Management Discussion and Analysis
For the four months ended December 31, 2013

This Management Discussion and Analysis ("MD&A") for the four months ended December 31, 2013 and the comparative period for the year ended August 31, 2013, and is derived from, and should be read in conjunction with the audited consolidated financial statements of Sunora Foods Inc. ("Sunora" or the "Company") and for the four months ended December 31, 2013 with comparative figures for the year ended August 31, 2013, including the accompanying notes to the consolidated financial statements. This MD&A is effective April 29, 2014 and provides information on the operating activities, performance and financial position of the Company and is intended to assist in understanding the dynamics of the Company's business and key factors underlying its financial results.

This MD&A does not include quarterly financial information because Sunora Foods Ltd. was not previously required to prepare quarterly financial statements.

As result of the successful completion of the Qualifying Transaction ("QT") on December 17, 2013, described below in detail, as required by the accounting reporting rules, this MD&A relates to the audited consolidated financial statements of Sunora which comprise the operating results of its wholly-owned subsidiary, Sunora Foods Ltd. ("Sunora Foods") for the period September 1, 2013 to December 31, 2013 and the operations of Sunora for the period December 18 to 31, 2013 and the consolidated balance sheet as at December 31, 2013.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements" which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes" or variation (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or to achieved. Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such statements are made. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause 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. Although the Company has attempted to identify important factors that could cause actions, events or results to differ materiality from those described in the forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as at the date of the MD&A. There can be no assurance that forward-looking statements 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 the forward-looking statements. The Company does not undertake to update any forward-looking statements except as required by applicable securities laws.

DESCRIPTION OF BUSINESS

Sunora Foods Ltd. is a Calgary-based trader and supplier of canola, soybean, corn, olive and other food oils. Currently, the Company is a relatively modestly-sized player participating in an international business populated by some of the largest companies in the world. It has successfully maintained a niche position that has been achieved by building strong relationships with its suppliers and customers through a history of reliable and responsive service. While the Company regularly cooperates with many of these companies, it also occasionally competes with companies that have far greater resources. Sunora Foods has achieved a measure of success for over twenty years and has weathered both economic upturns and downturns by remaining true to its commitment to its industry, its customers and suppliers, with a coherent long-term business vision. Sunora Foods operations comprise of receiving orders from its customers in the food oil processing, retail and food services markets; it contracts with food oil processing facilities ("Seed Crushers") where food oil seeds are crushed to produce food oils including canola, soybean and corn oils. Sunora Foods sales are conducted through its experienced sales agents located across North America, South America, Africa, Asia, the Middle East, Eastern Russia, Australia and New Zealand. Sunora Foods prides itself on its quality food oil products and intends to continue its global expansion as well as enhance its position as a supplier of food oil to the health food industry.

HIGHLIGHTS

The following highlights are from the consolidated balance sheet as at December 31, 2013, August 31, 2013 and August 31, 2012 and the statements of operations for the four months ended December 31, 2013 and the years ended August 31, 2013 and August 31, 2012, respectively:

		4 mths ended December 31, 2013		Year ended August 31, 2013		Year ended August 31, 2012
Sales	$	4,794,330	$	15,498,660	$	16,784,515
Net income (loss) and comprehensive income (loss)	$	(1,074,649)	$	79,418	$	235,531
Earnings (loss) per share - basic and diluted	$	(0.03)	$	0.00	$	0.01
Total assets	$	3,848,337	$	3,000,464	$	2,813,541
Shareholders' equity	$	2,831,499	$	1,986,055	$	1,906,637

Allowing for some seasonality, Sunora Food's sales have been relatively stable in the four months ended December 31, 2013, down 7% from those of the previous year. Sales for the year ended August 31, 2013 compared to the previous year were 7.7% were lower primarily due to a significant decline in commodity prices for food oils, and secondarily, due to some weakness in bulk oil sales in the four month period. Overseas sales remained more consistent from the year ended August 31, 2013 to the four months ended December 31, 2013; on a monthly average basis for the four months, they were down 5% compared to the previous year.

The net income for the four months ended December 31, 2013 was impacted by significant legal, audit and accounting fees and other transaction costs of $255,617 and a listing expense of $996,873 which relate to the one-time event of the QT. There was also a write-off of $103,680 from the theft of inventory in Quebec. The decline in net income from the year ended August 31, 2012 to the corresponding 2013 period was largely due to meeting the regulatory requirements for the reverse acquisition, such as fees for the audit of the previous three years, legal and filing fees.

