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Overview of the Structure of the MD&A

The following management's discussion and analysis ("MD&A") for Redishred Capital Corp. (the "Company" or "Redishred") has been prepared by management and focuses on key statistics from the consolidated interim financial report and pertains to known risks and uncertainties. To ensure that the reader is obtaining the best overall perspective, this MD&A should be read in conjunction with material contained in the Company's unaudited consolidated interim financial statements for the three and nine months ended September 30, 2013 and 2012. Additional information on Redishred, including these documents and the Company's 2012 Annual Report are available on SEDAR at www.sedar.com. The discussions in this MD&A are based on information available as at November 22, 2013.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Often, but not always, forward-looking reports can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking reports involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In particular, certain reports in this document discuss Redishred's anticipated outlook of future events. These reports include, but are not limited to:

(i) the Company's ability to achieve certain levels of cash flow and earnings before interest, taxes, depreciation and amortization ("EBITDA") as well as meet its financial obligations as they come due over the next twelve months, which may be impacted by:

  a. the number of new franchises awarded,
  b. the size of the franchise territories awarded,
  c. the growth of the system sales achieved by existing and new locations,
  d. the economic circumstances in certain regions of the United States,
  e. the number and size of acquisitions,
  f. the growth of sales achieved in corporate locations,
  g. the level of corporate overhead,
  h. the outcome of current litigation,

(ii) franchise development or the awarding of franchises, which is subject to the identification and recruitment of candidates with the financial capacity and managerial capability to own and operate a Proshred franchise;

(iii) acquisition activity may be impacted by the level of financing that can be obtained, the identification of appropriate assets and agreement of suitable terms;

(iv) anticipated system sales, royalty revenue and corporate store revenue, which may be impacted by industry growth levels which to date have been driven by favourable legislation and favourable media coverage on the impacts of identity theft;

(v) recycling revenues may be impacted by commodity paper prices which will vary with market conditions both in the United States and Internationally;

(vi) the commencement of new franchise operations which may be delayed by the inability of the franchisee to comply with the franchise agreement terms and conditions post execution; and

(vii) the anticipated corporate results which may be impacted by the ability of the Company to attain the anticipated cost savings and by the performance of the local economies.

These forward-looking reports should not be relied upon as representing the Company's views as of any date subsequent to the date of this document. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking reports will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company.

Non-IFRS Measures

There are measures included in this MD&A that do not have a standardized meaning under International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. The Company includes these measures as a means of measuring financial performance.

- System sales are revenues generated by franchisees, licensees and corporately operated locations. The system sales generated by franchisees and licensees drive the Company's royalties. The system sales generated by corporate locations are included in the Company's revenues.

- Same store system sales results, royalty fees and corporate operational results are indicators of performance of franchisees, licensees and corporately operated locations that have been in the system for equivalent periods in 2013 and 2012.

- EBITDA is defined as earnings before interest, taxes, depreciation and amortization. EBITDA is a performance measure used to assess our corporate locations' performance.

- Corporate operating income (loss) is the income (loss) generated by corporately operated locations. The operating income (loss) generated is inclusive of depreciation on tangible equipment, primarily trucks and containers. It does not include amortization related to intangibles assets or allocations for corporate overhead. The corporate operating income (loss) also includes the interest related to the Company's line of credit utilized to purchase the corporately operated locations.

- Operating income (loss) is defined as revenues less operating costs, interest expense, depreciation and amortization related to the tangible assets. Depreciation and amortization for intangible assets has not been included in this calculation.

Basis of Presentation

All financial information reported in this MD&A is presented under IFRS as Generally Accepted Accounting Principles ("GAAP"). The Company's presentation currency is the Canadian dollar. The functional currency of the Company's foreign subsidiaries is the U.S. dollar, as it is the currency of the primary economic environment in which it operates.

Overview of Redishred Capital Corp.

Redishred Capital Corp., based in Mississauga, Ontario, Canada operates the Proshred franchising business (defined as the business of granting and managing franchises in the United States and by way of master license arrangement in the Middle East) as well as corporate shredding businesses directly. The Company's plan is to grow its business by way of both franchising and the acquisition and operation of document destruction businesses that generate stable and recurring cash flow through a scheduled client base, continuous paper recycling, and concurrent unscheduled shredding service.

As of September 30, 2013, there were 24 operating Proshred locations in the United States comprised of 104.1 territories. A territory in the United States is defined as a geographic area with 7,000 businesses having 10 or more employees. A franchise is defined as the right, granted by the Company, to operate a Proshred business in a certain geographic area(s).

On June 24, 2013, the Company entered into an agreement with a new franchisee to operate a Proshred shredding business in the San Francisco Bay Area, California. The franchise comprises 6.3 territories and commenced operations in the third quarter of 2013. On July 10, 2013, the Company entered into an agreement with a new franchisee to operate a Proshred shredding business in Seattle, Washington. The Seattle franchise comprises 3.4 territories and commenced operations in the fourth quarter of 2013.

As of September 30, 2013, the Company operates the Syracuse, Albany, Milwaukee, New York City and Charlotte locations directly. On August 1, 2013, the Company acquired the Proshred Charlotte business from an existing franchisee and has been operating the business directly since August 1, 2013. The Miami business is currently jointly operated by Redishred and one of the Company's franchise locations (refer to 'Transactions with Related Parties' and 'Miami Operations'). The Company has determined that the Miami location can be operated from its newly acquired Charlotte location and expects to commence operations directly in the first quarter of 2014.

As of September 30, 2013, the Company also has one international master license to operate in the Middle East[1]. There are 5 Proshred locations in the Middle East in operation, including Doha, Qatar, Dubai, UAE, Abu Dhabi, UAE, Riyadh, Saudi Arabia and Jeddah, Saudi Arabia.

[1] *Middle East license includes Gulf Cooperation Council countries of Saudi Arabia, Kuwait, Bahrain, Qatar, The United Arab Emirates, the Sultanate of Oman and the Republic of Yemen, in addition to, the Eastern Mediterranean Levant Countries of Turkey, Syria, Lebanon, Palestine, Jordan, Iraq, and Egypt including the islands of Crete, Cyprus, Rhodes, Chios and Lesbos.*

The Company's location list is as follows:

