The following information, prepared as of November 28, 2017, should be read in conjunction with the condensed interim consolidated financial statements of VirtualArmour International Inc. (the "Company" or "VA Intl" or "VirtualArmour") for the three and nine months ended September 30, 2017, together with the audited consolidated financial statements of the Company for the year ended December 31, 2016, and the related Management's Discussion and Analysis (the "Annual MD&A") for that fiscal year. The referenced condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in U.S. dollars unless otherwise indicated.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

This Management Discussion and Analysis (the "MD&A") may include forward-looking statements with respect to business plans, activities, prospects, opportunities and events anticipated or being pursued by the Company and the Company's future results. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Statements that include the words "believes," "expects," "may," "will," "should," "potential," "estimates," "anticipates," "aim," "goal" or other comparable terminology and similar statements of a future or forward looking nature identify forward-looking statements. Although the Company believes the assumptions underlying such statements to be reasonable, any of the assumptions may prove to be incorrect. The anticipated results or events upon which current expectations are based may differ materially from actual results or events. Therefore, undue reliance should not be placed on such forward-looking information. A number of risks and uncertainties could cause the Company's actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions in North America and internationally, (2) the risk that the Company does not execute its business plan, (3) inability to retain key employees, (4) inability to finance operations and growth, and (5) other factors beyond the Company's control.

Forward-looking statements speak only as of the date of this MD&A and actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based may not occur, and the Company does not undertake to update forward-looking statements except as required by applicable securities laws. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

COMPANY OVERVIEW

VirtualArmour is an global cybersecurity and Managed Services provider that delivers customized solutions to help businesses build, monitor, maintain and secure their networks.

The Company maintains 24/7 client monitoring and service management with specialist teams located in its US and UK-based security operation centers ("SOC"). Through partnerships with best-in-class technology providers, VirtualArmour delivers leading hardware and software solutions for customers that are both sophisticated and scalable, and backed by industry-leading customer service and experience. VirtualArmour's proprietary CloudCastr client portal and prevention platform provides clients with unparalleled access to real-time reporting on threat levels, breach prevention and overall network security.

VirtualArmour services a wide range of clients - which include those listed on the Fortune 500 - within several industry sectors, in over 30 countries, across five continents.

The Company's shares trade on the Canadian Securities Exchange (the "CSE") under the symbol "VAI" and are listed on the OTCQB under the symbol "VTLR".

Further information about the Company is available under its profile on the SEDAR website, www.sedar.com, on the CSE website, www.thecse.com and on its website, www.virtualarmour.com.

OVERALL PERFORMANCE

During the nine months ended September 30, 2017, the Company recorded revenues of $8,627,601(2016 - $6,849,871) a 26% period over period growth,.

With the global Managed Services market experiencing continued growth, VirtualArmour increased period over period (YTD Q3'16 compared to YTD Q3'17) growth of Managed and Professional Services by 21% across multiple industry sectors including healthcare, technology, medical research and non-profit.

The majority of new contracts were multi-year and included the securing of Managed and Professional Services as well as hardware and software.

The Company continued to strengthen its market presence through expanded partnerships with the industry's leading technology vendors. It also added two new technology partners to its line card, brought in additional services, expanded its product offerings, thus allowing the Company to successfully increase its ability to secure new clients.

VirtualArmour added 15 new clients during the first nine months of 2017. A majority of these clients became part of the Managed Services practice, others Professional Services and almost all procured hardware and software solutions from the Company.

The Company continued to maintain a customer retention rate of over 95% during the nine months ended September 30, 2017. This reflects the Company's continued focus on prevention, proactive communication and investment in the best technology and personnel. With the ongoing growth in customer acquisition, increases in customers on a monthly recurring revenue model, coupled with the high customer retention, VirtualArmour is on track to exceed its growth goals for 2017.

PARTNER FOR SUCCESS

The Company increased its capabilities by adding two new market leading cybersecurity technologies in Q3 to be utilized on the Company's Managed Services platform. With enterprises continuously adopting new and up to date cybersecurity solutions into their operations, it is imperative for VirtualArmour to strategically on-board new technologies that will increase its addressable market. Many businesses across the U.S. are currently using one or more of these technologies in their network and need a strong Managed Services company to help them monitor the effectiveness of their security platforms and identify any potential threats to their proprietary data. The Company's Managed and Professional Services business serves as a high margin multi-year-agreement platform that will contribute to predictable and recurring cash flows in the years to come. The Company expects this segment of its business to become a larger percentage of its overall business and ultimately become the main driving force to its bottom line in the future.