The Company's target Working Capital Ratio (Current Assets divided by Current Liabilities, which is an indicator of its ability to finance its on-going operations) is 2:1. Current Assets comprise cash, accounts receivable, income taxes receivable, prepaid expenses and inventory; current liabilities include accounts payable and accrued liabilities and customer deposits. The amounts of accounts receivable, inventory and accounts payable and accrued liabilities at a point in time are the direct result of sales and purchases and how the Company manages collections, supplier credit and inventory levels, which in turn is manifested in the available cash. At December 31, 2013, the Company has exceeded its target Working Capital Ratio which was 3.6:1 compared to 3.0:1 at August 31, 2013, illustrating a continually growing capacity to support operations. The improvement in working capital was in part due to the proceeds of private placements. The Company's business has been managed and consolidated with a strong working capital position which has enabled the Company to operate without debt. Additionally, the current nature of Sunora's operations has hitherto enabled it to expand without making capital investments. Therefore, the Company believes it is in a very favourable position to expand in the future.

The change in earnings per share - basic and diluted from $0.00 to a loss of $0.03 is mostly due to the one-time accounting line items: listing expenses and transaction costs. These relate to the recording of excess value ascribed to the shares of Sunora over its net assets, and direct costs of the QT. These are one-time expenses.

COMPLETED QUALIFYING TRANSACTION

On December 17, 2013, the TSX Venture Exchange approved that Sunora Foods be acquired by Thoroughbred Capital Inc. ("Thoroughbred"), a capital pool company listed on the TSX Venture Exchange (the "Qualifying Transaction"). The Qualifying Transaction was structured as a “reverse asset acquisition” wherein Thoroughbred acquired all of the 10,000 issued and outstanding securities of Sunora Foods in exchange for 30,000,000 common shares in the capital of Thoroughbred at an estimated deemed issue price of $0.167 per Thoroughbred Share for an aggregate purchase price of approximately $5,010,000.

In conjunction with the Qualifying Transaction, FIN-XO, an investment banking firm, brokered a private placement of 4,587,667 units, comprising shares and warrants. Simultaneously, investors in China subscribed to a non-brokered private placement for 1,666,665 units, comprising shares and warrants.

As the Qualifying Transaction resulted in the shareholder of Sunora Foods acquiring control of Thoroughbred, it constituted a "reverse acquisition" of Thoroughbred and has been accounted for accordingly for accounting purposes.

Thoroughbred subsequently changed its name to Sunora Foods Inc., now trading under the symbol SNF. Whereas the costs of completing this transaction were significant, management is confident that the resulting enhanced profile of Sunora Foods and of the combined entity will enable it to more efficiently meet its long-term business objectives, yielding growth and income to the shareholders through the benefit of an enhanced management structure, coherent strategic planning, formalized controls and regular monitoring of operations. Sunora Foods’ operations are expected to continue from its current location in Calgary, with its existing sales force and network of independent distributors without requiring extensive near-term investment in extending its business network.

FINANCIAL POSITION

Consolidated Balance Sheet		December 31, 2013		August 31, 2013
Assets				
Current assets				
Cash	$	1,646,563	$	836,292
Accounts receivable		1,296,199		1,625,588
Income taxes recoverable		15,713		-
Inventory		707,362		538,584
Prepaid expenses		17,271		-
		3,683,108		3,000,464
Deferred tax asset		165,229		-
	$	3,848,337	$	3,000,464
Liabilities				
Current Liabilities				
Account payable and accrued liabilities	$	998,316	$	1,014,299
Income taxes payable		-		110
Customer deposits		18,522		-
		1,016,838		1,014,409
Shareholders' Equity				
Share capital		1,400,816		1,000
Contributed surplus		40,256		-
Warrants		480,021		-
Retained earnings		910,406		1,985,055
		2,831,499		1,986,055
	$	3,848,337	$	3,000,464

Current assets

Sunora's current assets consist of cash, accounts receivable, income taxes recoverable, prepaid expenses and inventory. Cash is held for working capital requirements and to fund expansion costs for new markets and customers. A policy of conserving cash is rigorously followed by management in order to sustain operations and not hamper its marketing strategies. The decrease in accounts receivable is due to a concerted effort by management to improve the Company's credit and collections. The increase in inventory is due to seasonal factors.

