Management Discussion and Analysis
For the Year Ended December 31, 2014

This Management Discussion and Analysis ("MD&A") for the year ended December 31, 2014 and for the four months ended December 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") for the year ended December 31, 2014 with comparative figures for the four-month period ended December 31, 2013. Quarterly comparative information prior to January 1, 2014 has not been included as it is impracticable to present prior period information as Sunora Foods Inc. was not previously required to report quarterly data. This MD&A is effective April 28, 2015 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 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, 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 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 operations comprise of receiving 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, soybean and corn 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 health food industry.

HIGHLIGHTS

The following highlights are from the consolidated balance sheet as at December 31, 2014 and as at December 31, 2013, and the statements of operations for the year ended December 31, 2014 and the four months ended December 31, 2013, respectively:

	Year ended December 31, 2014		4 months ended December 31 2013	
Sales	$	13,235,038	$	4,794,330
Net income (loss) and comprehensive income (loss)	$	189,073	$	(1,074,649)
Earnings per share - basic and diluted		0.00	$	(0.03)
Total assets	$	4,139,409	$	3,848,337
Shareholders' equity	$	3,066,947	$	2,831,499

Sunora's sales for the year ended December 31, 2014 were adversely impacted by a decline in oil related commodity prices of over twenty percent. In addition, the lack of available railcars for shipments from suppliers had some adverse effect on prospective bulk oil shipments. There was, however, a significant increase in overseas sales in the fourth quarter of 2014.

The $189,073 of net income and comprehensive income in the year ended December 31, 2014 was due to better gross margins achieved in the second, third and fourth quarters, which were more in line with historical experience. Another factor that contributed positively to the net income and comprehensive income was the gain in foreign exchange associated with a lower Canadian dollar. There were also less legal and accounting and tax costs due to the completion of the Qualifying Transaction and Reverse Acquisition in December 2013 which had a positive impact on the net income and comprehensive income for the year ended December 31, 2014. A co-packer's insolvency resulted in write-offs of $134,957 in the fourth quarter which negatively impacted the net income and comprehensive income.

FINANCIAL POSITION

Assets		December 31, 2014		December 31, 2013
Current assets				
Cash	$	1,784,147	$	1,646,563
Accounts receivable		1,440,990		1,296,199
Income tax recoverable		-		15,713
Inventory		741,047		707,362
Prepaid expenses		23,163		17,271
		3,989,347		3,683,108
Deferred tax asset		150,062		165,229
	$	4,139,409	$	3,848,337
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$	979,793	$	998,316
Income tax payable		80,465		-
Customer deposits		12,678		18,522
		1,072,936		1,016,838
Shareholders' Equity				
Share capital		1,400,816		1,400,816
Warrants		480,021		480,021
Contributed surplus		86,157		40,256
Retained earnings		1,099,479		910,406
		3,066,473		2,831,499
	$	4,139,409	$	3,848,337

Current assets

Sunora's current assets consist of cash, accounts receivable, inventory and prepaid expenses. 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 is in a comparable range to that of December 31, 2013, due to continuing efforts by management to monitor the Company’s credit and collections.

Current liabilities

Sunora's current liabilities consist of accounts payable and accrued liabilities, income tax payable and customer deposits. Accounts payable decreased by $18,523 since December 31, 2013 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. Current Assets comprise cash, accounts receivable, prepaid expenses and inventory; Current Liabilities include accounts payable and accrued liabilities, income taxes payable 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, 2014, the Company has exceeded its target Working Capital Ratio which was 3.7:1 compared to 3.6:1 at December 31, 2013, maintaining its capacity to support operations. The Company's business has been 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 without making capital investments. Therefore, the Company believes it is in a very favourable position to expand in the future.