OUTLOOK

Due to the growing threat of targeted breaches across all industries and business sizes, the outlook for the remaining quarter of 2017 is very positive as increasing budgets are allocated to cyber protection and preparing for 2018. Opportunities for specialist service providers in the cybersecurity sector have grown in line with the increased volume of cyber-attacks being encountered by businesses, non-profits, and government institutions and covered by global media. This shift has not only led to increasing enterprise budgets being allocated to cyber protection but also increased interest in investment opportunities in what is a high growth sector.

According to Cybersecurity Ventures' recent quarterly report[1], global cybersecurity spending is predicted to exceed $1 trillion cumulatively over the next five years, from 2017 to 2021. In 2004, the global cybersecurity market was worth $3.5 billion. In 2017 spending is expected to reach $120 billion.

VirtualArmour is well positioned to capitalize on this growth opportunity and continues to deepen its penetration into the Healthcare, Financial, Retail and Service provider verticals. Margin growth is anticipated from a ramp up in Managed Services sales and expansions into new markets led by a growing sales, marketing, and service organization. The following strategic goals are designed to increase growth and profitability in both the short term and long term.

1. **Sell VirtualArmour as an Exclusive Managed Services Provider.** The Company will continue to maintain a clear focus on promoting and executing on its core competencies: Managed Services, Professional Services and hardware/software solutions in cooperation with its premier technology partners. VirtualArmour's service delivery and client experience in the industry is second to none and will continue to broaden its penetration within the enterprise space.

2. **Deliver and Communicate Value to Clients.** Bringing a coordinated, customized and a personal service that exceeds the Company's customers' expectations is critical to differentiating VirtualArmour from its competitors and winning new business. The Company intends to continue to bolster its existing cybersecurity services and product offerings with additional services and technologies that further support and expand the Company's vision of an end-to-end Managed and Professional Security Services company.

3. **Increase Service Efficiency and Client Profitability:** The Company will continue to evolve its service delivery practice to increase response time, offer proprietary engagement tools and broaden the volume of supported technologies. Additional focus will be on leveraging new technology, staff and processes to decrease per client operating expense.

(1) *Cybersecurity Ventures Research Report - http://cybersecurityventures.com/cybersecurity-market-report/*

DISCUSSION OF OPERATIONS

Nine months ended September 30, 2017

Hardware and software sales and product support services revenues during the nine months ended September 30, 2017 were $6,755,861 (2016 - $5,298,861) while Managed and Professional Services revenues were $1,871,740 (2016 - $1,551,010). The gross profit as a percentage of revenue was 20.1% in the 2017 period compared to 26.9% in the 2016 period. The decrease in gross profit margin was driven primarily by increases in hardware and software sales and product support services, which has a lower gross profit margin as compared to Managed and Professional Services.

The Company recorded a net loss of $1,243,069 ($0.02 per share) for the nine months ended September 30, 2017, as compared to net loss of $1,762,245 ($0.03 per share) for the nine months ended September 30, 2016. The table below details certain non-cash and other transactions that for the purposes of this discussion have been adjusted out of the reported loss to produce an adjusted loss that forms a better basis for comparing the year-over-year operating results of the Company.

	2017 $	2016 $
Loss for the period as reported	(1,243,069)	(1,762,245)
Add (deduct):		
Gain on debt settlement, net of legal fees	-	(167,375)
Change in fair value of warrant derivative liabilities	(27,173)	1,351,613
G&A expense – share-based payments	84,042	132,354
Adjusted loss for the period [1]	(1,186,200)	(445,653)

(1) Adjusted loss for the period is not a term recognized under IFRS. Non-IFRS measures do not have standardized meaning. Accordingly, non-IFRS measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Comments regarding certain of these items are as follows:

- During 2016, the Company recorded a gain on debt settlement as a result of settling amounts owing to a former officer of the Company.
- Change in fair value of warrant derivative liabilities represents the change in the value of warrants held by shareholders. The accounting fair value of the warrants increases/decreases as the share price increases/decreases. As the share price at September 30, 2016 was higher than the share pice at December 31, 2015, the Company recorded a loss on the change in fair value during the nine months ended September 30, 2016. The gain/loss does not represent a cash outflow to the Company.
- Non-cash share-based payments expense fluctuates in accordance with the timing of stock option grants and the Company's share price, among other factors.