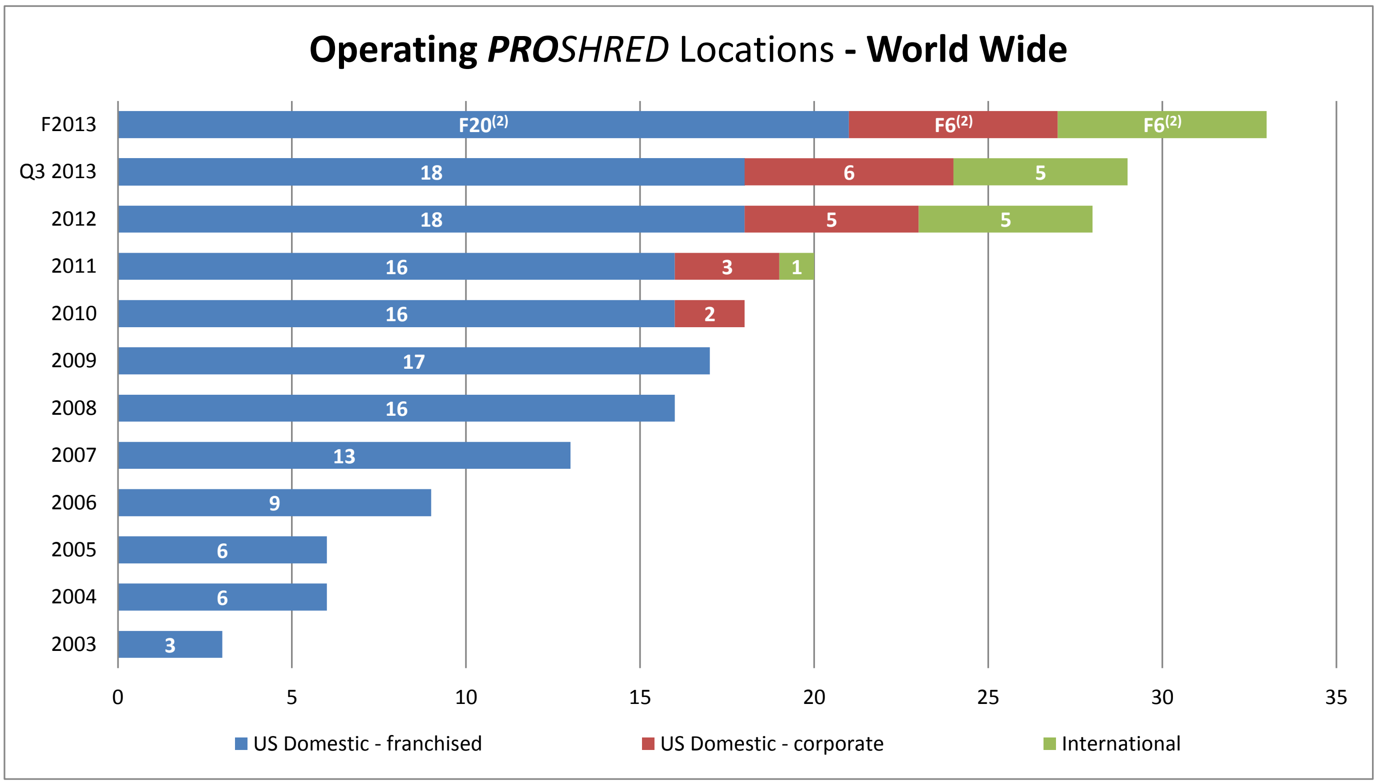
No.	**Franchise locations**	**Operating since**	**Territories**
1.	SPRINGFIELD, MA	June 2003	2.3
2.	TAMPA BAY, FL	March 2004	2.1
3.	DENVER, CO	August 2004	3.8
4.	PHILADELPHIA, PA	September 2006	5.0
5.	KANSAS CITY, MO	December 2006	4.0
6.	NEW HAVEN, CT	April 2007	3.6
7.	CHICAGO, IL (includes North and South Territories)	April 2007	7.2
8.	RALEIGH, NC	June 2007	4.7
9.	BALTIMORE, MD (includes Washington, DC)	November 2007	6.7
10.	N. VIRGINIA, VA	July 2008	3.8
11.	ORANGE COUNTY, CA	September 2009	3.0
12.	SAN DIEGO, CA	October 2010	2.9
13.	INDIANAPOLIS, IN	June 2011	2.6
14.	ATLANTA, GA	January 2012	6.3
15.	PHOENIX, AZ	January 2012	4.2
16.	DALLAS, TX	March 2012	6.3
17.	HOUSTON, TX	November 2012	5.7
18.	RICHMOND, VA	March 2013	3.2
		Franchised territories in operation	*80.7*
No.	**Corporate locations**	**Operating since**	**Territories**
19.	SYRACUSE, NY	March 2004(1)	2.5
20.	ALBANY, NY	April 2003(1)	1.2
21.	MILWAUKEE, WI	August 2003(1)	2.7
22.	NEW YORK CITY, NY (includes Long Island, NY)	January 2008(1)	11.3
23.	MIAMI, FL	June 2008(1)	5.7
24.	CHARLOTTE, NC	April 2006(1)	3.3
		Corporate territories in operation	*23.4*
		Grand Total	***104.1***

No.	**Pending franchise locations**	**Expected Operation**	**Territories**
1.	SAN FRANCISCO/SAN JOSE, CA	Opened October 2013	6.3
2.	SEATTLE, WA	Opened October 2013	3.4

(1) Syracuse has been corporately operated since May 1, 2010; Albany has been corporately operated since July 1, 2010; Milwaukee has been corporately operated since January 1, 2011 and New York City has been corporately operated since January 1, 2012. The Miami, FL business has been operated by the Company's franchise location in Tampa Bay, FL, since July 13, 2012. The Charlotte, NC location has been corporately operated since August 1, 2013.

No.	International locations	Operating since	Territories
1.	DOHA, QATAR	September 2011	-
2.	DUBAI, UAE	January 2012	-
3.	ABU DHABI, UAE	June 2012	-
4.	RIYADH, SAUDI ARABIA	December 2012	-
5.	JEDDAH, SAUDI ARABIA	December 2012	-

Worldwide locations



(1) The information prior to the March 17th, 2008 qualifying transaction was obtained from the predecessor Company.
(2) Management's forecast for the year ended December 31, 2013.

Performance Compared to 2013 Goals and Objectives

In the Company's 2012 Annual Report, management stated its 2013 goals and objectives. A review of the Company's performance in meeting these goals and objectives is included below:

2013 Goals and Objectives	Performance during the three and nine months ended September 30, 2013	Comments
Grow system sales from all locations by 10% to $16.4M USD compared to 2012.	During the third quarter of 2013, system sales grew by 16% in comparison to the comparative 2012 period. Redishred's: • scheduled system sales grew by 20% (same store sales grew by 19%); • unscheduled system sales grew by 30% (same store sales grew by 25%); • recycling system sales decreased by 10% (same store sales decreased by 12%). During the nine months ended September 30, 2013, system sales grew by 15%, in comparison to the same period in 2012, to a total of $12.8M. Redishred's: • scheduled system sales grew by 16% (same store sales grew by 15%); • unscheduled system sales grew by 23% (same store sales grew by 18%); • recycling system sales remained consistent with the prior comparative period (same store sales decreased by 3%).	**Redishred is on target to achieve its annual goal.**
Award at least four franchise locations.	During the 3rd quarter of 2013, Redishred awarded two new franchise locations in San Francisco/San Jose, California and Seattle, Washington. Redishred continues to discuss franchise opportunities with potential franchise candidates.	**The Company has awarded two franchise locations to date in 2013; both markets awarded were larger than originally anticipated. The Company anticipates franchise fee revenue to be as planned, with one fewer locations awarded. The Company has revised its target to three franchise locations.**
Achieve a minimum of $800,000 in EBITDA from existing Corporate locations (Syracuse, Albany, Milwaukee and New York City).	For the nine months ended September 30, 2013, Redishred earned $792,000 in EBITDA from its Syracuse, Albany, Milwaukee and New York City locations. Corporate location EBITDA for the nine months ended September 30, 2013 including acquisitions conducted this year was $869,000.	**Redishred is on target to achieve its annual goal.**

Overall Performance

Selected Financial Data and Results of Operations

The following table shows selected financial data for the 3 and 9 months ended September 30, 2013 and 2012.

(in CDN except where noted)	*3 months ended September 30* **2013**	2012	% Change	*9 months ended September 30* **2013**	2012	% Change
	$	$		**$**	$	
System sales and revenue data:						
System sales (USD)	**4,337,484**	3,738,939	16%	**12,767,211**	11,144,470	15%
Franchise and license fees	**264,205**	140,605	88%	**266,764**	235,524	13%
Royalties and service fees	**251,040**	203,037	24%	**735,268**	611,516	20%
Franchise related revenue	**515,245**	343,642	50%	**1,002,032**	847,040	18%
Corporate location revenue	**948,625**	729,645	30%	**2,442,125**	2,293,128	6%
Total Revenue	**1,463,870**	1,073,287	36%	**3,444,157**	3,140,168	10%
Corporate location data[(1)]:						
Corporate location revenue	**948,625**	729,645	30%	**2,442,125**	2,293,128	6%
Corporate location operating costs	**(576,365)**	(611,076)	6%	**(1,573,307)**	(1,818,779)	13%
Corporate location EBITDA	**372,260**	118,569	214%	**868,818**	474,349	83%
Depreciation – tangible assets	**(97,969)**	(67,667)	(45)%	**(220,488)**	(191,968)	(15)%
Interest expense	**(168,783)**	(151,488)	(11)%	**(488,495)**	(430,054)	(14)%
Operating income (loss) from corporate locations	**105,508**	(100,586)	205%	**159,835**	(147,673)	208%
On-going operating costs	**(391,589)**	(358,368)	(9)%	**(1,166,262)**	(1,143,787)	(2)%
One-time costs[(2)]	**-**	(62,223)	100%	**-**	(209,275)	100%
Broker fees	**(84,551)**	(43,950)	(92)%	**(84,551)**	(43,950)	(92)%
Bad debt expense	**-**	15,038	100%	**-**	-	100%
Interest expense	**(8,215)**	-	(100)%	**(24,660)**	-	(100)%
Total operating costs	**(484,355)**	(449,503)	1%	**(1,275,473)**	(1,397,012)	10%
Operating income (loss)	**136,398**	(206,447)	166%	**(113,606)**	(697,645)	84%
Operating income (loss) – excluding one-time costs	**136,398**	(144,224)	195%	**(113,606)**	(488,370)	77%
Net loss	**(214,588)**	(591,396)	64%	**(503,184)**	(1,833,249)	73%
Net loss – excluding one-time costs[(3)]	**(214,588)**	(561,643)	62%	**(503,184)**	(1,304,379)	61%
Loss per share	**(0.01)**	(0.02)	64%	**(0.01)**	(0.06)	73%

(1) Corporate location data includes the Miami business results in 2013.
(2) One-time costs incurred during the nine months ended September 30, 2012 are primarily legal fees related to the defence of the current and past franchisee litigation against the Company. As of September 30, 2013, all claims against the Company were dismissed. However the franchisee has since appealed.
(3) For the nine months ending September 30, 2012, net loss – excluding one-time costs excludes $487,175 of the loss on settlement of the pre-existing relationship related to the NYC and Miami acquisition, one-time costs related to the franchisee litigation and the recovery of bad debt related to the Miami acquisition.

