expenses to ensure that the Company has sufficient working capital to proceed with the current business plan.

As at April 30 2006, the company had a total of $5,411 in obligations under capital leases. The company has no long term debt.

Subsequent Event

On May 31 2006, the Company completed the sale of 1,500,000 units in a Private Placement for gross proceeds of $195,000. The proceeds were raised for the purchase equipment and working capital support so that RTM can fulfill its obligations under a new contract between N.A. Solid Petroserve Ltd. (NASP) and RTM. NASP is a private oil and gas service company that operates in Tunisia. RTM will be providing NASP with equipment and technology on a sub-contract basis.

Outlook

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

The first area of activity is the continuation of present business activities. This includes the operational and marketing work involved in providing SDO, electronic equipment rentals, data processing services and equipment sales in Canada.

The second area of activity is the development of DataTrak. The first DataTrak product, called KC1, is currently being field tested. The live field tests are encouraging and commercial introduction of KC1 is expected to take place before the end of Q2 2007.

Within the next six to twelve months, RTM's two lines of business activity will converge and become one. Development of DataTrak and the development of RTM' business plan which includes being number one in the SDO business, expanding domestically and expanding overseas, will all become one single agenda as the company bolsters it's competitive position as the leader in a new growing sector of the oil and gas industry.

In response to the current dip in SDO revenue, management is taking decisive action that includes significant voluntary temporary reductions in pay for management staff. These and other cost cutting measures are being taken because management is dedicated to the success of the company and the team is prepared to do what it takes to ensure RTM has the ability to successfully pursue its business plan.

Dated : June 29 2006

Signed Glenn Boyd — Glenn Boyd, Director, VP Operations, CFO

Signed — Terry Matthews, Director, President, CEO

Real Time Measurements Inc. ***as at June 29 2006:***

STOCK EXCHANGE	TSX Venture Exchange
SYMBOL	RTY
MANAGEMENT TEAM	Terry Matthews, P.Eng. : Director, President, Chief Executive Officer Glenn Boyd, P.Eng. : Director, V.P Operations, Chief Financial Officer
INDEPENDENT DIRECTORS	Kaan Camlioglu, CFA : Director, Audit Committee William Grbavac : Director, Audit Committee
AUDITOR	Stan Peloski, MPG Chartered Accounts, Calgary, Alberta
LEGAL COUNSEL	Heighington Law Firm, Barristers & Solicitors, Calgary, Alberta
TRANSFER AGENT	Computershare Trust Company of Canada, Calgary, Alberta
HEAD OFFICE	Real Time Measurements Inc. 4500 50th Avenue SE Calgary Alberta T2B 3R4 ph 403-720-3444, fx 403-720-3319 www.rty.ca
PRIMARY CONTACT	Terry Matthews ph 403-720-3444, terry@rty.ca