The comments below relate to the results of operations excluding the items (primarily non-cash) discussed above:

- The Company earned revenue of $8,627,601 during the 2017 period (2016 - $6,849,871). The increase was due primarily to an increase in new clients and expansion of services to existing clients.
- Cost of sales was $6,891,973 during the 2017 period (2016 - $5,008,706). The increase in cost of sales was due to the corresponding increase in revenue.
- General and administrative expenses were $1,128,063 during the 2017 period (2016 - $1,039,296). The increase reflects an increase in staffing levels and growth in operations.
- Research and development expense was $103,604 during the 2017 period (2016 - $95,192). The expense is comprised of salaries to relevant employees as well as consulting and development fees.
- Sales and marketing expense was $1,670,494 during the 2017 period (2016 - $1,238,774). The increase was due to additions to sales and marketing staff, increased efforts in penetrating new markets and increasing exposure of the company to the investment community.

Three months ended September 30, 2017

The Company recorded a net loss of $342,545 ($0.01 per share) for the three months ended September 30, 2017, as compared to net income of $1,372,100 ($0.03 per share) for the three months ended September 30, 2016. The table below details certain non-cash and other transactions that for the purposes of this discussion have been adjusted out of the reported loss to produce an adjusted loss that forms a better basis for comparing the year-over-year operating results of the Company.

	2017 **$**	**2016** **$**
Income (loss) for the period as reported	(342,545)	1,372,100
Add (deduct):		
Change in fair value of warrant derivative liabilities	(9,547)	(1,638,919)
G&A expense – share-based payments	73,368	39,145
Adjusted loss for the period (1)	(278,724)	(227,674)

(1) Adjusted loss for the period is not a term recognized under IFRS. Non-IFRS measures do not have standardized meaning. Accordingly, non-IFRS measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The comments below relate to the results of operations excluding the items (primarily non-cash) above:

- The Company earned revenue of $2,796,309 during the 2017 period (2016 - $2,003,095). The increase was due primarily to an increase in client base and expansion of services to existing clients. The increase reflects a 46% increase in product sales and a 24% increase in Managed Services and Professional Services revenue.
- Cost of sales was $2,070,571 during the 2017 period (2016 - $1,390,072). The increase in cost of sales was due to the corresponding increase in revenue.
- General and administrative expenses were $445,294 during the 2017 period (2016 - $360,865). The increase was due primarily from an increase in staffing levels.
- Research and development expense was $45,268 during the 2017 period (2016 - $26,208). The expense is comprised of salaries to relevant employees as well as consulting and development fees.
- Sales and marketing expense was $538,682 during the 2017 period (2016 - $479,453). The increase in sales and marketing expense was due primarily to an increase in sales generation activities that will be reflected in Q4'17 and Q1'18 results.

SUMMARY OF QUARTERLY RESULTS

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being September 30, 2017.

	Three Months Ended ($)			
	September 30, 2017	**June 30, 2017**	**March 31, 2017**	**December 31, 2016**
Total Revenues	2,796,309	2,673,310	3,157,982	2,047,221
Net (Loss) Income	(342,545)	(410,964)	(489,830)	(536,583)
(Loss) Income Per Share (basic and diluted) (1)	(0.01)	(0.01)	(0.01)	(0.01)

	Three Months Ended ($)			
	September 30, 2016	**June 30, 2016**	**March 31, 2016**	**December 31, 2015**
Total Revenues	2,003,095	3,169,284	1,677,492	2,492,695
Net Income (Loss)	1,372,100	(501,729)	(2,632,616)	915,230
Income (Loss) Per Share (basic and diluted) (1)	0.03	(0.01)	(0.05)	0.02