The Company operates the Proshred system, and derives revenues from franchise and other fees as well as royalty and service related fees. In addition to operating the Proshred franchise system, the Company operates five corporate locations in Syracuse, Albany, Milwaukee, New York City and Charlotte. The Miami business is currently jointly operated by Redishred and one of the Company's franchise locations. The Company has determined that the Miami location can be operated from its newly acquired Charlotte location and is expected to commence operations directly in the first quarter of 2014. These corporate locations generate shredding service revenue and recycling revenue as well as incur costs related to marketing and servicing of customers. The Company also incurs costs related to managing the Proshred system, including salaries and administration.

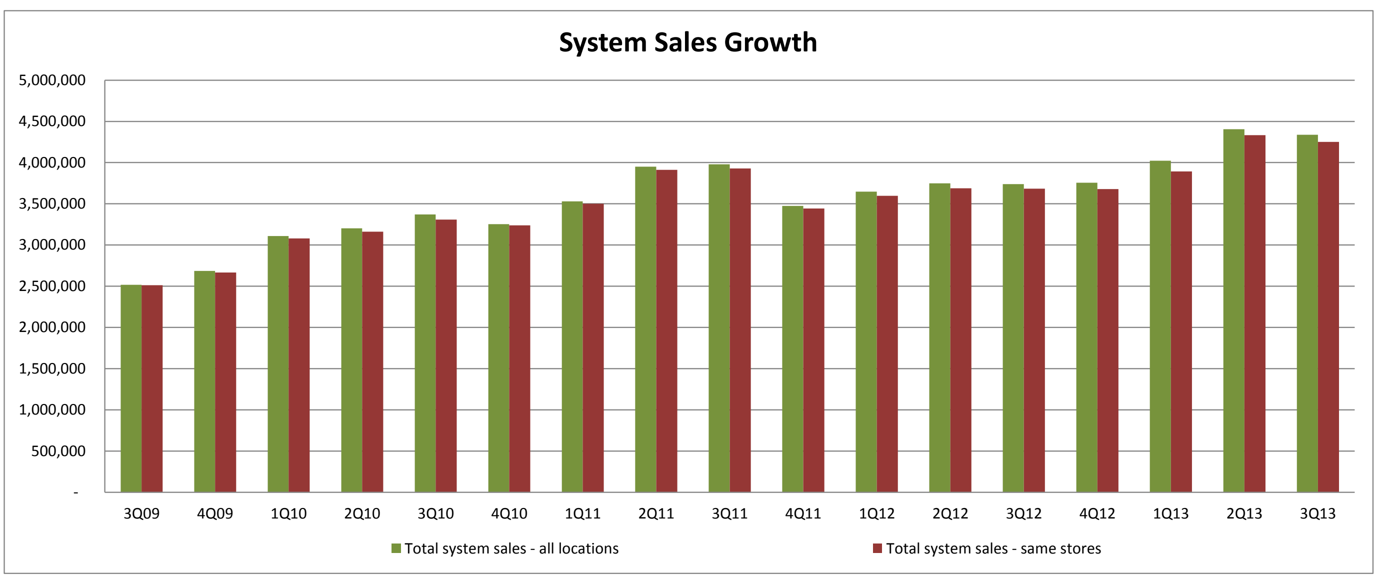
Franchising & Licensing

System Sales

Franchisees, corporate and international locations derive revenue by providing shredding services to their customers, and by selling recycled paper and other recyclable by-products. These sales are commonly referred to as "system sales," and are the key driver of royalty and service fee revenue. System sales are denominated and reported in US dollars during the reported periods as follows:

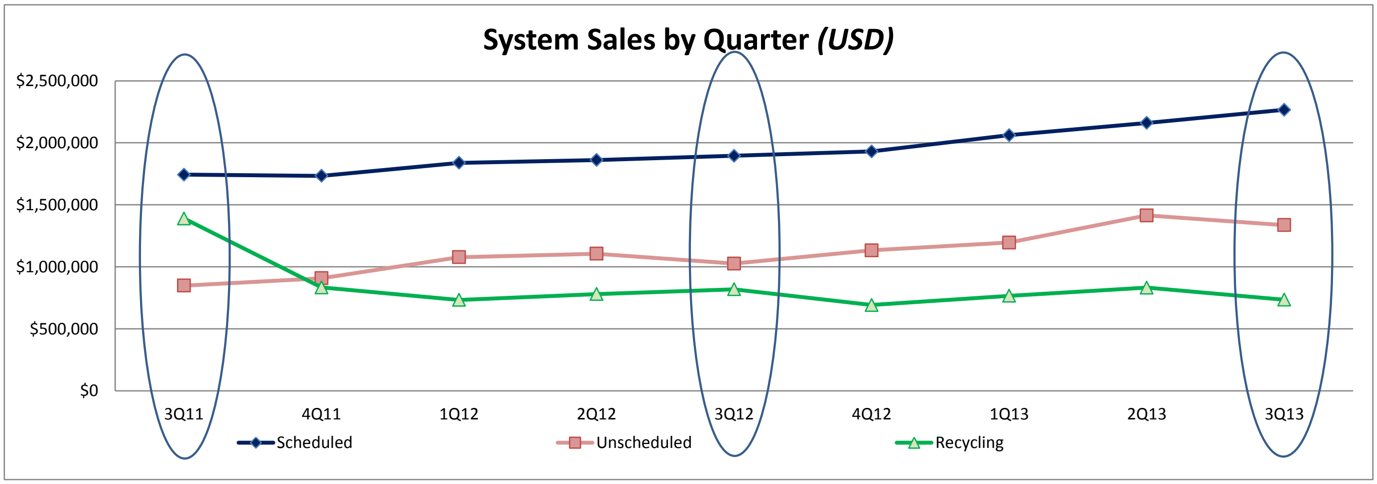
	3 months ended September 30			*9 months ended September 30*		
	2013	2012	%Ch	**2013**	2012	%Ch
Total world-wide operating locations at period end	**29**	26	12%	**29**	26	12%
Territories – United States	**104.1**	95.2	10%	**104.1**	95.2	10%
Total system sales (USD)	**$ 4,337,484**	$ 3,738,939	16%	**$ 12,767,211**	$ 11,144,470	15%
Total system sales (CDN)	**$ 4,506,646**	$ 3,748,286	20%	**$ 13,035,650**	$ 11,232,780	16%

The following chart illustrates system sales growth by quarter since the 3rd quarter of 2009.



System Sales Quarter Over Quarter:

System sales are broken into three categories, scheduled service sales, unscheduled service sales and recycling.



Service related system sales, scheduled and unscheduled, were US$10,434,992 for the nine months ended September 30, 2013, growing by US$1,623,242 or 18% over the same period in 2012.

Scheduled sales:

Scheduled sales are defined as the revenue generated from customers with regular service that may occur on a weekly, bi-weekly, or monthly basis. Proshred sales and marketing strategies have been and continue to be focused on this particular sales category, as this provides our franchisees and corporate locations with stable and recurring cash flows. This focus resulted in continued growth in this category in the first nine months of 2013 versus the first nine months of 2012. During the three months ended September 30, 2013, scheduled sales reached a record high of US$2,266,590.

