Management Discussion and Analysis
For the Three-Month Period ended March 31, 2019

This Management Discussion and Analysis ("MD&A") for the three months ended March 31, 2019 is derived from and should be read in conjunction with the condensed interim financial statements of Sunora Foods Inc. ("Sunora" or the "Company") for the three months ended March 31, 2019. This MD&A is effective May 29, 2019 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.

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 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 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 Inc. (“Sunora”) is a Calgary-based trader and supplier of canola, other food oils and related commodities. 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 competitive pricing, consistent quality, and 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’s 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 orders from its customers in the food oil processing, retail and food services markets. The Company contracts with food oil processing facilities

("Seed Crushers") where food oil seeds are crushed to produce food oils including canola and other food oils. Sunora's 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 health food industry.

HIGHLIGHTS

The following highlights are from the statements for the three months ended March 31, 2019 and the three months ended March 31, 2018, respectively:

	3-months ended March 31, 20119	3-months ended March 31, 2018
Sales	$ 2,631,582	$ 3,936,012
Net income and comprehensive income	$ 16,560	$ 106,130
Earnings per share - basic and diluted	$ 0.000	$ 0.002
	March 31, 2019	**December 31, 2018**
Cash	$ 3,663,311	$ 3,535,161
Other assets	$ 1,138,274	$ 1,452,699
Total liabilities	$ 817,831	$ 1,004,176
Shareholders' equity	$ 3,983,754	$ 3,983,684

The sales for the first quarter of 2019 decreased by 33.1% compared to the same period of 2018, a decline of $1,304,430. Sales for the first quarter of 2019 were relatively weaker in all areas, but we anticipate that they should improve in the upcoming quarters.

The income from operations before taxes for the first quarter of 2019 declined by 84% for the same period of 2018 due to the 33.1% decrease in sales for the comparative period and the reported loss on foreign exchange. Sunora remained profitable despite these factors.

Earnings (loss) per share were $0.000 for the three months ended March 31, 2019; lower than the $0.002 per share reported in the first quarter last year.

Sunora's policy of conserving cash is reflected in the cash balance of $3,663,311 at March 31, 2019, an increase of $128,150 from the $3,535,161 reported on December 31, 2018. The Company's strong working capital position continues to allow management to keep current on all obligations.

The other assets of Sunora as at March 31, 2019 were comprised primarily of accounts receivable, inventory, income tax recoverable and a deferred tax asset. Sunora's liabilities, all current, consist primarily of accounts payable and accrued liabilities and customer deposits.

DIVIDEND DECLARED

At its meeting of April 29, 2019, the Board declared Sunora's first ever dividend of $0.0035 per share to shareholders of record as of June 30, 2019. It is anticipated that the dividend will be paid in July 2019. This is line with the Board's commitment to create shareholder value evidenced by the recent share buy-back of 4.0% of its outstanding shares.

FINANCIAL POSITION

Assets		March 31, 2019		December 31, 2018
Current assets				
Cash	$	3,663,311	$	3,535,161
Accounts receivable		829,879		1,070,121
Inventory		195,141		243,374
Prepaid expenses and accrued interest		35,948		57,935
GST recoverable		5,663		13,535
		4,729,942		4,920,126
Deferred tax asset		71,643		67,734
	$	4,801,585	$	4,987,860
Liabilities				
Accounts payable and accrued liabilities	$	793,957		946,137
Customer deposits		23,874		58,039
		817,831		1,004,176
Shareholders' Equity				
Share capital		1,174,261		1,190,751
Contributed surplus		771,858		771,858
Retained earnings		2,037,635		2,021,075
		3,983,754		3,983,684
	$	4,801,585	$	4,987,860

Current assets

Sunora's current assets consist of cash, accounts receivable, prepaid expenses, inventory and income tax recoverable. 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.

Accounts receivable decreased by 22.4% but still was in a comparable range to that of December 31, 2018, due to continuing efforts by management to control the Company's credit and collections. The 19.8% decrease in inventory is due to a change in the mix of customer orders, with a decline in smaller orders shipped from warehouses.