(1) The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

The significant variation between quarters for revenue and net (loss) income was a result of the significant variations in product sales between the respective quarters along with an increase in Managed Services revenue quarter over quarter from 2015 through 2017. The income in Q4 2015 was due primarily to the gain on change in fair value of warrant derivative liabilities of $1,199,966. The loss in Q1 and Q2 2016 and the income in Q3 2016 was primarily due to a (loss)/gain on change in fair value of warrant derivative liabilities of ($2,532,005), ($458,527) and $1,638,919, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company sells advanced networking and cybersecurity products and solutions to large enterprise and service provider markets. The Company's ability to meet its obligations, and maintain its current operations is contingent upon successful completion of additional financing arrangements and ultimately generating profitable operations. There are no assurances that the Company will continue to obtain additional financing and/or achieve profitability or positive cash flows. The Company's future capital requirements will depend on many factors, including operating costs, competitive environment and global market conditions.

As at September 30, 2017, the Company had cash of $76,755 and a working capital deficiency of $2,037,362, compared to cash of $144,530 and working capital deficiency of $728,392 as at December 31, 2016.

In addition, as of September 30, 2017, the Company had an accumulated deficit of $9,686,926. A significant portion of the accumulated deficit was comprised of non-cash accounting expenses such as listing expense ($4,166,285). The Company has funded historical losses with external debt, related party advances, share issuances and working capital. The existence of these matters creates a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The continuation of the Company as a going concern is dependent upon the obtaining of financing necessary to continue operations and, ultimately, on sustaining profitable operations.

On April 20, 2017, the Company entered into an Invoice Purchase Agreement which provides the Company with additional working capital as well as credit and collections support for accounts receivables.

Readers are cautioned that a number of factors beyond the control of the Company could result in the Company not being able to sustain its current liquidity and capital resources positions. Such factors could include adverse economic conditions, political and regulatory concerns and key individual staffing problems amongst others.

OPERATING ACTIVITIES

Cash provided by operations was $311,211 for the nine months ended September 30, 2017, as compared to cash used in operating activities of $845,464 for the same period in 2016. The improvement in operating cash flows was mainly due to trade receivables decreasing $730,205 during the period in 2017 as compared to an increase in trade receivables totaling $237,579 during the same period in 2016. The aforementioned reduction in trade receivables were a direct result of the Invoice Purchase Agreement mentioned above.

INVESTING ACTIVITIES

Net cash used in investing activities was $35,894 for the nine months ended September 30, 2017 as compared to $35,256 used in investing activities for the same period of 2016..

FINANCING ACTIVITIES

Net cash used in financing activities was $343,092 for the nine months ended September 30, 2017, compared to $800,885 provided by financing activities for the same period of 2016. During the nine months ended September 30, 2017, the Company did not issue any shares or complete any debt financing. The Company received $5,000 from a line-of-credit arrangement and $179,438 from secured promissory notes with Directors of the Company. These inflows were offset by lease payments totaling $77,530 and the $450,000 repayment of the line-of-credit arrangement.

OUTSTANDING SHARE DATA

a) Authorized Capital:

   300,000,000 common shares, without par value

b) Issued and outstanding:

   55,769,447 common shares as at November 28, 2017

c) Outstanding options and warrants as at November 28, 2017:

Security	Number	Exercise Price	Expiry date
Stock Options	1,424,000	U.S.$ 0.10	July 27, 2020
Stock Options	2,526,418	U.S.$ 0.10	July 31, 2020
Stock Options	100,000	CAD$ 0.47	April 6, 2021
Stock Options	100,000	CAD$ 0.44	August 19, 2021
Stock Options	1,585,000	CAD$ 0.30	March 23, 2022
Stock Options	625,000	CAD$ 0.405	June 12, 2022
Warrants	475,025	CAD$ 0.75	January 11, 2018

TRANSACTIONS BETWEEN RELATED PARTIES

The Company previously entered into two secured promissory notes with a Director of the Company pursuant to which the Director agreed to provide a revolving line of credit (the “LOC”) of an aggregate of up to $290,000. The amounts are secured by a subordinated, second priority lien on all of the assets of the Company, bear interest at 7% per annum and are due on demand. As at September 30, 2017, the Company is indebted to the Director of the Company for $251,047 (December 31, 2016 - $152,206) for advances provided to the Company under this loan and interest accrued on the outstanding balance. During the nine months ended September 30, 2017, the Company recorded interest of $9,401 (2016 - $7,092).