	3 months ended September 30			*9 months ended September 30*		
	2013	2012	%Ch	**2013**	2012	%Ch
	$	$		**$**	$	
Scheduled service sales (USD)	**2,266,590**	1,895,112	20%	**6,488,517**	5,595,778	16%
Same store scheduled service sales (USD)	**2,248,904**	1,895,112	19%	**6,432,572**	5,595,778	15%

Unscheduled sales:

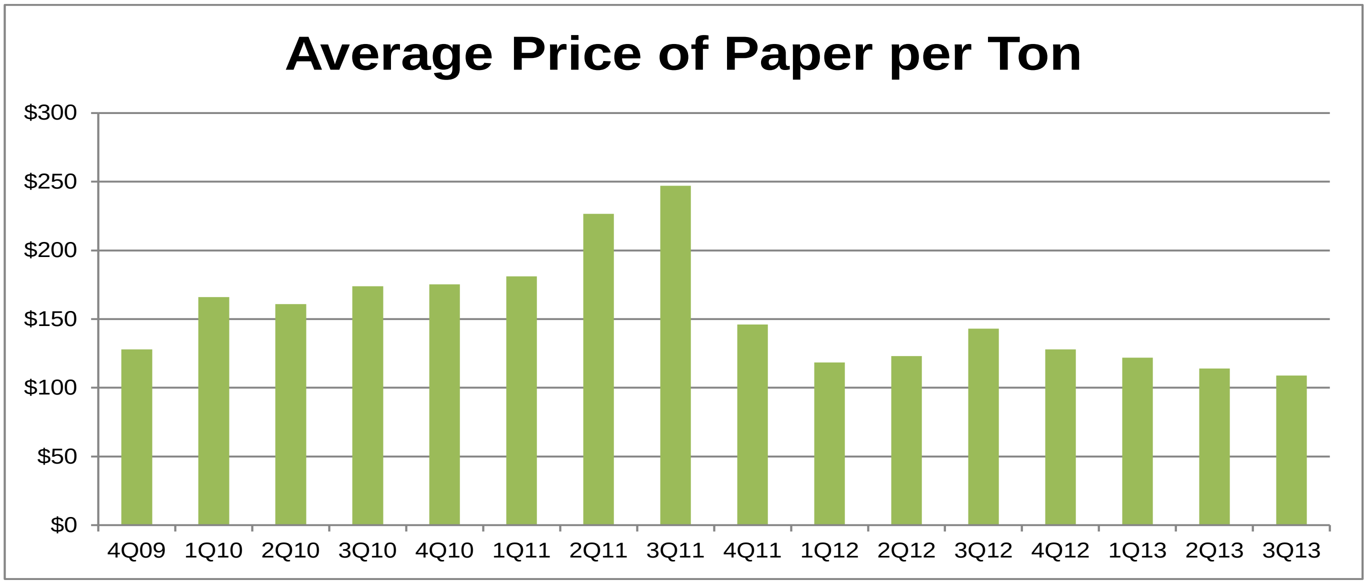
Unscheduled sales are defined as the revenue generated from customers who have one-time or seasonal requirements for document destruction. An example of unscheduled sales is when an accounting firm is required to destroy an abundance of confidential working papers and documents after their tax season. During the three months ended September 30, 2013, unscheduled sales were $1,336,533, growing 30% over the same period in 2012.

	3 months ended September 30			*9 months ended September 30*		
	2013	2012	%Ch	**2013**	2012	% Ch
	$	$		**$**	$	
Unscheduled service sales (USD)	**1,336,533**	1,026,291	30%	**3,946,475**	3,215,972	23%
Same store unscheduled service sales (USD)	**1,283,559**	1,026,291	25%	**3,773,534**	3,208,712	18%

Recycling sales:

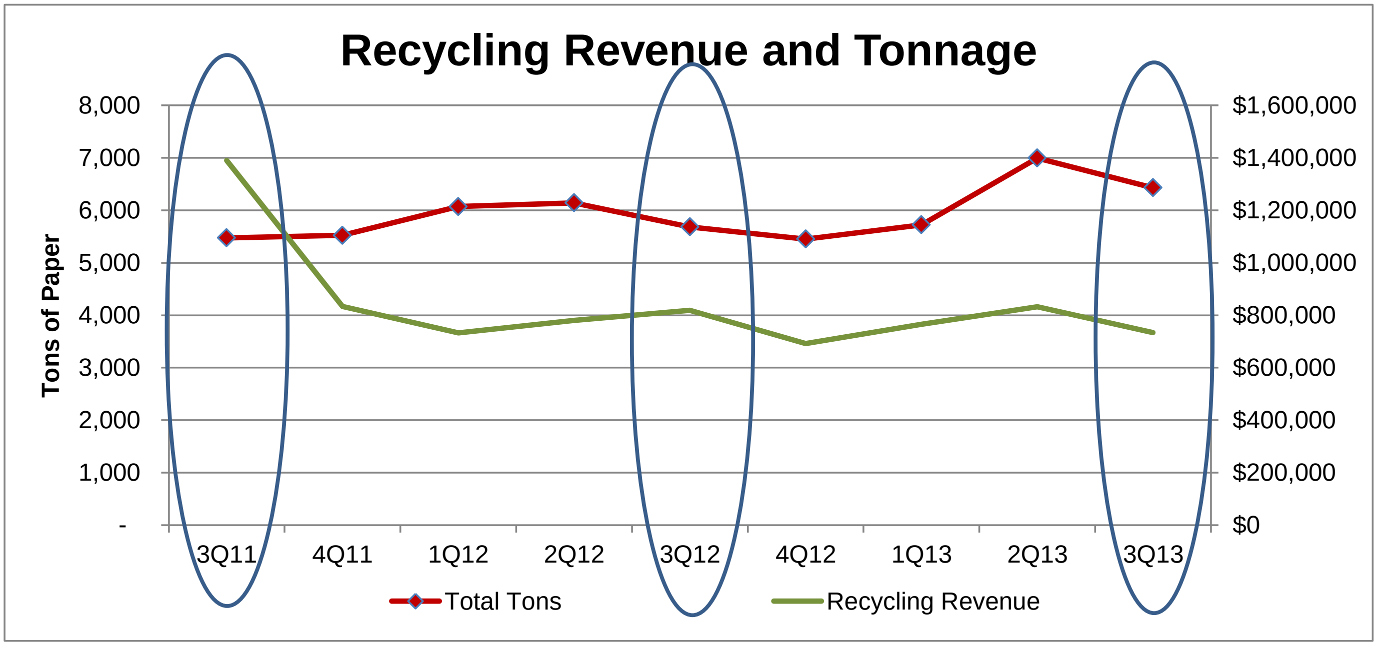
Recycling sales are defined as the revenue generated from the shredded paper and other material that is sold to various recycling companies. This sales category is driven by the price of paper, which is impacted by global supply and demand for shredded paper and the volume of paper recycled which is measured in tons.

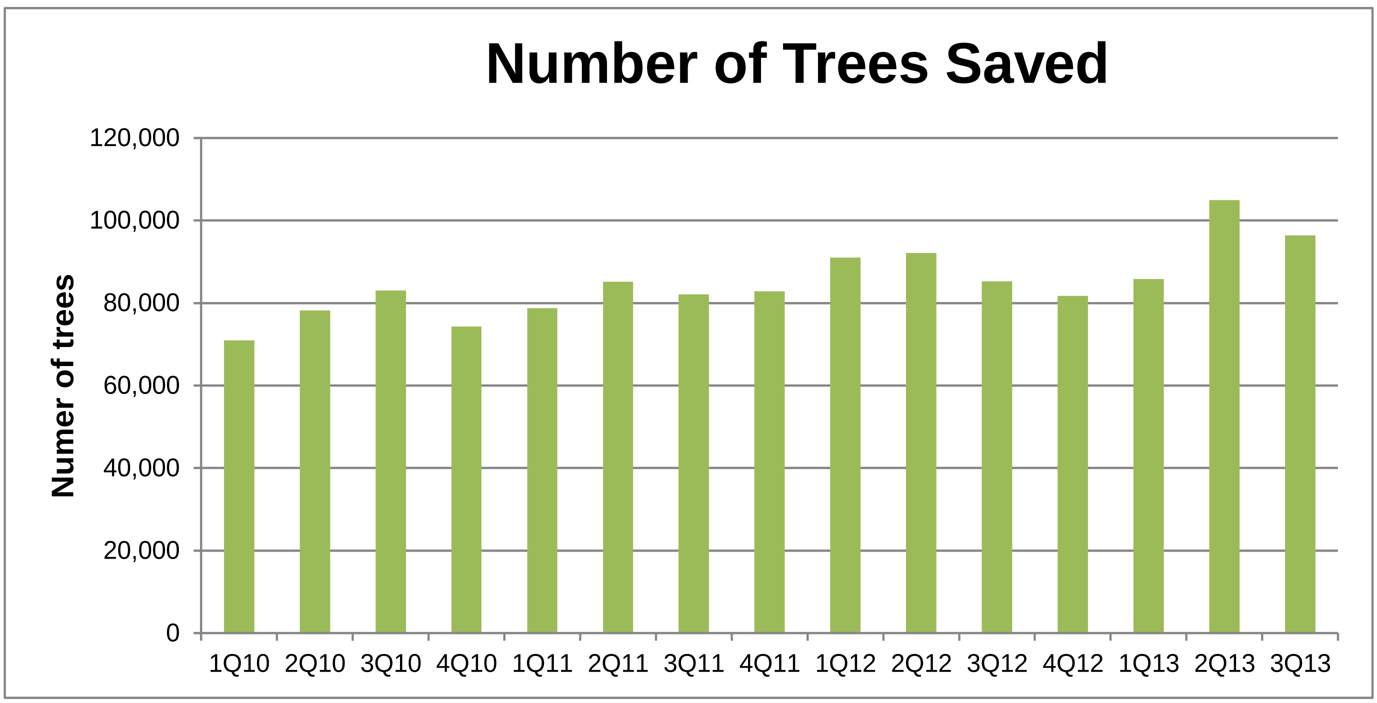
Historical Pricing Trends:



During the third quarter of 2013, the system shred and recycled 13% more paper than during the third quarter of 2012 which slightly offset the decline in paper price. The Proshred system shred and recycled 6,400 tons of paper during the third quarter of 2013. During the nine months ended September 30, 2013, the Proshred system saved 285,000 trees (during the nine months ended September 30, 2012 – 268,000).

