Management Discussion and Analysis
For the Year Ended December 31, 2018

This Management Discussion and Analysis ("MD&A") for the year ended December 31, 2018 and for the year ended December 31, 2017, and is derived from, and should be read in conjunction with the audited consolidated financial statements of Sunora Foods Inc. ("Sunora" or the "Company" or the “Corporation”) for the year ended December 31, 2018 with comparative figures for the year ended December 31, 2017. This MD&A is effective April 29, 2019 and provides some information on the operating activities, performance and financial position of the Company and is intended to assist in understanding the dynamics of the Corporation’s business and key factors underlying its financial results.

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 Corporation. 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 variations (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 be 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, expected developments and 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 Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Although the Corporation 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 Corporation does not undertake to update any forward-looking statements except as required by applicable securities laws.

DESCRIPTION OF BUSINESS

Sunora Foods Inc. (“Sunora”) is a Calgary-based trader and supplier of canola oil and other food oils. Currently, the Corporation 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 Corporation regularly cooperates with many of these companies, it also occasionally competes with companies that have far greater resources. Sunora 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 receives its orders from its customers in the food oil processing, retail and food services markets. The Corporation contracts with food oil processing facilities ("Seed Crushers") where food oil seeds are crushed to produce food oils including canola and other oils.

Sunora 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 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 natural foods industry.

HIGHLIGHTS

The following highlights are from the consolidated balance sheets as at December 31, 2018 and as at December 31, 2017, and the statements of operations for the year ended December 31, 2018 and the year ended December 31, 2017, respectively:

	Year ended December 31, 2018	Year ended December 31, 2017
Sales	$ 14,515,352	$ 13,935,676
Claim settlement	$ -	$ 434,684
Net income and comprehensive income	$ 258,256	$ (121,636)
Earnings per share - basic and diluted	$ 0.006	$ (0.003)
	December 31, 2018	**December 31, 2017**
Cash	$ 3,535,161	$ 3,214,699
Other assets	$ 1,452,699	$ 2,048,768
Total liabilities	$ 1,004,176	$ 1,329,357
Shareholders' equity	$ 3,983,684	$ 3,934,110

Sunora's sales for the year ended December 31, 2018 increased by 4.2% over the previous year due to International sales growth.

The net comprehensive income in the year ended December 31, 2018 of $258,256, compared to loss of $121,636 for the previous year which was principally due to the legal claim settled in quarter 2 of 2017. A foreign exchange gain of $16,180 was recorded in 2018 compared to a foreign exchange loss of $60,100 in 2017. Although the gross margin declined from 6.8% to 6.3%, marketing and promotion costs declined; and interest income increased.

Total assets of Sunora as at December 31, 2018 comprised cash, accounts receivable, inventory, prepaid expenses, income taxes recoverable and a deferred tax asset. The decrease assets from December 31, 2017 to December 31, 2018 is primarily due to a decrease in current assets of $183,796 as a result of a decrease in accounts receivable, inventory and income taxes recoverable.

Sunora's liabilities consist primarily of accounts payable and accrued liabilities and customer deposits. These current liabilities decreased by $325,181 since December 31, 2017 due to the timing of payments and expenses accrued at the year-end.

FINANCIAL POSITION

Assets		December 31, 2018		December 31, 2017
Current assets				
Cash	$	3,535,161	$	3,214,699
Accounts receivable		1,070,121		1,304,280
Inventory		243,374		426,631
Prepaid expenses and accrued interest		57,935		31,285
GST recoverable		13,535		10,620
Income tax recoverable		-		116,407
		4,920,126		5,103,922
Deferred tax asset		67,734		159,545
	$	4,987,860	$	5,263,467
Liabilities				
Accounts payable and accrued liabilities	$	946,137	$	1,257,325
Customer deposits		58,039		72,032
		1,004,176		1,329,357
Shareholders' Equity				
Share capital		1,190,751		1,400,816
Contributed surplus		771,858		770,475
Retained earnings		2,021,075		1,762,819
		3,983,684		3,934,110
	$	4,987,860	$	5,263,467

Current assets

Sunora's current assets consist of cash and cash equivalents, term deposits, accounts receivable, prepaid expenses, inventory and income tax recoverable. Cash is held for working capital requirements and to fund expansion costs for new opportunities, markets and customers. A policy of conserving cash is rigorously followed by management in order to sustain operations and to foster its marketing strategies. Accounts receivable and inventories decreased due to the timing of sales and customer orders.