Current liabilities

Sunora's current liabilities consist of accounts payable and accrued liabilities and customer deposits, Accounts payable decreased by $15,983 in keeping with Sunora's policy to manage its trade payables on a current basis and maintain its excellent credit standing.

Working capital

The Company's target Working Capital Ratio (Current Assets divided by Current Liabilities, which is an indicator of its ability to finance its on-going operations) is 2:1. At December 31, 2013, the Company has exceeded its target Working Capital Ratio which was 3.6:1 compared to 3.0:1 at August 31, 2013, illustrating a continually growing capacity to support operations. The working capital improved in part due to the proceeds from the private placements. The Company's business has been managed and consolidated with a strong working capital position, which has enabled the Company to operate without debt. Liquidity is a very important feature of Sunora's business, enabling it to enter into supply contracts, provide credit to customers as needed and to plan confidently for future expansion.

OPERATIONS

Consolidated Balance Sheet	December 31, 2013	August 31, 2013
Assets		
Current assets		
Cash	$ 1,646,563	$ 836,292
Accounts receivable	1,296,199	1,625,588
Income taxes recoverable	15,713	-
Inventory	707,362	538,584
Prepaid expenses	17,271	-
	3,683,108	3,000,464
Deferred tax asset	165,229	-
	$ 3,848,337	$ 3,000,464
Liabilities		
Current Liabilities		
Account payable and accrued liabilities	$ 998,316	$ 1,014,299
Income taxes payable	-	110
Customer deposits	18,522	-
	1,016,838	1,014,409
Shareholders' Equity		
Share capital	1,400,816	1,000
Contributed surplus	40,256	-
Warrants	480,021	-
Retained earnings	910,406	1,985,055
	2,831,499	1,986,055
	$ 3,848,337	$ 3,000,464

DISCUSSION OF OPERATIONS

Sales

The Company operates in the single segment of food oil. Competition is always a significant factor in the food oil industry. The Company determines the geographic location of revenues based on the location of its customers. The geographic categories presented are the United States, Canada and Other; other comprises various regions in South America, Africa, Asia, the Middle East, Eastern Russia, Australia and New Zealand. The Company's revenues were earned as follows:

Segmented information	4 mths ended December 31, 2013	Year ended August 31, 2013
U.S.A.	$ 2,695,864	$ 8,357,777
Canada	1,430,180	5,024,585
Other	668,286	2,116,298
	$ 4,794,330	$ 15,498,660

The Company also has had an economic dependence on two customers (year ended August 31, 2013 – one customer). During the year ended December 31, 2013, sales to these two customers represented approximately 27% and 14%, respectively of the Company's total sales (August 31, 2013 – 40%).

Sunora's sales to the United States have been trending lower in favour of an increase in the proportion of sales in Canada and overseas. Overseas markets are continuing to grow and provide greater long term stability to sales. The growth of sales in emerging markets, where awareness of healthy food choices is growing as a result of the expanding middle classes, is a positive trend for Sunora.

Cost of sales

Cost of sales consists of purchases of crude and refined oil, freight and custom duties. For the the four months ended December 31, 2013, the cost of sales was relatively lower at 91.53% of sales, from 95.47% for the year ended August 31, 2013. Cost of sales decreased primarily due to a decline in bulk oil sales (which generally have lower margins as the oil is sold in bulk without any value added from packaging) relative to packaged oils sales. Another factor in the lower relative cost of sales was effective handling of foreign currency.

This also explains the increase in margins in the four months ended December 31, 2013, compared to August 31, 2013. Sunora achieved gross margins of 8.47% for the 4 months ended December 31, 2013, compared to 4.53% for the year ended August 31, 2013. These margins are in the expected range for the Company and tend to fluctuate from period to period depending primarily upon the mix of business.

General and administration

The increased general and administrative expenses can be attributed to the costs associated with the reverse acquisition of Sunora Foods and the incidence of a loss arising from a theft by a customer in Quebec. The high relative level of these expenses is not likely to continue in the future.

Marketing and promotion

A direct correlation to Sunora's increased sales has been its marketing efforts. Over the years, Sunora has established relationships with additional salesmen and given them more flexibility and autonomy as mutual trust has developed in these relationships. In North America, Sunora has experienced growth in the number of commissioned brokers who have introduced new customers to the Company. Many of these brokers now provide services on a committed basis, as agents, servicing customers primarily for Sunora. Sales to independent distributors have also grown for Sunora, mostly in countries overseas, which has given Sunora entry into many foreign markets. Product sold to them, as for other customers, is final and not returnable.