Current liabilities

Sunora's current liabilities consist of accounts payable and accrued liabilities, and customer deposits. Accounts payable decreased by 16.1% since December 31, 2018, due to normal fluctuations in business activity in the period. As in the past, Sunora is committed to its 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. Current Assets comprise cash, accounts receivable, prepaid expenses, inventory and income tax recoverable; 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 March 31, 2019, the Working Capital Ratio was 5.8:1 compared to 4.9:1 at December 31, 2018. The Company's business has been consistently managed with a strong working capital position which has enabled the Company to operate without debt. Additionally, the current nature of Sunora's operations has enabled it to expand sales without making capital investments. Therefore, the Company believes it is in a very favourable position to continue to take advantage of opportunities and expand in the future.

OPERATIONS

		Three-Month Period March 31, 2019		Three-Month Period March 31, 2018
Sales	$	2,631,582		3,936,012
Cost of sales		2,441,158		3,654,250
Gross margin		190,424		281,762
Other				
General and administrative		126,001		134,285
Marketing and promotion		11,721		8,214
Bank charges and interest		2,046		2,623
Foreign exchange		50,238		(11,807)
Stock-based compensation		-		1,383
Interest income		(12,233)		(8,270)
		177,773		126,428
Income from operations		12,651		155,334
Income tax expense		-		43,493
Deferred income tax adjustment		(3,909)		5,711
		(3,909)		49,204
Net income and comprehensive income	$	16,560	$	106,130
Earnings (loss) per share				
Basic and diluted	$	0.000	$	0.002

DISCUSSION OF OPERATIONS

Sales

The Company operates in the single segment of food oil and related commodities. 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 International; International 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:

		Three-Month Period March 31, 2019		Three-Month Period March 31, 2018
Sales				
USA	$	1,876,369	$	2,705,934
Canada		67,200		319,556
International		688,014		910,522
	$	2,631,582	$	3,936,012

During the three-month period ended March 31, 2019, sales to three customers (March 31, 2018 – two) represented 53% of the Corporation's total sales (March 31, 2018 – 48%).

Cost of sales

Cost of sales consists of purchases of food oil, packaging, freight and custom duties. Sunora achieved a gross margin of 7.2% in the three months ended March 31, 2019, compared to 7.1% in the three months ended March 31, 2018. These margins tend to fluctuate due to the proportion of packaged oil sales to bulk oil sales which have different margin structures.

General and administration

General and administrative expenses decreased by a modest $8,284 in the three-month period ended March 31, 2019 compared to the same period of 2018. These expenses consist of salaries, commissions, rent, travel, and other office overhead expenses.

Marketing and promotion

A direct correlation to Sunora's sales has been its marketing efforts. Over the years, Sunora has established good relationships with its sale staff, giving them more flexibility and autonomy as mutual trust has developed in these relationships. In North America, Sunora has worked with brokers who have introduced new customers to the Company. Sales to independent distributors have also grown, mostly in overseas countries, which have given Sunora entry into many foreign markets. Product sales to foreign distributors and for other customers are final and not returnable.

Foreign exchange

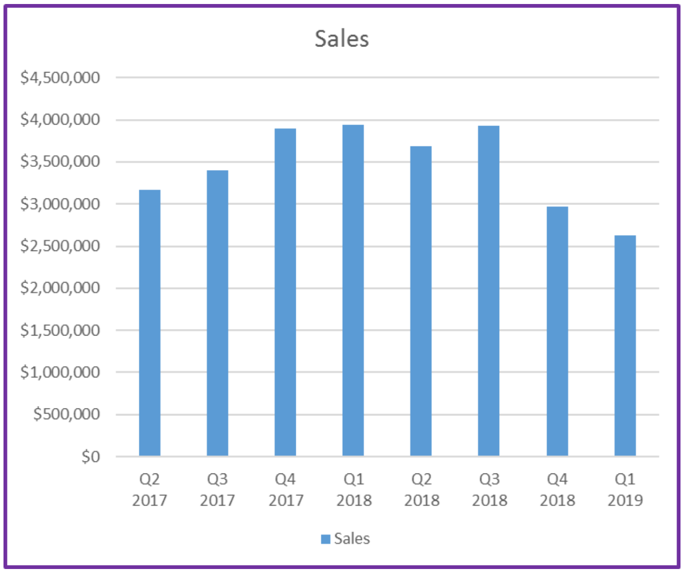
The foreign exchange gain or loss is primarily a result of inventory purchases and sales, which are denominated in US currency. In addition, this includes the unrealized foreign exchange gain or loss on the following foreign currency denominated balances: cash, accounts receivable and customer deposit.