Current liabilities

Sunora's current liabilities consist of accounts payable and accrued liabilities, and customer deposits. Accounts payable decreased due to the timing of payments for purchases in the fourth quarter. Sunora is committed to its policy of managing its trade payables on a timely basis and maintaining its excellent credit standing.

Working capital

The Corporation'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, prepaid expenses and inventory. Current Liabilities include accounts payable, 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 are manifested in the available cash. At December 31, 2018, the Corporation has exceeded its target Working Capital Ratio with a ratio of 4.9:1 as compared to 3.8:1 at December 31, 2017. The Corporation's business has been managed with a strong working capital position which has enabled the Corporation to operate without debt. Additionally, given the current nature of Sunora's operations, it has been able to maintain it business without making major capital investments. Therefore, the Corporation believes it is in a very favourable position to expand in the future.

OPERATIONS

		Year Ended December 31 2018		Year Ended December 31 2017
Sales	$	14,515,352	$	13,935,676
Cost of sales		13,597,626		12,991,136
Gross margin		917,726		944,540
Other				
General and administrative		537,139		533,085
Marketing and promotion		42,679		70,999
Bank charges and interest		10,210		8,642
Stock-based compensation		1,383		33,739
Foreign exchange		(16,180)		60,010
Interest income		(37,233)		(23,801)
		537,998		682,674
Income from operations		379,728		261,866
Claim settlement		-		434,684
Income (loss) before income taxes		379,728		(172,818)
Income tax expense (recovery) - Current		29,661		(51,182)
Deferred income tax expense		91,811		-
		121,472		(51,182)
Net income (loss) and comprehensive income (loss)	$	258,256	$	(121,636)
Earnings per share				
Basic and diluted	$	0.006	$	(0.003)

DISCUSSION OF OPERATIONS

Sales

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

The Corporation's revenues were earned as follows:

	3 months ended December 31, 2018	3 months ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
USA	$ 2,093,765	$ 2,842,405	$ 10,100,624	$ 10,288,738
Canada	23,532	281,450	432,218	1,032,144
International	850,730	770,032	3,982,510	2,614,794
	$ 2,968,027	$ 3,893,887	$ 14,515,352	$ 13,935,676

The Corporation also had an economic dependence on two customers in 2018 and two customer in 2017. Sales to these two customers were 47% in the three months ended December 31, 2018 (43% in three month's ended December 31, 2017), and 42% of total sales in the year ended December 31, 2018 (40% in the year ended December 31, 2017).

Sunora's sales to the United States have recently been stronger in comparison to sales in Canada. Overseas markets are continuing to show good growth and to provide greater stability to sales. The growth of sales in emerging markets, with growing awareness of healthy food choices by the expanding middle classes, is a positive trend for Sunora. Overseas sales in the fourth quarter generally increase because of the timing of the New Year celebrations in Asia.

Cost of sales

Cost of sales consists of purchases of food oil, packaging, freight and custom duties. Sunora achieved a gross margin of 6.3% in the year ended December 31, 2018 compared to 6.8% in the previous year. Margins in 2018 were not as strong as in the prior year because of a higher percentage of bulk oil sales.

General and administration

General and administrative expenses for the year ended December 31, 2018 were comparable to the previous year. These expenses consist of salaries, rent, travel, and various other miscellaneous office overhead expenses.

Marketing and promotion

Sunora's sales over the years reflect to its effective marketing efforts. Sunora has established strong relationships with sales staff and given them more flexibility and support as mutual trust has developed in these relationships. In North America, Sunora has outstanding commissioned brokers who have introduced new customers to the Corporation. Sales to independent distributors have also grown for Sunora, mostly in countries overseas, which has given Sunora entry into many foreign markets.