Other income

Other income during the four months ended December 31, 2013 and the year ended August 31, 2013 is comprised of one-time commissions and fees from a partnering arrangement for the licensing of products and for the use of the Sunora brand. Current initiatives are underway in Pakistan where Sunora is assisting another business with its oil extraction technology, marketing initiatives, and strategies to successfully distribute canola oil.

Foreign exchange

The foreign exchange gain or loss is primarily a result of inventory purchases and sales, which are denominated primarily in US currency.

Listing expense

Listing expense is in conjunction with the reverse acquisition. The difference between the net assets acquired and the fair value of the consideration paid has been recognized as a listing expense. These expenses are not expected to continue in the future.

Transaction costs

Transaction costs consist of costs incurred in conjunction with the reverse acquisition including legal fees related to the transaction. These expenses are not expected to continue in the future.

OUTLOOK

Sunora has a number of good strategic trading relationships with customers in North America and around the world. However, its business in the United States has been negatively impacted by the persistently slow American economy of the last few years. Additionally, there are uncertainties facing the Company, as others, with respect to the world economic outlook currently affected by several geo-political situations. The economic downturn in the United States has been off-set in part by a significant increase in international opportunities, with considerable growth in emerging markets around the world. Overseas, countries like China and India have a growing interest in higher quality, healthier products. With the expected but slow improvement in the United States' economy and continued expansion of international opportunities, the Company has an overall positive future outlook.

FINANCIAL INSTRUMENTS

Risk management

The Corporation's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital. The Corporation employs risk management strategies and polices to ensure that any exposures to risk are in compliance with the Corporation's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation's risk management framework, Sunora's management has the responsibility to administer and monitor these risks.

Fair value of financial instruments

The fair values of accounts receivable, accounts payable and accrued liabilities and customer deposits approximate their carrying values due to the short-term maturity of those instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Cash is measured at fair value based on its Level 1 designation.

Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Corporation performs ongoing credit evaluations of its customers and establishes an allowance for doubtful accounts based on credit risk applicable to certain accounts, historical trends and other relevant information. Management believes the risk is often mitigated by the size and reputation of the companies to which they extend credit.

As at December 31, 2013, the Corporation's maximum exposure to credit risk for accounts receivable is $1,296,199. Accounts receivable include amounts that are past due at the end of the reporting period for which the Corporation has not recognized an allowance for doubtful accounts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	December 31, 2013	August 31, 2013
Current	$ 1,287,774	$ 1,539,024
60 - 90 days	6,927	82,607
Greater than 90 days	1,498	3,957
Accounts receivable	$ 1,296,199	$ 1,625,588

The accounts receivable balance is widely diversified with the exception of one customer that represents 33% of the accounts receivable balance at December 31, 2013 (August 31, 2013 – 32%).

During the period ended December 31, 2013, sales to two customers (year ended August 31, 2013 - one customer) represent 27% and 14% of the Corporation's total sales (year ended August 31, 2013 – 40%).

Bad debt expense for the period ended December 31, 2013 was $103,680 (year ended August 31, 2013 - $11,437) which is included in general and administrative expenses.

The Corporation manages the credit exposure related to cash by selecting financial institutions with high credit ratings and monitors all short-term deposits to ensure an adequate rate of return. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Corporation's ongoing liquidity is impacted by various external events and conditions, including global economic conditions.

The financial liabilities on the consolidated balance sheet consist of accounts payable and accrued liabilities. The Corporation manages this risk through detailed monitoring of budgeted and projected operating results and cash requirements.

At December 31, 2013, the Corporation considered $9,778 of its accounts payable to be past due.

Market risk

Market risk is the risk that changes in market prices, foreign exchange rates and interest rates will affect the Corporation's net earnings or the value of financial instruments and are largely outside the control of the Corporation. The objective of the Corporation is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns. Primary market risks are as follows:

(i) Foreign currency risk

The Corporation is exposed to currency price risk on sales denominated in U.S. dollars and Singapore dollars to the extent that the receipt of payment of the U.S. and Singapore denominated accounts receivable are subject to fluctuations in the related foreign exchange rate.