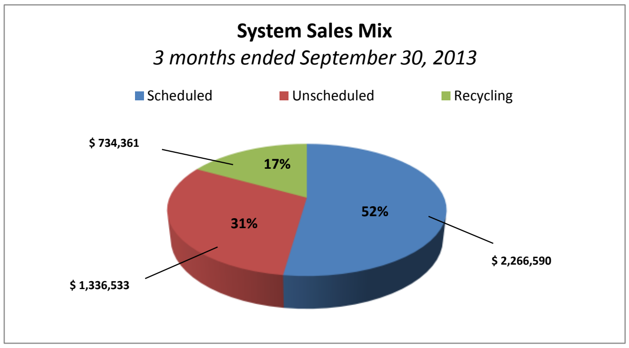
	3 months ended September 30			*9 months ended September 30*		
	2013	2012	%Ch	**2013**	2012	%Ch
	$	$		**$**	$	
Recycling sales (USD)	**734,361**	817,536	(10)%	**2,332,219**	2,332,721	0%
Same store recycling sales (USD)	**717,984**	817,536	(12)%	**2,272,381**	2,330,986	(3)%

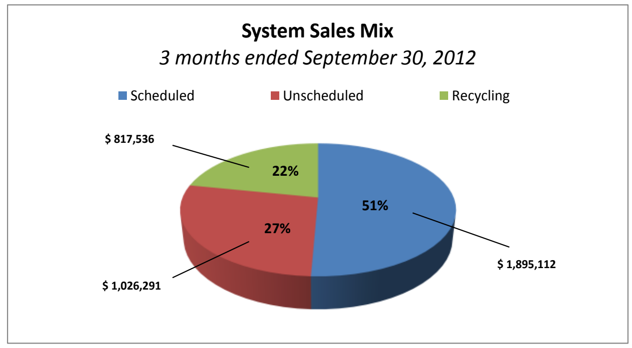

Recycling Revenue and Tonnage
Tons of Paper
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
-
$1,600,000
$1,400,000
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
3Q11
4Q11
1Q12
2Q12
3Q12
4Q12
1Q13
2Q13
3Q13
Total Tons
Recycling Revenue


Number of Trees Saved
Numer of trees
120,000
100,000
80,000
60,000
40,000
20,000
0
1Q10
2Q10
3Q10
4Q10
1Q11
2Q11
3Q11
4Q11
1Q12
2Q12
3Q12
4Q12
1Q13
2Q13
3Q13

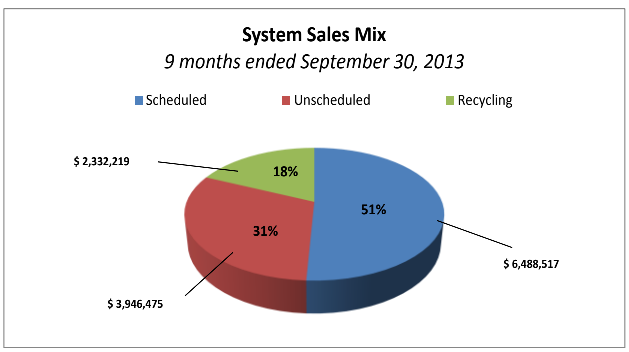
Mix of business:

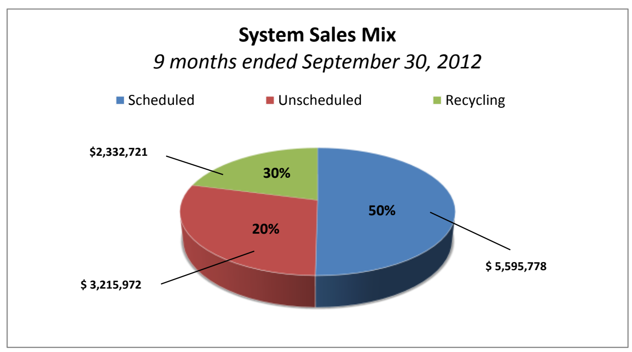
Scheduled sales account for 52% of total sales for the quarter ended September 30, 2013 (September 30, 2012 – 51%). Unscheduled sales account for 31% of total sales for the three months ended September 30, 2013 (September 30, 2012 – 27%). Recycling sales account for 17% of total sales for the quarter ended September 30, 2013 (September 30, 2012 – 22%).





Scheduled sales account for 51% of total sales for the first nine months of 2013 (September 30, 2012 – 50%). Unscheduled sales account for 31% of total sales for the nine months ended September 30, 2013 (September 30, 2012 – 29%). Recycling sales account for 18% of total sales for the first three quarters of 2013 (September 30, 2012 – 20%).





Total Franchising Revenues

	3 months ended September 30			*9 months ended September 30*		
	2013	2012	% Ch	**2013**	2012	%Ch
	$	$		**$**	$	
Franchise and license fees	**264,205**	140,605	88%	**266,764**	235,524	13%
Royalty and service fees	**251,040**	203,037	24%	**735,268**	611,516	20%
Total franchise and license related revenue	**515,245**	343,642	50%	**1,002,032**	847,040	18%

Royalties and service fees are charged for the use of the Proshred, brand, trademarks and systems. Franchise and license fee revenue is generated when a franchise or license is awarded and training is completed. Royalty and service fees earned in the nine months ended September 30, 2013 were higher by 20% than in the same 2012 comparative period due to increased system sales, including scheduled and unscheduled system sales (refer to 'System Sales').

On June 24, 2013, the Company entered into an agreement with a new franchisee to operate a Proshred business in San Francisco Bay Area, California. The Company recognized US$153,650 in franchise fees associated with this new franchise in the third quarter of 2013. On July 10, 2013, the Company entered into an agreement with a new franchisee to operate a Proshred business in Seattle, Washington. The franchise fee of US$102,550 associated with this new franchise was recognized in the third quarter of 2013.

The Company derives all franchise and license related revenues in US dollars which are translated at the average exchange rate for the period. For the three months ended September 30, 2013, royalty and fee revenues were US$250,045. For the nine months ended September 30, 2013, royalty and fee revenues were US$718,456.

Operating Expenses

	3 months ended September 30			*9 months ended September 30*		
	2013	2012	%Ch	**2013**	2012	%Ch
	$	$		**$**	$	
Salaries	**195,691**	209,598	7%	**592,364**	598,296	1%
General, administrative and marketing – on-going	**195,898**	148,770	(32)%	**573,898**	545,491	(5)%
General, administrative and marketing – one-time costs	**–**	62,223	100%	**–**	209,275	100%
Broker fees	**84,551**	43,950	(92)%	**84,551**	43,950	(92)%
Bad debt expense	**–**	(15,038)	100%	**–**	–	-%
Interest expense	**8,215**	–	(100)%	**24,660**	–	(100)%
Total operating expenses	**484,355**	449,503	(8)%	**1,275,473**	1,397,012	9%

Operating expenses for the three and nine months ended September 30, 2013 include expenses to support 29 Proshred locations in operation, training and initial support for pending locations, and the costs to develop new markets by way of franchising, licensing and acquisition. Also included in operating expenses are ongoing stock exchange listing and regulatory costs, professional services, occupancy costs and management salaries and benefits. Interest expense includes interest on the convertible debentures issued on December 31, 2012. The Company continues to closely monitor and control all operating expenses. For the three and nine months ended September 30, 2012, one-time general, administrative and marketing costs relate to the defence of the past and current litigation. As of September 30, 2013, claims against the Company were dismissed. The franchisee has since issued an appeal.