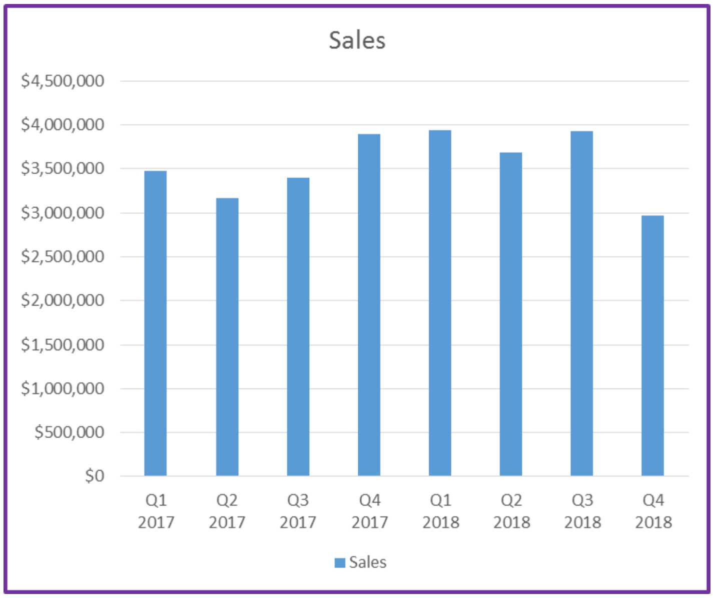
Foreign exchange

The foreign exchange gain or loss is primarily a result of the inventory purchases and sales that are denominated in US currency. It includes quarterly changes in unrealized foreign exchange on cash, accounts receivable, inventory and customer deposits denominated in US currency.

QUARTERLY RESULTS

	Three months ended December 31, 2018	Three months ended September 30, 2018	Three months ended June 30, 2018	Three months ended March 31, 2018
	Q4	*Q3*	*Q2*	*Q1*
Sales	$ 2,968,027	$ 3,926,619	$ 3,684,694	$ 3,936,012
Cost of sales	2,795,093	3,633,756	3,514,527	3,654,250
Gross margin	172,934	292,863	170,167	281,762
Other				
General and administrative expenses	152,816	118,156	131,882	134,285
Marketing and promotion	16,350	10,396	7,719	8,214
Bank charges and interest	1,948	1,941	3,698	2,623
Stock-based compensation	-	-	-	1,383
Foreign exchange loss (gain)	(21,115)	19,594	(2,852)	(11,807)
Interest income	(10,378)	(9,586)	(8,999)	(8,270)
	139,621	140,501	131,448	126,428
Incoem from operations	33,313	152,362	38,719	155,334
Claim settlement	-	-	-	-
Income before income taxes	33,313	152,362	38,719	155,334
Income tax expense				
Current income tax (recovery)	-	-	(13,832)	43,493
Deferred income tax	27,681	52,708	5,711	5,711
	27,681	52,708	(8,121)	49,204
Net income (loss) and comprehensive income (loss)	$ 5,632	99,654	$ 46,840	$ 106,130
Earnings per share - basic and diluted	0.000	0.002	$ 0.001	$ 0.003

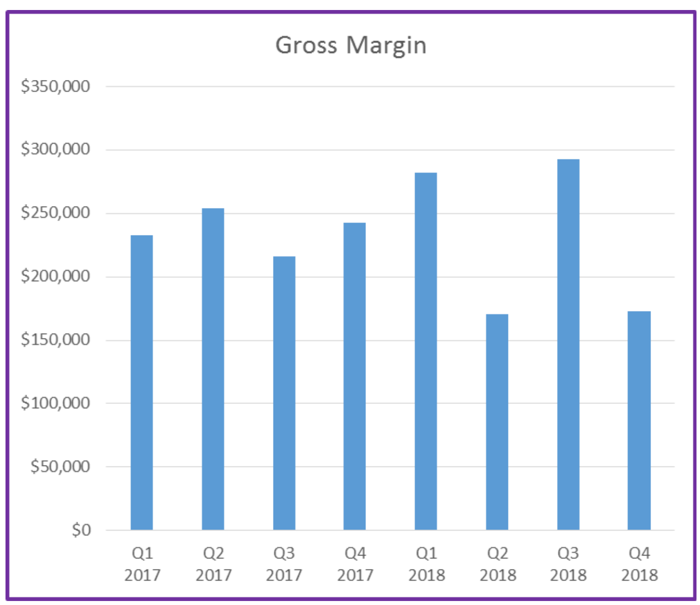
	Three months ended December 31, 2017	Three months ended September 30, 2017	Three months ended June 30, 2017	Three months ended March 31, 2017
	Q4	*Q3*	*Q2*	*Q1*
Sales	$ 3,893,887	$ 3,396,872	$ 3,164,687	3,480,230
Cost of sales	3,651,552	3,181,049	2,911,004	3,247,496
Gross margin	242,335	215,823	253,683	232,734
Other				
General and administrative expenses	159,589	123,332	121,477	128,722
Marketing and promotion	12,739	29,946	16,428	11,886
Bank charges and interest	1,692	1,792	2,192	2,966
Stock-based compensation	3,975	6,055	9,846	13,864
Foreign exchange loss (gain)	12,297	32,528	26,502	(10,833)
Interest income	(7,696)	(5,772)	(5,284)	(5,049)
	182,596	187,881	171,161	141,556
	59,739	27,942	82,522	91,178
Claim settlement	-	-	(434,684)	-
Income before income taxes	59,739	27,942	(352,162)	91,178
Income tax expense				
Current income tax (recovery)	25,360	7,824	(108,984)	24,618
Deferred income tax	-	-	-	-
	25,360	7,824	(108,984)	24,618
Net income (loss) and comprehensive income (loss)	$ 34,379	20,118	(243,178)	66,560
			0	
Earnings per share - basic and diluted	0.001	0.000	(0.006)	0.002