QUARTERLY RESULTS

		Three months ended March 31, 2019		Three months ended December 31, 2018		Three months ended September 30, 2018		Three months ended June 30, 2018
		Q1		*Q4*		*Q3*		*Q2*
Sales	$	2,631,582	$	2,968,027	$	3,926,619	$	3,684,694
Cost of sales		2,441,158		2,795,093		3,633,756		3,514,527
Gross margin		190,424		172,934		292,863		170,167
Other								
General and administrative expenses		126,001		152,816		118,156		131,882
Marketing and promotion		11,721		16,350		10,396		7,719
Bank charges and interest		2,046		1,948		1,941		3,698
Stock-based compensation				-		-		-
Foreign exchange loss (gain)		50,238		(21,115)		19,594		(2,852)
Interest income		(12,233)		(10,378)		(9,586)		(8,999)
		177,773		139,621		140,501		131,448
Incoem from operations		12,651		33,313		152,362		38,719
Claim settlement		-		-		-		-
Income before income taxes		12,651		33,313		152,362		38,719
Income tax expense								
Current income tax (recovery)		-		-		-		(13,832)
Deferred income tax (recovery)		(3,909)		27,681		52,708		5,711
		(3,909)		27,681		52,708		(8,121)
Net income and comprehensive income	$	16,560	$	5,632		99,654	$	46,840
Earnings per share - basic and diluted	$	0.000		0.000		0.002	$	0.001

	Three months ended March 31, 2018	Three months ended December 31, 2017	Three months ended September 30, 2017	Three months ended June 30, 2017
	Q1	*Q4*	*Q3*	*Q2*
Sales	$ 3,936,012	$ 3,893,887	$ 3,396,872	$ 3,164,687
Cost of sales	3,654,250	3,651,552	3,181,049	2,911,004
Gross margin	281,762	242,335	215,823	253,683
Other				
General and administrative expenses	134,285	159,589	123,332	121,477
Marketing and promotion	8,214	12,739	29,946	16,428
Bank charges and interest	2,623	1,692	1,792	2,192
Stock-based compensation	1,383	3,975	6,055	9,846
Foreign exchange loss (gain)	(11,807)	12,297	32,528	26,502
Interest income	(8,270)	(7,696)	(5,772)	(5,284)
	126,428	182,596	187,881	171,161
	155,334	59,739	27,942	82,522
Claim settlement	-	-	-	(434,684)
Income before income taxes	155,334	59,739	27,942	(352,162)
Income tax expense				
Current income tax (recovery)	43,493	25,360	7,824	(108,984)
Deferred income tax	5,711	-	-	-
	49,204	25,360	7,824	(108,984)
Net income (loss) and comprehensive income (loss)	$ 106,130	$ 34,379	20,118	(243,178)
Earnings per share - basic and diluted	0.002	0.001	0.000	(0.006)

QUARTERLY SALES



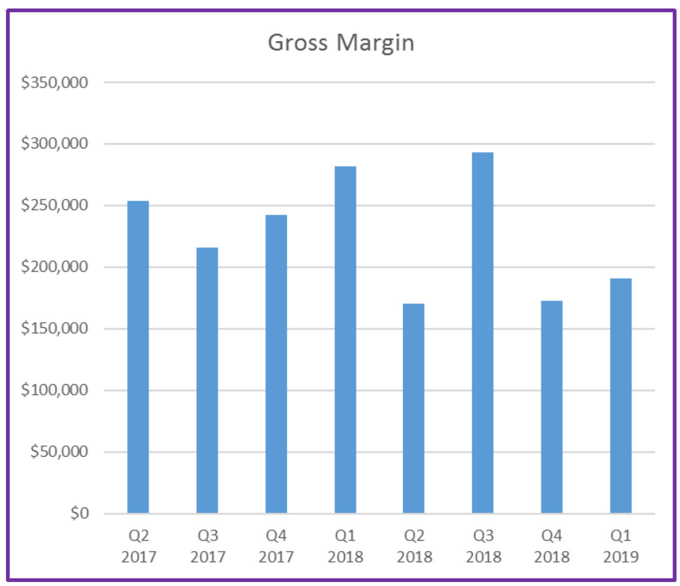
In the first quarter of 2019, sales decreased 11.3% from the fourth quarter of 2018 which in turn decreased 24.6% from the third quarter. The third quarter sales increased by 6.6% over the second quarter while second quarter sales decreased by 6.4% compared to the first quarter of 2018 due to seasonal factors.