OPERATIONS

	Three months ended December 31, 2014	Year ended December 31, 2014
Sales	$ 3,941,719	13,235,038
Cost of sales	3,618,935	12,302,991
Gross margin	322,784	932,047
Other		
General and administrative expenses	332,624	651,621
Marketing and promotion	3,570	22,602
Bank charges and interest	3,246	10,185
Foreign exchange gains and losses	(31,070)	(106,872)
Stock-based compensation	-	45,901
	308,370	623,437
Income (loss) before income taxes	14,414	308,610
Income tax expense (recovery)		
Current income tax expense (recovery)	24,330	104,370
Deferred income tax expense (recovery)	3,780	15,167
	28,110	119,537
Net income and comprehensive income	$ (13,696)	$ 189,073

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:

	3 months ended December 31, 2014	Year ended December 31, 2014	Year ended December 31, 2013
USA	$ 2,212,739	$ 7,972,651	$ 2,695,864
Canada	588,206	2,707,840	1,430,180
International	1,140,607	2,554,547	668,286
	$ 3,941,552	$ 13,235,038	$ 4,794,330

The Company also has had an economic dependence on one customer (2013 – two customers). During the three month and twelve month period ended December 31, 2014, sales to the customer represented approximately 15% and 17% (2013 – 27% and 14%) of the Company's total sales.

Sunora's sales to the United States have recently trended lower in proportion to sales 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. Sunora achieved a gross margin of 8.4% in the three months and 4.5% in the year ended December 31, 2014, which varied due to changes in the mix of products sold. These margins vary within an expected range as sales for packaged value-added products were relatively higher than bulk oil which commands lower margins.

General and administration

General and administrative expenses increased by $332,624 in the three-month period ended December 31, 2014. G&A consists of salaries, commissions, rent, travel, and various other miscellaneous office overhead expenses. Being a public company, these costs have increased. Another factor that increased these costs in the current year is a write off associated with co-packer insolvency of $134,957.

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. 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 foreign distributors and other customers, is final and not returnable.

Foreign exchange

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

QUARTERLY RESULTS

	Three months ended December 31, 2014	Three months ended September 30, 2014	Three months ended June 30, 2014	Three months ended March 31, 2014
Sales	$ 3,941,719	$ 3,496,856	$ 2,836,903	$ 2,959,560
Cost of sales	3,618,935	3,204,233	2,627,296	2,852,527
Gross margin	322,784	292,623	209,607	107,033
Other				
General and administrative expenses	332,624	111,983	54,270	152,744
Marketing and promotion	3,570	5,739	7,502	5,791
Bank charges and interest	3,246	2,222	1,778	2,939
Foreign exchange gains and losses	(31,070)	(9,088)	(29,628)	(37,086)
Stock-based compensation	-	-	-	45,901
	308,370	110,856	33,922	170,289
Income (loss) before income taxes	14,414	181,767	175,685	(63,256)
Income tax expense (recovery)				
Current income tax expense (recovery)	24,330	69,856	14,481	(4,297)
Deferred income tax expense (recovery)	3,780	(28,237)	39,624	-
Net income and comprehensive income	$ (13,696)	$ 140,148	$ 121,580	$ (58,959)
Earnings per share - basic and diluted	0.00	0.00	0.00	0.00

Sales for the fourth quarter of 2014 were 12.7% higher than the third quarter of 2014 due to the increase in overseas sales; third quarter sales were 23.3% higher than the second quarter partly due to the favorable exchange rate for the US dollar and improvement in the US economy; second quarter sales were 4.1% lower than first quarter of 2014 due to a continuing decline in commodity prices and lower bulk oil sales. Cost of sales was up by 12.9% in the fourth quarter of 2014 over the third quarter due to a comparable increase in sales. Cost of sales was up by 22% in the third quarter of 2014 over the second quarter due to a comparable increase in sales. Cost of sales was lower by 7.9% in the second quarter of 2014 than that of the first quarter of 2014 due to an inventory write-down taken in the first quarter and mix of sales. Gross margin for the fourth quarter was 8.2% compared to 8.4% for the three months ended September 30, 2014 due to reclassifying commission expenses into cost of sales offset by an increase in overseas sales and the depreciation of the Canadian dollar. Gross margin for the third quarter was 8.4% compared to 7.4% for the three months ended June 30, 2014 partly due to the appreciation of the US dollar. Gross margin for the second quarter of 2014 was 7.4% compared to 3.6% for the three months ended March 31, 2014, which is slightly higher than normal due to more value-added packaged products sold than bulk oil, the latter having lower profit margins. General and administration expenses were higher in the first quarter of 2014 due to one-time costs associated with going public. General and administration expenses were higher than all other quarters due to a co-packer’s insolvency resulting in write-offs of $134,957. Earnings per share remained consistent in the third quarter compared to the first three quarters of 2014.