On June 1, 2017, the Company entered into an additional promissory note with a director of the Company. The promissory note is unsecured, bears interest at 7% per annum and is due on demand. As at September 30, 2017, the Company is indebted to the Director of the Company for $93,327 for advances provided to the Company under this loan and interest accrued on the outstanding balance. During the nine months ended September 30, 2017, the Company recorded interest of $3,327.

In addition to the LOC, the Company has amounts owing to Directors of the Company of $220,500 (December 31, 2016 - $148,000) for compensation. These amounts are included in payroll liabilities. The amounts owing are unsecured, non-interest bearing and due on demand.

Key management includes the Chief Executive Officer, the Chairman of the Board, the former President, the Vice President of Managed Service, the Vice President of Sales and the other directors of the Company. Compensation paid or payable to key management for services during the three and nine months ended September 30, 2017 and 2016 is as follows.

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
	$	$	**$**	$
Short-term benefits	**291,994**	166,882	**599,630**	514,174
Share-based payments	**(6,873)**	28,813	**(24,830)**	60,630
	285,121	195,695	**574,800**	574,804

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company's risk management activities include the preservation of its capital by minimizing risk related to its cash. The Company does not trade financial instruments for speculative purposes. The Company does not have a risk management committee nor written risk management policies. The Company is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, accounts receivable and other receivables. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions.

The Company's credit risk for accounts receivable is concentrated, as 75% of its accounts receivable owing is from five customers (December 31, 2016 – 62% from eight customers). In addition, 64% of its revenue is from six customers (2016 – 50% from six customers). The Company performs ongoing credit evaluations, does not require collateral and establishes an allowance for doubtful accounts based on the age of the receivable and the specific identification of receivables the Company considers at risk. Most sales' payment terms are set in accordance with industry practice. A significant amount of accounts receivable is from recurring customers with high credit quality.

The following table presents an analysis of the age of accounts receivable as at the dates of the statements of financial position.

	September 30, 2017 $	December 31, 2016 $
Accounts receivable net of allowance for doubtful accounts		
Less than 30 days past billing date	**775,013**	1,572,987
31-60 days past billing date	**94,468**	55,447
61-90 days past billing date	**15,890**	16,851
Greater than 90 days past billing date	**31,087**	1,378
	916,458	1,646,663

The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate Risk
Foreign exchange rate risk is the risk that exists when a financial transaction is denominated in a currency other than the functional currency of the Company, which is the US dollar.

The Company operates in the United States and its cash is held in US dollars and Canadian dollars. At September 30, 2017, the Company had CAD$771 of cash and CAD$106,871 of accounts payable. Accordingly, management of the Company believes there is no significant exposure to foreign currency fluctuations.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

In respect to the Company's currently outstanding debt, all bear interest at a fixed interest rate. Accordingly, the Company is exposed to fair value interest rate risk on its debt. The fair value of the debt is equal to its carrying value due to its due on demand nature.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to achieve this relies on the

Company raising debt or equity financing in a timely manner and by endeavoring to maintain sufficient cash in excess of anticipated needs. The Company's accounts payable are due on normal commercial terms. On April 20, 2017, the Company entered into an Invoice Purchase Agreement which provides the Company with working capital as well as credit and collections support for the related accounts receivable.

The Company had working capital (deficiency) as follows:

	September 30, 2017 $	December 31, 2016 $
Current assets	**1,182,429**	2,213,217
Current liabilities	**(3,219,791)**	(2,941,609)
Working capital (deficiency)	**(2,037,362)**	(728,392)

DISCLOSURE OF INTERNAL CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim consolidated financial statements for the nine months ended September 30, 2017 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The following new IFRSs that have not been early adopted in the financial statements. Management does not intend to adopt these standards prior to the effective date and has not yet assessed the effect on the Company's future results and financial position of adopting these standards:

i) IFRS 9, *Financial Instruments* (New; to replace IAS 39, *Financial Instruments: Recognition and Measurement,* and IFRIC 9, *Reassessment of Embedded Derivatives*), applicable January 1, 2018.
ii) IFRS 15, *Revenue from Contracts with Customers,* applicable January 1, 2018.
iii) IFRS 16, *Leases,* applicable January 1, 2019.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable and/or are not expected to have a significant impact on the Company's financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

OTHER INFORMATION

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com or on the Company's website at www.VirtualArmour.com.