The sales for the first quarter of 2019 were $2,631,582 compared to $3,936,012 for the same period of 2018, a decline of $1,304,430 or 33.1%. Sales for the first quarter of 2019 were relatively weaker in all areas, but should improve in the upcoming quarters.

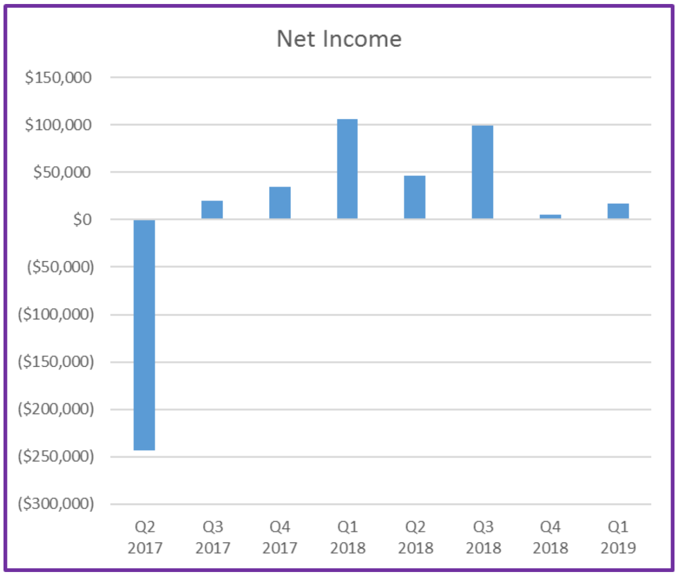
QUARTERLY GROSS MARGIN

Gross margin for the first quarter of 2019 was 7.2% compared to the fourth quarter of 2018 at 5.8%. The gross margin for third quarter was 7.4% compared to 4.6% for the second quarter and 7.1% for the first quarter of 2018.

The decrease in total margin for the first quarter of 2019 compared to the same period of 2018 is due to the decline in sales.



QUARTERLY NET INCOME



The net income for first quarter of 2019 was $16,560 compared to $5,632 for the fourth quarter of 2018. Net income for the third and second quarters of 2018 was $99,654 and $46,840, respectively.

The decline in net income for the first quarter of 2019 of $16,560 compared to $106,130 for the same period of 2018 is due to the decrease in sales and the foreign exchange loss in the recent quarter.

CASH FLOWS

The Corporation's cash flows are in line with expectations with respect to on-going operations for this quarter.

	Three-Month Period March 31, 2019	Three-Month Period March 31, 2018
Net cash inflow (outflow) related to:		
Operating activities		
Net Income (loss)	$ 16,560	$ 106,130
Items not affecting cash		
Stock-based compensation	-	1,383
Deferred income tax adjustment	(3,909)	5,711
Change in unrealized foreign exchange on US dollar cash	32,043	48,638
	44,694	161,862
Changes in non-cash working capital		
Accounts receivable	240,242	(494,142)
Income tax recoverable (payable)	-	43,492
GST recoverable	7,872	851
Inventory	48,233	161,076
Prepaid expenses and accrued interest	21,987	10,250
Accounts payable and accrued liabilities	(152,180)	54,284
Customer deposits	(34,165)	15,202
	131,989	(208,987)
Net cash inflow (outflow) fromoperations	176,683	(47,125)
Financing activities		
Re-purchase of Corporation's shares	(16,490)	-
Cash flow used for financing	(16,490)	-
Increase (decrease) in cash flow	160,193	(47,125)
Cash, beginning of period	3,535,161	3,214,699
Effect of exchange fluctuations on US dollar cash	(32,043)	(48,638)
Cash, end of period	$ 3,663,311	$ 3,118,936
Cash is comprised of:		
Cash held in Canadian dollars	3,201,127	3,068,546
Cash held in US dollars stated in Canadian dollars	462,184	50,390
	$ 3,663,311	$ 3,118,936

Sunora's cash balances increased $128,150 in the three months ended March 31, 2019 from December 31, 2018; it had decreased $95,763 in the three months ended March 31, 2018 from December 31, 2017. The decrease in the cash balance in the three months to March 31, 2019 was due to the changes in working capital line items, offset by the net income from operations.