CASH FLOWS

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

The following is the Company's Statement of Cash Flows for the three-month period and year ended December 31, 2014; Sunora's cash flows arose only from operations during these periods.

	Three Months ended December 31, 2014	Year ended December 31, 2014
Net cash inflow (outflow) related to:		
Operating activities		
Net Income (loss)	$ (13,863)	$ 189,073
Add (deduct) items not affecting cash:		
Stock-based compensation	-	45,901
Deferred income tax (recovery) expense	3,780	15,167
Change in unrealized foreign exchange on US dollar cash	141,402	107,692
	131,319	357,833
Changes in non-cash working capital		
Accounts receivable	(62,712)	(234,694)
Income tax recoverable (payable)	20,660	96,178
Inventory	(282,959)	(33,685)
Prepaid expenses	(18,824)	(5,892)
Accounts payable and accrued liabilities	(288,802)	15,332
Customer deposits	12,678	(5,844)
	(619,959)	(168,605)
Cash flow from (used by) operating activities	(488,640)	189,228
Cash, beginning of period	2,358,141	1,646,563
Effect of exchange fluctuations on US dollar cash	(85,354)	(51,644)
Cash, end of period	$ 1,784,147	$ 1,784,147
Cash is comprised of:		
Cash held in Canadian dollars	1,148,695	1,148,695
Cash held in US dollars	635,452	635,452
	$ 1,784,147	$ 1,784,147

Sunora's cash balances increased $137,584 in the year ended December 31, 2014. This increase since December 31, 2013 resulted primarily from net income adjusted for the decrease in inventory and accounts receivable offset partly by an increase in accounts payable and accrued liabilities and income taxes recoverable during that period. Sunora's cash balance decreased during the three months ended December 31, 2014 primarily due to an increase in inventory and accounts receivable and a decrease accounts payable and accrued liabilities.

OUTLOOK

Sunora maintains strong relationships with a number of strategically located trading partners in North America and Internationally. 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 international economies including Southeast Asia, and has met this increased demand with Canadian manufactured food oil products. Sunora operations can be impacted by geopolitical situations that may restrict delivery, but this has not significantly hindered operations to date. 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 may increase gross margins for the Company. Operations 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 new stable products that may benefit from new domestic and international markets.

While business outside North America has increased, its business in the United States has been adversely impacted by increased competition there.

OTHER SELECTED FINANICAL INFORMATION

	December 31, 2014		December 31, 2013	
Assets	$	4,139,409	$	3,848,337
Liabilities	$	1,072,936	$	1,016,838
Shareholders' equity	$	3,066,473	$	2,831,499

Total assets of Sunora as at December 31, 2014 are comprised primarily of cash, accounts receivable, inventory and deferred tax asset. The increase in assets from December 31, 2013 to December 31, 2014 is primarily due to an increase in cash as a result of the positive net income and an increase in accounts receivable.

Sunora's current liabilities consist primarily of accounts payable and accrued liabilities. Accounts payable and accrued liabilities decreased by $18,523 since December 31, 2013 due to the Company's policy of not keeping payables outstanding for longer than 30 days. The Company's strong working capital position continues to allow management to keep current on balances owing.

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 the timing of its inventory turnover closely to ensure it can meet its obligations to suppliers within their credit facilities. Collections from customers are stringently managed: 92% of receivables at December 31, 2014 were less than 60 days old. Sunora's Current Ratio (Current Assets divided by Current Liabilities) target as set by management is 2.0:1. Including its cash balance of $1,784,147 at December 31, 2014, Sunora's Current Ratio at December 30, 2014 was 3.7:1. 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 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 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 and Asia, 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.