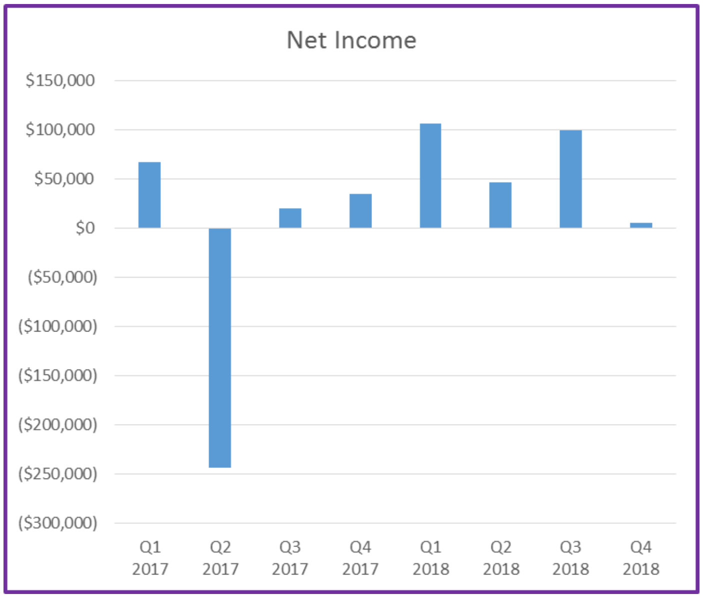
Sales for the fourth quarter of 2018 were 24.4% lower than the third quarter of 2018 due to the earlier Chinese New Year and lower bulk oil sales. Third quarter sales were 6.6% higher than the second quarter. Second quarter sales were 6.4 lower than first quarter.

Cost of sales in the fourth quarter of 2018 was 23.18% lower than third quarter due to decreased sales. Third quarter cost of sales was 3.4% higher than the second quarter due increased sales. Second quarter cost of sales was 3.8% lower than the first quarter.

Gross margin for the fourth quarter of 2018 was 5.8% compared to 7.4% for the third quarter. Second quarter gross margin was 4.6% compared to 7.2% for the first quarter ended March 31, 2018.



General and administration expenses were 29.3% higher in the fourth quarter than the third quarter of 2018 due to various charges recorded at year end, including audit and accounting fees and profit-sharing bonus.



Net income for the fourth quarter declined to $5,632 from $99,654 for the third quarter. The second quarter net income was $46,840 compared to the highest quarter one at $106,130 net income. Quarterly net income tends to fluctuate due to variation in sales, expenses and foreign exchange except for Q2 of 2017 when there was a large claim settlement.

CASH FLOWS

The Corporation’s cash flows are in line with expectations given the operations for the period.

The following is the Corporation's Statement of Cash Flows for the three months ended December 31, 2018 and for the year ended 2018; Sunora's cash flows arose only from operations during these periods.