The carrying amounts of the Corporation's monetary assets and liabilities denominated in foreign currency at December 31, 2013 and August 31, 2013 are as follows:

	Foreign Currency	December 31, 2013	August 31, 2013
Cash	USD	522,245	214,093
Accounts receivable	USD	651,127	1,013,634
Accounts receivable	SGD	92,131	-
Accounts payable	USD	(247,046)	(577,979)

A $0.01 increase in the U.S. to Canadian dollar exchange rate would have resulted in an decrease of $14,200 to net loss for the period ended December 31, 2013. A $0.01 increase in the Singapore to Canadian dollar exchange rate would not have a significant impact on the net loss for the period ended December 31, 2013.

(ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Capital Management

The Corporation optimizes its capital structure with a view to ensure a strong financial position to support its acquisition strategies. Sunora considers its capital structure to include shareholders' equity and the Corporation strives to maximize the value associated to share capital.

Sunora's share capital will be used as a basis to raise additional capital to pursue acquisitions. The Corporation's ability to raise additional equity financing is impacted by external factors, including global economic conditions. The Corporation is not subject to externally imposed capital requirements and the capital management policy has not changed during the period ended December 31, 2013 or the year ended August 31, 2013.

OFF-BALANCE SHEET TRANSACTIONS

The Company is not a party to any off balance sheet arrangements or transactions.

LIQUIDITY, FINANCING ACTIVITY AND CAPITAL RESOURCES

The financial position of the Company is strong relative to its financial requirements and commitments. Management has maintained a conservative approach to day-to-day operations, monitoring its cash resources, managing its inventory turnover, and ensuring it can meet its obligations to suppliers within their credit terms. With a rigorous control, accounts payable are kept current and at relatively low level compared to its current assets. Collections from customers are stringently monitored on a daily basis.

The Company's target Working Capital Ratio (Current Assets divided by Current Liabilities, which is an indicator of its ability to finance its on-going operations) is 2:1. At December 31, 2013, the Company has exceeded its target Working Capital Ratio which was 3.6:1, compared to 3.0:1 at August 31, 2013. The

Company has maintained its sales, with growth in some areas, and a strong working capital position. Additionally, the Company has neither debt nor any financial obligations other than to fund its operations. It has raised additional working capital through private placements as a part of the QT described earlier in this document.

Sunora has only one long term contractual obligation of a lease on its office facilities in the Provident Professional Building in Calgary, Alberta. This lease for 1,038 square feet of office space terminates on August 31, 2017, and has an early termination clause with six months' notice during the last two years. The rates in the lease are deemed to be fair market rates. Sunora has independent agents working in many parts of the world including the United States. In Canada and Asia, Sunora has wholesale customers who purchase canola oil from Sunora for redistribution; these sales are final and not returnable. None of these arrangements have created any overhead obligations.

The Company has no property, plant and equipment (other than office furniture and equipment carried at no book value) and it has no short or long-term loans. Aside from funding its operations, turning over and maintaining adequate inventory levels, the Company has no minimum working capital requirements that are externally imposed. In anticipation of greater working capital requirements in the future, to fund growth, local financial institutions have indicated a willingness to support the Company. Such support is expected to enable the Company to take advantage of new and larger trading opportunities.

As the Company engages in commodity trading, as opposed to speculation, price changes have limited impact on its operations. As previously noted, a major world economic downtown would adversely impact Sunora due to its reliance on markets outside of Canada.

The total number of common shares outstanding as at April 29, 2014 is 42,254,332.

CASH FLOWS

The following is the Company's Consolidated Statement of Cash Flows for the four months ended December 31, 2013 and year ended August 31, 2013. Sunora's cash flows arise primarily from operations and the private placement of the Company's securities.

Consolidated Statements of Cash Flows		4 mths ended December 31, 2013		Year ended August 31, 2013
Net cash inflow (outflow) related to:				
Operating activities				
Net income (loss)	$	(1,074,649)	$	79,418
Add (deduct) items not affecting cash				
Listing expenses		996,873		-
Deferred income tax recovery		(145,124)		-
Change in unrealized foreign exchange on US dollar cash		12,697		(23,162)
		(210,203)		56,256
Changes in non-cash working capital				
Account receivable		322,906		(232,482)
Prepaids		(17,271)		-
Inventory		(168,778)		(56,436)
Accounts payable and accrued liabilities		(70,757)		144,430
Customer deposits		18,522		(24,603)
Taxes payable		(15,823)		(12,322)
		68,799		(181,413)
		(141,404)		(125,157)
Financing activities				
Proceeds from units issued, net of issue costs		857,732		-
Cash acquired in reverse acquisition		60,728		-
		918,460		-
Cash inflow (outflow)		777,056		(125,157)
Cash, beginning of period		836,292		938,287
Effect of exchange fluctuation on US dollar cash		33,215		23,162
Cash, end of period	$	1,646,563	$	836,292
Cash is comprised of:				
Cash held in Canadian dollars		1,091,103		610,852
Cash held in US dollars		555,460		225,440
	$	1,646,563	$	836,292