As the Company engages in commodity trading for its purchases, as opposed to speculation; price changes have limited impact on its operations for the year ended December 31, 2014 due to better margins achieved in the second and third quarters of 2014. 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 28, 2015 is 42,254,332.

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 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.

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, 2014, the Corporation's maximum exposure to credit risk for accounts receivable is $1,440,990. 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, 2014	**December 31, 2013**
Current	$ 1,333,071	$ 1,287,774
60 - 90 days	105,641	6,927
Greater than 90 days	2,278	1,498
Accounts receivable	$ 1,440,990	$ 1,296,199

The accounts receivable balance is widely diversified with the exception of two customers (2013 – one customer) that represent 18% and 10% of the accounts receivable balance at December 31, 2014 (2013 – 33%).

During the period ended December 31, 2014, sales to one customer (2013 - two customers) represents 17% of the Corporation’s total sales (2013 – 27% and 14%).

Bad debt expense for the period ended December 31, 2014 was $148,260 (2013 - $103,680) which is included in general and administrative expenses. At December 31, 2014, the Corporation had allowance for doubtful accounts of $137,948 (2013 - $Nil).

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, 2014, the Corporation considered $Nil (2013 - $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 (“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.

The carrying amounts of the Corporation's monetary assets and liabilities denominated in foreign currency at December 31, 2014 and December 31, 2013 are as follows:

	Foreign Currency	December 31, 2014	December 31, 2013
Cash	USD	547,756	522,245
Accounts receivable	USD	1,144,223	651,127
Accounts receivable	SGD	92,250	92,131
Accounts payable	USD	(427,818)	(247,046)

A $0.01 increase in the U.S. to Canadian dollar exchange rate would have resulted in an increase of $16,000 to net income for the year ended December 31, 2014. A $0.01 increase in the Singapore to Canadian dollar exchange rate would not have a significant impact on the net income for the year ended December 31, 2014.

(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 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 Company's business has been 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 without making capital investments. Therefore, the Company believes it is in a very favorable position to expand in the future.

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.

CRITICAL ACCOUNTING ESTIMATES

Note 2 to Sunora's December 31, 2014 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:

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 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 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) Changes in accounting policies

On January 1, 2014, the Company adopted the following new standards and amendments which became effective for annual periods beginning on or after January 1, 2014:

Financial instruments

IAS 32 - Financial Instruments: Presentation ("IAS 32") has been amended to clarify requirements for offsetting financial assets and liabilities. The amendment addresses the meaning and application of the concepts of legally enforceable right of set-off and simultaneous realization and settlement.

Adoption of this standard had no impact on the company's consolidated financial statements.
Impairment of assets

IAS 36 – Impairment of Assets has been amended to require disclosure of the recoverable amount of an asset (including goodwill) or a cash generating unit when an impairment has been recognized or reversed in a period. When the recoverable amount is based on fair value less costs of disposal, the valuation techniques and key assumptions must also be disclosed.

Adoption of this standard had no impact on the Company's consolidated financial statements.

Levies

International Financial Reporting Interpretations Committee ("IFRIC") 21 – Levies includes the accounting for levies imposed by governments which clarifies the obligating event that gives rise to a liability to pay a levy.

Adoption of this standard had no material impact on the Company's consolidated financial statements.

(ii) Future accounting policies

The Company is currently assessing the impact of adopting the following recent standards issued by the IASB:

Financial instruments

IFRS 9 – Financial Instruments provides a comprehensive new standard for accounting for all aspects of financial instruments. It includes a logical model for classification and measurement, a single, forward-looking "expected-loss" impairment model and a substantially reformed approach to hedge accounting. The new standards is effective for years beginning on or after January 1, 2018.

Revenue recognition

IFRS 15 – Revenue from contracts with customers provides a comprehensive new standard on revenue recognition. It specifies how and when to recognize revenue as well as requiring entities to provide more information and relevant disclosure. The new standard is effective for years beginning on or after January 1, 2017.