Amortization – Franchising

Amortization relates to the purchase of Professional Shredding Corporation ("PSC") and the Proshred franchise business in 2008. For the three and nine months ended September 30, 2013, amortization of intangibles related to the franchise and license operations decreased over the prior period due to the impairment of intangible assets of $312,904 at December 31, 2012. Amortization is as follows:

	3 months ended September 30			*9 months ended September 30*		
	2013	2012	%Ch	**2013**	2012	%Ch
	$	$		**$**	$	
Amortization – intangible assets	**111,430**	117,702	5%	**331,416**	355,958	7%

Acquisition of franchise

On August 1, 2013, the Company acquired the Proshred Charlotte business from an existing franchisee for an aggregate purchase price of US$1,300,000. In order to finance the acquisition, the Company obtained loans aggregating US$1,250,000 from related parties. The following table outlines the preliminary purchase price allocation, including the assets and liabilities purchased and the consideration given on the closing date of the acquisition.

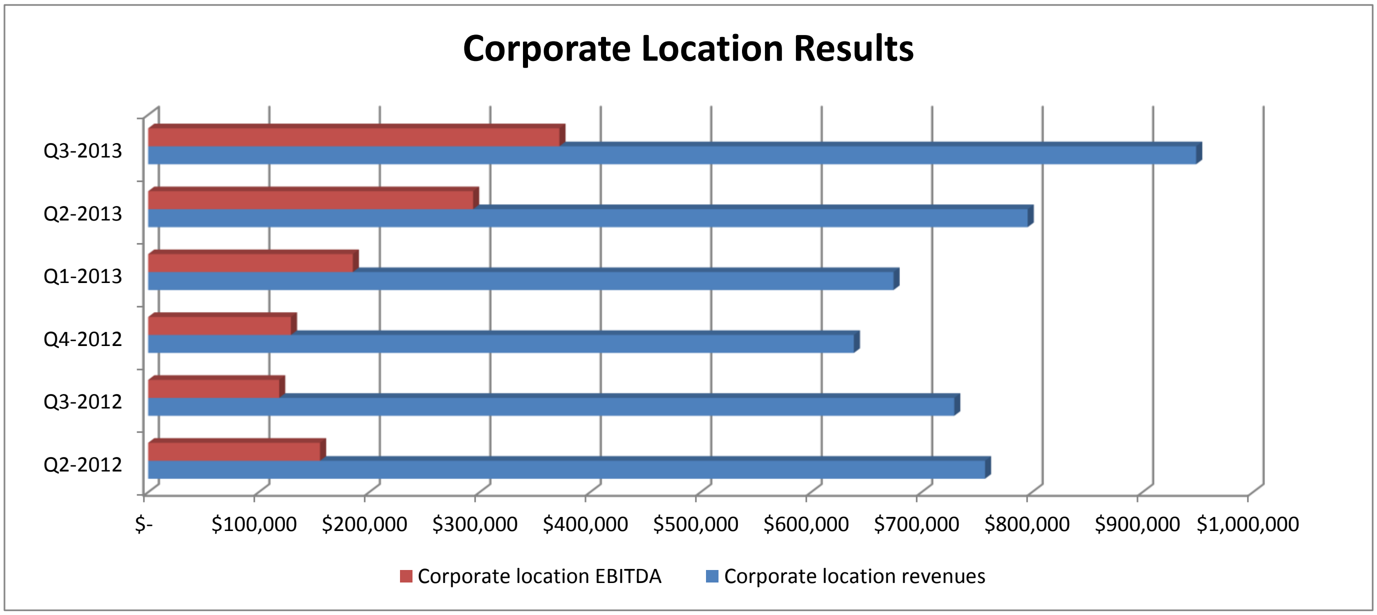
Charlotte	*In USD* $	*In CAD* $
Assets acquired		
Net Working capital	100,000	102,790
Equipment	625,280	642,726
Customer relationships	480,000	493,392
Re-acquired franchise rights	94,720	97,362
	1,300,000	1,336,270
Consideration given		
Cash	1,250,000	1,284,875
Note payable	50,000	51,395
	1,300,000	1,336,270

The Company translated the assets acquired and consideration given using the exchange rate on the date of the acquisition. In the above table, the preliminary purchase price allocation was translated at $1USD = $1.0279CAD.

Corporate Operations

The Company directly operates five shredding operations in Syracuse, Albany, Milwaukee, New York City and Charlotte. These locations represent the Company's corporately owned locations. The Miami business is currently operated by one of the Company's franchise locations. Refer to 'Miami Operations' and 'Transactions with Related Parties.' The Company earned rental revenue from the Miami business and this is included below.

	3 months ended September 30				*9 months ended September 30*			
	2013 $	% of revenue	2012 $	% of revenue	**2013** $	% of revenue	2012 $	% of revenue
Revenue:								
Shredding service	**774,454**	82%	577,305	79%	**1,972,759**	81%	1,837,359	80%
Recycling	**162,580**	17%	144,904	20%	**435,121**	18%	448,333	19%
Rental revenue	**11,591**	1%	7,436	1%	**34,245**	1%	7,436	1%
Total revenue	**948,625**	100%	729,645	100%	**2,442,125**	100%	2,293,128	100%
Operating costs	**576,365**	62%	611,076	85%	**1,573,307**	65%	1,818,779	80%
EBITDA	**372,260**	39%	118,569	15%	**868,818**	35%	474,349	20%



Corporate location shredding service and recycling revenues are generated in US dollars, which are translated at the average exchange rate for the period. For the three months ended September 30, 2013, shredding service and recycling revenues, denominated in US dollars were US$915,610. For the nine months ended September 30, 2013, shredding service and recycling revenues, denominated in US dollars were US$2,352,825.

On August 1, 2013, the Company acquired the Charlotte franchise. The two month results of the Charlotte business are included in the three and nine month results of the corporate operations. During the three months ended September 30, 2013, the corporate location revenues grew by 30% over the same comparative prior year period. The Company has also reduced its operating costs by 6% in the third quarter of 2013 over the third quarter of 2012. As a result, EBITDA increased 213% over the three months ended September 30, 2012.

Same Store Corporate Operations

Same store corporate operation results are indicators of performance of corporate stores that have been in the system for equivalent periods in 2013 and 2012. Same store corporate results include the operations of Syracuse, Albany, Milwaukee and New York City. During the three months ended September 30, 2013, the same store corporate location revenues grew by 6% and operating costs were reduced by 26%. This led to an increase in EBITDA of 181%.

	3 months ended September 30				*9 months ended September 30*			
	2013	% of revenue	2012	% of revenue	**2013**	% of revenue	2012	% of revenue
	$		$		**$**		$	
Revenue:								
Shredding service	**636,176**	83%	577,305	80%	**1,834,481**	82%	1,837,359	80%
Recycling	**128,894**	17%	144,904	20%	**401,436**	18%	448,333	20%
Total revenue	**765,070**	100%	722,209	100%	**2,235,917**	100%	2,285,692	100%
Operating costs	**452,392**	59%	611,076	85%	**1,443,859**	65%	1,818,779	80%
EBITDA	**312,678**	41%	111,133	15%	**792,058**	35%	466,913	20%

Miami Operations

The Company has determined that the Miami location can be operated from its newly acquired Charlotte location. The Company is expected to operate the Miami location commencing in the first quarter of 2014. As the Miami business is no longer held for sale, the results of the operations of the entity previously presented in discontinued operations have been reclassified and included in income from continuing operations. The assets previously held for sale and liabilities directly associated with the assets classified as held for sale have been re-classified as current and non-current assets and liabilities. The Company currently has a joint arrangement with the franchise in Tampa Bay, Florida to operate the Miami business. The results of the Miami business for the period have been accounted for as a joint arrangement with the Tampa Bay franchise. Within the joint arrangement, the Company earns royalty and service fees on the gross Miami revenues (classified under 'Franchising revenues') and rental revenue for the use of the shredding vehicle. The Company incurs finance costs on the monthly truck loan payments and depreciation and amortization on the Miami tangible and intangible assets.

The Company earned $34,245 in rental revenue during the nine months ended September 30, 2013 from the Miami business. The Company incurred $4,708 in finance costs associated with the truck loan payments and $33,537 of depreciation and amortization related to the Miami tangible and intangible assets.

Depreciation and Amortization

Depreciation and amortization relates to the assets purchased in relation to the Syracuse, Albany, Milwaukee, New York City and Charlotte corporate locations.