OUTLOOK

Sunora maintains good relationships with customers 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 are, however, occasionally impacted by geopolitical situations that create concern among oversea importers. 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 gross margins for the Company. Prospective businesses considered include packagers and suppliers in the food oil industry. With each operation identified, a detailed review and analysis is undertaken by management. Specific focus is currently on packagers with operations in Canada that are looking for a strategic partner to expand international operations.

Management is also actively considering possible new products and trading opportunities that may benefit from its contacts in domestic and international markets. With the continuing positive momentum in the United States economy and new customers being added in Asia, Sunora is well placed for the future.

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 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 over 100% of receivables at March 31, 2019 were current. Sunora's Current Ratio (Current Assets divided by Current Liabilities) target as set by management is 2.0:1. Including its cash balance of $3,663,311 at March 31, 2019, Sunora's Current Ratio at March 31, 2019 was 5.8:1 (December 31, 2018 was 4.9:1). The Company has continued to have a strong working capital position. Additionally, the Company has neither debt nor any financial obligations other than to fund its operations.

Sunora has only one long term contractual obligation-- a lease on its office facilities in the Provident Professional Building in Calgary, Alberta. This lease for 1,038 square feet of office space, which was to was renewed for an additional three years to August 31, 2020. Sunora has independent agents working in many parts of the world including the United States. In Canada, the United States and overseas, Sunora has wholesale customers who purchase canola oil from Sunora for redistribution, these sales are final and not returnable.

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.

The Company engages in commodity trading for its purchases, as opposed to speculation. Price changes had limited impact on its operations for the period ended March 31, 2019.

The total number of common shares outstanding as at March 31, 2019 and May 29, 2019 was 40,547,832.

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 sets out the Corporation's exposure to each of the under-noted 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 and 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.

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 requiring a down payment from some companies to which they extend credit.

As at March 31, 2019, the Corporation's maximum exposure to credit risk for accounts receivable was:

		March 31, 2019		December 31, 2018
Current	$	829,879	$	1,070,121
Accounts receivable	$	829,879	$	1,070,121

At March 31, 2019, the accounts receivable balance is widely diversified with the exception of two customers (December 31, 2018 – two) which represent 26% and 24% of the accounts receivable balance (December 31, 2018 – 33% and 14%).

The Corporation manages the credit exposure of $3,663,311 related to 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.

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

At March 31, 2019, the Corporation had cash and cash equivalents of $3,663,311 to settle current liabilities of $793,957. The majority of the Corporation's financial liabilities has contractual maturities of less than 30 days and all are subject to normal trade terms.

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; these 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 and purchases denominated in U.S. dollars ("USD") and Singapore dollars ("SGD") to the extent the U.S. and Singapore denominated accounts receivable and accounts payable and accrued liabilities are subject to fluctuations in the related foreign exchange rate.

The actual amounts of the Corporation's monetary assets and liabilities denominated in foreign currency held at March 31, 2019 and December 31, 2018 are as follows:

	Foreign Currency		March 31 2019		December 31, 2018
Cash bank balance	USD	$	345,068	$	159,568
Accounts receivable	USD	$	588,789	$	625,371
Accounts payable	USD	$	(491,475)	$	(487,475)

(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 food oil 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 three-month period ended March 31, 2019 and the year ended December 31, 2018 nor does it currently have any derivative financial contracts.

Capital Management

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. The working capital ratio of March 31, 2019 was 5.8:1 (December 31, 2018 – 4.9:1). The Company's business has been managed with a strong working capital position which has enabled the Company to operate without debt.

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

Sunora's share capital could be used as a basis to raise additional capital to pursue future opportunities. 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 March 31, 2019 or the year ended December 31 2018.

CRITICAL ACCOUNTING ESTIMATES

Note 2 to Sunora's March 31, 2019 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 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 Company has recorded stock-based compensation expense was nil for the three months ended March 31, 2019 ($1,383 in the three months ended March 31, 2018). The amount recorded relates 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.

Current and deferred taxes

Provisions for current taxes are made using the best estimate of the amount 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.