Sunora's cash balances increased $810,271 in the four month period ended December 31, 2013 and decreased $101,995 in the year ended August 31, 2013. Management's policy is to conserve cash by maintaining overheads at minimum levels, limiting the directors' remuneration and not paying dividends – all with a view to positioning the Company better to adjust to economic changes, to take advantage of lower prices from time to time, build inventories and expand its operations as and when opportunities arise.

CRITICAL ACCOUNTING ESTIMATES

Note 2 to Sunora's August 31, 2013 financial statements describes Sunora's basis of presentation of financial statement and note 3 describes the significant accounting policies. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

The following discussion sets forth management’s most critical estimates and assumptions in determining the value of assets, liabilities and equity:

Business combinations

Business combinations are accounted for using the acquisition method where the acquisition meets the definition of a business under IFRS. Management uses judgment in determining the fair value of the acquired identifiable net assets at the date of acquisition.

Valuation of accounts receivable

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts.

Valuation of inventory

The Corporation evaluates its inventory to ensure it is carried at the lower of average cost and net realizable value. Costs include all expenses to bring the goods to sale. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Share-based compensation

The amounts recorded relating to the fair value of stock options and warrants issued are based on estimates of the future volatility of the Corporation’s share price, market price of the Corporation's shares at grant date, expected lives of the options and warrants, expected forfeiture rates, expected dividends and other relevant assumptions. These estimates affect the amount recognized as stock-based compensation expense in the statement of income (loss) and comprehensive income (loss).

Current and deferred taxes

Provisions for current taxes are made using the best estimate of the amount expected to be paid based on a qualification assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Corporation operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

(i) IFRS 10, "Consolidated Financial Statements", replaces Standing Interpretations Committee (SIC) 12, Consolidation – Special Purpose Entities, and the consolidation requirements of International Accounting Standard (IAS) 27, "Consolidated and Separate Financial Statements". IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and can use its power over the investee to affect its returns. The accounting requirements for consolidation have remained largely consistent with IAS 27. The adoption of IFRS 10 had no impact on the consolidated financial statements.

(ii) IFRS 11, "Joint Arrangements" – IFRS 11 requires a corporation to classify its interest in joint arrangements as either joint operations or joint ventures. When making this assessment, the Corporation considers the structure of the arrangements, the legal form of any separate vehicles, and contractual terms of the arrangements and other factors and circumstances. The adoption of IFRS 11 had no impact on the consolidated financial statements.

(iii) IFRS 12, "Disclosure of Interest in Other Entities", combines the disclosure requirements for entities that have interest in subsidiaries, joint arrangements, and associates as well as unconsolidated structured entities. The adoption of this standard had no impact on the consolidated financial statements.

(iv) IFRS 13, "Fair Value Measurement", provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Corporation adopted IFRS 13 on September 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require adjusting the valuation techniques used by the Corporation to measure fair value nor cause any measurement adjustments at September 1, 2013.

(v) IAS 1, "Presentation of Financial Statements", requires companies to classify items presented within other comprehensive income according to those that will be reclassified subsequently to profit or loss and those that will not be reclassified. The adoption of IAS 1, effective September 1, 2013, did not result in any adjustments to other comprehensive income or comprehensive income.

(vi) IFRS 7, "Financial Instruments: Disclosures", was amended to provide more extensive quantitative disclosure for financial instruments that are offset in the balance sheet, or are subject to enforceable master netting or similar arrangements. The adoption of IFRS 7 had no impact on the consolidated financial statements.

(vii) IAS 32, "Financial Instruments: Presentation", was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right to offset must be available on the current date and cannot be contingent on a future event. The adoption of IAS 32 had no impact on the consolidated financial statements.