Depreciation and amortization are as follows:

	3 months ended September 30			*9 months ended September 30*		
	2013	2012	%Ch	**2013**	2012	%Ch
	$	$		**$**	$	
Depreciation and amortization – equipment	**97,969**	67,667	(45)%	**220,488**	191,968	(15)%
Depreciation and amortization – intangibles	**42,466**	88,414	52%	**161,579**	252,904	36%
Depreciation and amortization	**140,435**	156,081	10%	**382,067**	444,872	14%

Operating income (loss)

For the three months ended September 30, 2013, the Company posted operating income of $136,398. During the nine months ended September 30, 2013, the Company posted an operating loss of $113,606. During the first three quarters of 2013, in comparison to the prior year period, the Company reduced its' corporate store costs and its' general, administrative and marketing costs, which led to a reduction in operating loss. During the nine months ended September 30, 2012 the operating loss was driven by increased professional fees related to the remaining litigation and transition costs related to the purchase of New York City. As of September 30, 2013, all claims against the Company were dismissed.

	3 months ended September 30			*9 months ended September 30*		
	2013	2012	%Ch	**2013**	2012	%Ch
	$	$		**$**	$	
Operating income (loss)	**136,398**	(206,447)	166%	**(113,606)**	(697,645)	84%
Operating income (loss) – excluding one-time costs	**136,398**	(144,223)	195%	**(113,606)**	(488,370)	77%

Foreign exchange

Foreign exchange (loss) gain was as follows:

	3 months ended September 30			*9 months ended September 30*		
	2013	2012	%Ch	**2013**	2012	%Ch
	$	$		**$**	$	
Foreign exchange (loss) gain	**(96,602)**	(188,979)	49%	**182,316**	(210,617)	187%

All of Redishred's revenues are denominated in US dollars; this dependency on US dollar revenues causes foreign exchange gains when the Canadian dollar depreciates versus the US dollar or when the Company incurs significant US dollar costs. The Company has significant dollar value assets denominated in US dollars which are revalued at the exchange rate at the date of the statement of financial position, which results in unrealized foreign exchange gains or losses.

Interest income and expense

Interest income is derived from cash savings accounts held by the Company and by way of finance income related to the financing of franchise fees. Interest expense relates to the use of the Company's line of credit facility which bears interest at 10% per annum, interest on the truck loan agreements, which bear interest at 6.502% to 10% per annum and interest on the convertible debentures at 7.5%. Interest expense also relates to the loan agreements for the purchase of the Proshred Charlotte franchise. The loans bear interest at 9% per annum. Interest expense increased in 2013 as a result of the following factors: the use of the line of credit to acquire the Miami business on July 13, 2012 and for general business purposes; and the interest on the convertible debentures issued on December 31, 2012.

	3 months ended September 30			*9 months ended September 30*		
	2013	2012	%Ch	**2013**	2012	%Ch
	$	$		**$**	$	
Interest income	**1,844**	1,408	31%	**5,793**	3,860	50%
Interest expense	**(176,998)**	(151,488)	(17)%	**(513,155)**	(430,054)	(19)%

Income Tax

On March 17, 2008 the Company booked a future tax liability relating to the purchase of PSC and Proshred Franchising Corp. ("PFC"). During the nine months ended September 30, 2013, the Company booked a tax recovery of $24,738. The recovery is primarily due to the reversal of timing differences related to the future tax liability that was recorded upon the acquisition of PSC.

Net Loss

	3 months ended September 30			*9 months ended September 30*		
	2013	2012	%Ch	**2013**	2012	%Ch
	$	$		**$**	$	
Net loss	**(214,588)**	(591,396)	64%	**(503,184)**	(1,833,249)	73%
Net loss – excluding one-time costs	**(214,588)**	(561,643)	62%	**(503,184)**	(1,304,379)	61%

For the nine months ending September 30, 2012, net loss – excluding one-time costs excludes $487,175 of the loss on settlement of the pre-existing relationship related to the NYC and Miami acquisition, one-time costs related to the franchisee litigation and the recovery of bad debt related to the Miami acquisition.

Selected Quarterly Results

(in CDN except where noted)	2013 Q3	2013 Q2	2013 Q1[(2)]	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4
	$	$	$	$	$	$	$	$
System sales *(USD)*	**4,337,484**	**4,406,210**	**4,023,517**	**3,754,629**	**3,740,088**	**3,747,490**	**3,647,927**	**3,474,657**
Total Company revenue	**1,463,870**	**1,060,860**	**919,427**	**908,982**	**1,073,287**	**965,831**	**1,101,050**	**1,083,597**
Franchise and license fees	264,205	1,394	1,165	70,958	140,605	-	94,920	371,381
Royalty and service fees	251,040	258,469	225,759	199,592	203,037	208,285	200,194	229,033
Total revenue from franchising and licensing	**515,245**	**259,863**	**226,924**	**270,550**	**343,642**	**208,285**	**295,114**	**600,414**
On-going operating costs	(391,589)	(394,903)	(379,768)	(441,772)	(343,330)	(420,524)	(402,470)	(495,516)
One-time costs	-	-	-	(22,222)	(62,223)	(55,254)	(69,262)	(151,525)
Broker fees	(84,551)	-	-	(24,139)	(43,950)	-	-	(98,197)
Interest expense	(8,215)	(8,220)	(8,171)	-	-	-	-	-
Total operating expenses	(484,355)	(403,123)	(387,939)	(488,133)	(449,503)	(475,778)	(471,732)	(745,237)
Total operating income (loss) – franchising and licensing	**30,890**	**(143,260)**	**(161,015)**	**(217,583)**	**(105,861)**	**(267,493)**	**(176,618)**	**(144,823)**
Corporate locations revenue	948,625	800,997	692,503	638,795	729,645	757,546	805,936	483,183
Corporate locations operating costs	(576,365)	(502,251)	(494,691)	(509,772)	(611,076)	(601,950)	(605,753)	(316,772)
Corporate locations EBITDA	**372,260**	**298,746**	**197,812**	**129,023**	**118,569**	**155,596**	**200,183**	**166,411**
Depreciation – tangible assets	(97,969)	(58,743)	(63,776)	(38,841)	(67,667)	(62,291)	(62,011)	(34,271)
Interest expense	(168,783)	(161,511)	(158,201)	(161,929)	(151,488)	(140,199)	(138,367)	(78,240)
Total operating income (loss) - corporate	**105,508**	**78,492**	**(24,165)**	**(71,747)**	**(100,585)**	**(47,894)**	**(195)**	**53,900**
Total operating income (loss) – excluding one-time costs – Company[(1)]	**136,398**	**(64,768)**	**(185,180)**	**(267,108)**	**(144,223)**	**(260,133)**	**(107,551)**	**60,602**
(Loss) income before taxes from continuing operations	(214,397)	(80,840)	(232,889)	(1,127,761)	(598,083)	(434,076)	(842,160)	324,925
(Loss) income attributable to owners of the parent	(214,588)	(68,280)	(220,316)	(969,285)	(591,396)	(418,385)	(823,468)	423,409
Loss excluding one-time costs	(214,588)	(68,280)	(220,316)	(131,162)	(561,643)	(363,131)	(403,508)	(14,297)
Basic and diluted net income (loss) per share	(.01)	(.00)	(.01)	(.04)	(.02)	(.01)	(.03)	.00

(1) The 'total operating income (loss) – excluding one-time costs – Company' for the year ended December 31, 2012 does not include the results of the Miami operations.

(2) Certain amounts have been reclassified to conform to the current period's presentation.

Selected Quarterly Results (continued)

Scheduled and unscheduled system sales continue to grow each quarter, driven by the Company's sales and marketing programs that are aimed at educating clients on the legislative requirements to destroy confidential information using a secure on-site solution. As shredding customers are serviced during business days, the quarterly system sales are impacted by the number of business days in any given quarter. Therefore, the Company experiences higher system sales and related royalty fees and corporate revenues in the 2nd and 3rd quarters of every year and lower system sales and related royalty fees and corporate revenues in the 1st and 4th quarters of every year.

In the Proshred system, during the third quarter of 2011, the price of recycled paper products grew to near record highs of $247 per ton. From the third quarter of 2011 to the second quarter of 2012, paper prices decreased 52% and during the third and fourth quarter of 2012 the average price of recycled paper was $135 per ton. During the first two quarters of 2013, the average price of recycled paper declined to $114 per ton, on average. During the third quarter of 2013, the price of recycled paper continued to decline marginally from the second quarter of 2013 by 4% to an average price of $109 per ton. Refer to 'Recycling Sales' on page 12.