	Three months ended December 31, 2018	Three months ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Net cash inflow (outflow) related to:				
Operating activities				
Net Income (loss)	$ 5,489	$ 34,379	258,256	(121,636)
Items not affecting cash				
Stock-based compensation	-	3,975	1,383	33,739
Deferred income tax expense	27,681	-	91,811	-
Change in unrealized foreign exchange on US dollar cash	(43,309)	(42,686)	15,818	(31,009)
	(10,139)	(4,332)	367,268	(118,906)
Changes in non-cash working capital				
Accounts receivable	90,873	(311,124)	234,159	(354,464)
Income tax recoverable (payable)	-	25,360	116,407	(5,950)
Goods and services tax recoverable (payable)	(3,174)	(3,289)	(2,915)	404
Inventory	17,422	(74,654)	183,257	11,433
Prepaid expenses and accrued interest	(50,510)	(20,274)	(26,650)	(6,503)
Accounts payable and accrued liabilities	130,472	404,271	(311,188)	302,763
Customer deposits	31,776	16,174	(13,993)	992
	216,859	36,464	179,077	(51,325)
Cash flow from (used in) operations	206,720	32,132	546,345	(170,231)
Financing activities				
Re-purchase of Corporation's shares	(125,640)	-	(210,065)	-
Cash flow used for financing	(125,640)	-	(210,065)	-
Increase (decrease) in cash flow	81,080	32,132	336,280	(170,231)
Cash and cash equivalents, beginning of year or period	3,410,772	3,139,881	3,214,699	3,353,921
Effect of exchange fluctuations on US dollar cash	43,309	42,686	(15,818)	31,009
Cash and cash equivalents, end of year	$ 3,535,161	$ 3,214,699	3,535,161	3,214,699
Cash and cash equivalents are comprised of:				
Cash held in Canadian dollars	3,317,438	2,919,110	3,317,438	2,919,110
Cash held in US dollars (stated in Canadian dollars)	217,723	295,589	217,723	295,589
	$ 3,535,161	$ 3,214,699	3,535,161	3,214,699

Sunora's cash balances increased by $336,280 during the year ended December 31, 2018. This increase in cash balances was primarily from its net income, utilization of tax loss carry-forwards and changes in working capital components; off-set in part by cash used in the re-purchase of shares. In the fourth quarter, cash balances were impacted when Sunora repurchased the bulk of the repurchased shares under the Normal Course Issuer protocol; this was offset by positive changes in working capital components.

OUTLOOK

Sunora maintains strong relationships with strategically located trading partners in North America and overseas. These relationships continue to drive demand for food oil products from Canada, with Sunora well positioned to meet existing and additional demand. Management has focused on increasing visibility in emerging markets, with a specific focus on the economies in Asia, with a view to meet this increased demand for Canadian manufactured food oil products. Sunora's operations, however, may be impacted by geo-political situations that can hold up sales as was experienced in the fourth quarter of 2015. As the middle class in these emerging economies demands higher quality and healthier foods, Sunora is well positioned to meet additional demand.

Management is actively identifying and analyzing operations that might increase sales and profitability for the Corporation. Sunora in the fourth quarter began to market MCT oil, which is an ideal carrier oil for hemp and medical cannabis products. Management is also actively considering other new products that may benefit from new domestic and international markets.

Prospective investment opportunities include packagers and suppliers in the food oil industry. With each operation identified, a detailed review and analysis is undertaken by management.

With continuing strength in the United States economy and new customers being added in Asia, along with its participation in the emerging hemp and medical cannabis market, Sunora is well positioned to grow and increase its sales.

OFF-BALANCE SHEET TRANSACTIONS

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

LIQUIDITY, FINANCING ACTIVITY AND CAPITAL RESOURCES

The financial position of the Corporation is strong relative to its financial requirements and commitments. Management maintains a conservative approach to day-to-day operations, monitoring the timing of its inventory turnover and meeting its obligations to suppliers within their credit facilities. Collections from customers were stringently managed as all receivables at December 31, 2018 were less than 60 days old. Sunora's target Current Ratio (Current Assets divided by Current Liabilities) as set by management is 2.0:1. Including its cash balance of $3,535,161 at December 31, 2018, Sunora's Current Ratio at December 31, 2018 was strong at 4.9:1, up from 3.8:1 at December 31, 2017. The Corporation has continued to have a strong working capital position. Additionally, the Corporation has neither debt nor any financial obligations other than to fund its operations.

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, 2020, and has an early termination clause with nine 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, the United States and overseas, Sunora has trading partners who purchase canola oil from Sunora for redistribution; these sales are final and not returnable.

The Corporation 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 Corporation has no minimum working capital requirements that are externally imposed.

The Corporation engages in commodity trading for its purchases, as opposed to speculation. Price changes had limited impact on its operations for the year ended December 31, 2018. 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 December 31, 2018 was 40,669,832. This change in outstanding shares reflects the re-purchase of 1,638,500 shares in the second half of 2018 under the Normal Course Issuer bidding protocol. Subsequently, in January 2019, the Corporation re-purchased an additional 122,000 shares, making the total number of shares re-purchased 1,760,500 which have been withdrawn from listing and are in the process of being cancelled.