Balance Sheet

	September 30, 2013	December 31, 2012
	$	$
Working capital	**106,536**	442,340
Total assets	**8,133,016**	7,307,860
Total liabilities	**9,153,945**	7,782,856

The total assets of the Company have increased over the year ended December 31, 2012 as a result of the acquisition of the Proshred Charlotte business on August 1, 2013. The Company also purchased two new shredding vehicles during the nine months ended September 30, 2013. The total liabilities of the Company have increased over the year ended December 31, 2012 as a result of the loan agreements the Company entered into with related parties to finance the Proshred Charlotte acquisition. The Company also financed the purchase of two new shredding vehicles.

The Company did not declare any dividends during the year.

Financial Condition, Capital Resources and Liquidity

The Company closely monitors its cash balances and cash flows generated from operations to meet its requirements. The Company has drawn from its line of credit in order to finance the purchase of its' corporate locations including Syracuse, Albany, Milwaukee in 2010 and New York City and Miami in 2012 as well as for general business purposes. During September of 2013, the Company signed an amendment to its existing line of credit facility, extending the facility's term for an additional three years to November 27, 2017. The interest remains at 10% per annum, paid semi-annually and the facility remains at $6.03 million.

On August 1, 2013, the Company acquired the Proshred Charlotte business from an existing franchisee, which the Company believes will be accretive to its' cash flows and lead to positive cash flows for the Company. In order to finance the acquisition of the Charlotte location, the Company obtained the following loans from related parties:

(a) a 5 year loan agreement in the amount of CAD$525,750 maturing July 31, 2018. The loan bears interest at 9% per annum with interest payable semi-annually;

(b) a 5 year loan agreement in the amount of US$75,000 maturing July 31, 2018. The loan bears interest at 9% per annum with interest payable semi-annually;

(c) a 4 year loan agreement in the amount of CAD$100,000 with monthly blended payments of principal and interest of CAD$1,244 maturing July 31, 2017. The loan bears interest at 9% per annum; and

(d) a 4 year loan agreement in the amount of US$50,000 with monthly blended payments of principal and interest of US$1,244 maturing July 31, 2017. The loan bears interest at 9% per annum.

On January 3, 2013, the Company traded in one of its shredding vehicles for a larger shredding vehicle. The related loan and security agreement entered into on August 8, 2012, in the amount of US$121,000, was replaced with a new loan and security agreement. The loan and security agreement for US$119,906 is repayable with monthly blended payments of principal and interest of US$2,382 maturing January 5, 2018. The loan bears interest at 7% per annum and is secured by one shredding vehicle.

On January 31, 2013, the Company entered into a loan and security agreement in the amount of US$171,516, repayable with monthly blended payments of principal and interest of $3,407 maturing February 5, 2018. The loan bears interest at 7% per annum and is secured by one shredding vehicle.

Based on overall cash generation capacity and financial position, while there can be no assurance, management believes the Company will be able to meet financial obligations as they come due over the next twelve months.

On December 31, 2012, the Company obtained financing, directly or indirectly from the Company's insiders. The Company issued $375,000 convertible, unsecured subordinated, debentures. The debentures have a five year term and a coupon of 7.5% interest per annum payable annually. The debenture holders may defer interest otherwise due and payable until the next interest payment date, in which case such deferred interest payment shall accrue additional interest at 7.5% per annum. Each $1,000 principal amount of debenture entitles the holder to convert to approximately 3,333 common shares at a conversion price of $0.30 per share.

In addition, the Company implemented in 2012 and early 2013 a cost reduction strategy which included the elimination of its baling facility in New York City and reducing costs throughout its corporate locations. The Company has sold its baling equipment and remaining equipment related to the baling facility closure. The Company has concurrently implemented a strong sales focused approach and has dedicated sales leads in each corporate location to grow revenues and cash flows. In addition, Redishred has determined that the Miami location can be operated from its newly acquired Charlotte location which will further drive increased sales and cash flows. The Company also continues to award new franchise locations, which generate between $35,000 and $100,000 in franchise fees per new franchise as well as adds recurring royalty revenues.

At September 30, 2013, current liabilities of $1,045,864 (December 31, 2012 - $700,509) are due to be settled within one year from the balance sheet date. It is management's plan to continue its core business strategy of (1) growing its corporate locations, (2) continuing to franchise in the United States and (3) conducting accretive acquisitions.

The Company has the following lease commitments:

	$
Less than 1 year	**201,932**
Between 1 and 5 years	**518,383**
Total	**720,315**

Capital Assets

As at,	**September 30, 2013**	December 31, 2012	% Ch
	$	$	
Net book value	**1,921,397**	1,112,105	73%

During the nine months ended September 30, 2013, capital assets (not including intangible assets) increased as a result of the purchase of two new shredding vehicles for the New York City location and the acquisition of the Charlotte business and related tangible assets. In addition, the net book value of capital assets at September 30, 2013 includes the Miami truck previously classified as held for sale.

Off-Balance Sheet Financing Arrangements

The Company has no off-balance sheet financing arrangements.

Transactions with Related Parties

A Director of the Company is the owner of the Tampa Bay, Florida Proshred franchise. At September 30, 2013 there was a nil accounts receivable balance (December 31, 2012 - $1,945) due from this franchise. During the nine months ended September 30, 2013, the Company earned royalty and service fees amounting to $63,623 (for the nine months ended September 30, 2012 - $59,015) from this franchise.

The Director's franchise is currently jointly managing the Proshred Miami business acquired by the Company. The Company earned royalty and service fees of $20,450 during the nine months ended September 30, 2013 from the Miami operations. Included in accounts receivable at September 30, 2013 is $2,075 due from the Miami operations (December 31, 2012 - $2,528).

The Company has a line of credit facility with a related party entity, one of the Company's significant shareholders, for a maximum of $6.03 million, repayable on November 27, 2017, bearing interest at a fixed rate of 10% per annum. The Company has drawn from its line of credit in order to finance the purchase of its' corporate locations including Syracuse, Albany, Milwaukee in 2010 and New York City and Miami in 2012 as well as for general business purposes.

Included in selling, general and administrative expenses for the nine months ended September 30, 2013 are insurance premium amounts of $13,310 (for the nine months ended September 30, 2012- $13,037) paid to an insurance brokerage firm, managed by a Director of the Company.

On December 31, 2012, the Company obtained equity and debt funding, directly or indirectly, from related parties. The Company issued $375,000 convertible, unsecured subordinated, debentures. The debentures have a five year term and a coupon of 7.5% interest per annum payable annually. The debenture holders may defer interest otherwise due and payable until the next interest payment date, in which case the deferred interest payment will accrue additional interest at 7.5% per annum. Each $1,000 principal amount of debenture entitles the holder to convert to approximately 3,333 common shares at a conversion price of $0.30 per share.

On August 1, 2013, the Company acquired the Proshred Charlotte business from an existing franchisee. In order to finance the acquisition, the Company obtained loans from related parties.

Risks and Uncertainties

Please refer to the Redishred 2012 Annual Report for a listing of all risks and uncertainties. There have been no material changes relating to the Company's risks and uncertainties since December 31, 2012, the Company's fiscal year-end.

Use of estimates and judgements

The preparation of the financial report in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates and assumptions. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The significant areas of judgements, estimates and assumptions are set out in Note 4 of the consolidated financial statements found in Redishred's 2012 Annual Report. The most significant estimates relate to the impairment and reversals of impairment of tangible and intangible assets. During the most recent interim period, there have been no changes in the Company's accounting policies or procedures and other processes that have materially affected, or are reasonably likely to materially affect, the Company's accounting judgements, estimates and assumptions.

Investor Relations Activities

The Company does not have any investor relations arrangements.

Share Data

The Company's authorized share capital is unlimited common shares without par value. As at September 30, 2013, there were 28,884,658 issued and outstanding common shares. As at September 30, 2013 there were 1,473,750 options to acquire common shares and 4,000,000 warrants to acquire common shares. During the nine months ended September 30, 2013, 158,750 stock options expired. There have been 50,000 stock options granted during the nine months ended September 30, 2013 (during the nine months ended September 30, 2012 – 17,500). As of November 22, 2013 there are 28,884,658 issued and outstanding common shares, 1,473,750 options to acquire common shares and 4,000,000 warrants to acquire common share. There are 1,250,000 common shares issuable on conversion of the debentures.

Contingencies

During the second quarter of 2010, four franchisees filed a complaint with the United States District Court, South District of New York. As of September 30, 2013, three franchisees have permanently withdrawn from the legal complaint and the remaining claim has been dismissed by the Courts. The franchisee has since issued an appeal. No amounts, other than legal costs, have been accrued in these consolidated financial statements relating to this appeal.

Dated: November 22, 2013