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. There have been no changes from the prior year in the Corporation's exposure or responses to financial risks.

Fair value of financial instruments

The fair values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities 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.

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. Management believes the risk is often mitigated by the size and reputation of the companies to which they extend credit.

Preventing credit losses associated with accounts receivable requires management to assess certain forward looking and macroeconomic factors to determine whether there is a significant increase in credit risk as well as expected provisions on the balance outstanding at year-end as further described in Note 2 (c).

As at December 31, 2018, the Corporation's maximum exposure to credit risk for accounts receivable is $1,070,121 (2017 - 1,304,280). Accounts receivable include no amounts that are past due at the end of the reporting period.

	December 31 2018	December 31 2017
Current	$ 1,070,121	$ 1,304,280
Accounts receivable	$ 1,070,121	$ 1,304,280

During the year ended December 31, 2018, sales to two customers (2017 – two) represented 42.2% of the Corporation's total sales (December 31, 2017 –39.4%).

The accounts receivable balance has four customers (2017 – three) which represent 28%, 20%, 19% and 10% of the accounts receivable balance at December 31, 2018 (December 31, 2017 -33%, 20% and 13%). Bad debt expense for the year ended December 31, 2018 was nil (2017 - nil). At December 31, 2018, the Corporation had no allowance for doubtful accounts (2017 - nil).

The Corporation manages the credit exposure of $3,535,161 (December 31, 2017- $3,214,699) in cash and cash equivalents 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.

At December 31, 2018, the Corporation had cash and cash equivalents of $3,535,161 (2017- $3,214,699) available to settle accounts payable and accrued liabilities of $ 946,137 (2017 - $1,257,325). The majority of the Corporation's financial liabilities mature in within 60 days and all are subject to normal trade terms.

The financial liabilities on the 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.

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 (“USD”) and Singapore dollars (“SGD”) 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. This risk is partly off-set by accounts payable denominated in USD.

The carrying amounts of the Corporation's monetary assets and liabilities denominated in foreign currency are as follows:

	Foreign Currency		December 31, 2018		December 31, 2017
Cash at bank	USD	$	159,568	$	235,623
Accounts receivable	USD	$	625,371	$	859,894
Accounts receivable	SGD	$	-	$	183,668
Accounts payable	USD	$	(487,475)	$	(644,045)

(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.

(iii) Commodity price risk

The nature of the Corporation’s operations results in exposure to fluctuations in commodity prices. Commodity prices for canola and other food oils are impacted by global economic and political events that dictate the levels of supply and demand. Management continuously monitors commodity prices and may consider instruments to manage exposure to these risks when it deems appropriate. The Corporation did not enter into any derivative financial contracts related to commodity prices during the years ended December 31, 2018 and 2017 nor does it currently have any derivative financial contracts.

Capital Management

The Corporation's minimum desired 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. The working capital ratio for December 31, 2018 was 4.9:1 (2017 – 3.7:1). The Corporation’s business has been managed with a working capital position which has enabled the Corporation to operate without debt. Additionally, the current nature of Sunora’s operations has enabled it to expand without making capital investments.

The Corporation optimizes its capital structure with a view to ensure a strong financial position to take advantage of new opportunities. Sunora considers its capital structure to include shareholders’ equity and the Corporation strives to maximize the value associated of its share capital.

Sunora’s share capital could 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 year ended December 31, 2018 or the year ended December 31 2017.

CRITICAL ACCOUNTING ESTIMATES

Note 2 to Sunora's December 31, 2018 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, judgements and assumptions in preparation of the consolidated financial statements.

Valuation of accounts receivable

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts based on late payments, client relationships and default history.

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 using a Black- Scholes option pricing model which considers 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 consolidated statement of income and comprehensive income.

Current and deferred taxes

Provisions for current and deferred taxes are made using the best estimate of the amounts expected to be paid based on a review 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 estimation uncertainty. Deferred 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.

Foreign currency translation and operations

The functional currency of the Corporation is determined based on management's assessment of the currency of the primary economic environment in which the entity operates. As functional currency determines how income and expense items and liabilities denominated in foreign currencies are translated and where exchange differences are recognized, a change in the functional currency could have a significant effect on the amounts recorded in the financial statements.

Contingencies

Contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.