



2009 Annual Report

Management's Discussion & Analysis

November 23, 2009

The following discussion has been prepared by management and is a review of the consolidated operating results and financial position of Cortex Business Solutions Inc. ("Cortex" or the "Company") based upon accounting principles generally accepted in Canada. This Management Discussion and Analysis ("MD & A") should be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended July 31, 2009; as well as the notes thereto.

All amounts are expressed in Canadian dollars unless otherwise stated. This disclosure is effective as of November 23, 2009.

The MD&A and financial statements for earlier periods should also be considered relevant and are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Additional information is also available on the Company's web site at www.cortex.net.

Statements in this MD&A relating to matters that are not historical facts are forward-looking statements. Such forward-looking statements may involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Company to be materially different from any future results implied by such forward-looking statements. Forward-looking statements are often, but not exclusively identified by words such as "anticipate", "may", "expect", "plan", "future", "continue", "intends", "projects", "believes", "seek", "budget", "estimate", "forecast", "will", "predict", "potential", "target", "could", "might", and other similar expressions. Some of the risks that may cause actual results to vary are described under the "Business Risks and Uncertainties" section. It is important to note that:

- Unless otherwise indicated, forward-looking statements describe our expectations as of the date of management's discussion and analysis;*
- We caution readers not to place undue reliance on forward-looking statements as our actual results may differ materially from our expectations if known and unknown risks or uncertainties affect our business, or if our estimates or assumptions prove inaccurate. Therefore, we cannot provide any assurance that forward-looking statements will materialize; and*
- We assume no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason unless required by applicable securities laws.*

Fiscal 2009 Financial and Operational Highlights

Cortex has achieved significant milestones during the fiscal year ended July 31, 2009. As Cortex executes its business plan, the Company is starting to gain credibility and traction in the marketplace, particularly in the oil and gas industry. There was a conscious shift in the focus of Cortex from project management revenue to growth of the Cortex Supplier Network (“Network”) and recurring access and usage fee revenue. The increased suppliers on the network increases recurring access and usage fee revenue for Cortex, as well as increases the value of the Network to other potential large procurement organizations.

- The Company achieved record recurring access and usage fee revenue of \$1.19 million in fiscal year 2009 (\$636,642 – 2008), a 76% increase over fiscal year 2008.
- Due to the growth of the Network, acceleration of recurring access and usage fee revenue started to appear in the last two quarters of the July 2009 fiscal year. As a result, recurring access and usage fee revenue increased to \$349,908 for the quarter ended July 31, 2009 for an increase of \$50,642 over the quarter ended April 30, 2009, a 17% increase. This can be attributed to the increase in suppliers transacting on the Network and an increased number of transactions.
- Integration and desktop set up fees invoiced in the year increased \$521,055 a 540% increase (2009 - \$617,555, 2008 -\$96,500). Of these fees invoiced \$146,807 was recognized as set up fee revenue in 2009 compared to \$76,352 in 2008.
- On October 30, 2009 the Company signed a new long term service agreement with its largest customer. The agreement includes a one year professional services agreement and a new five year service agreement with an option to extend for an additional five years.
- Cortex signed over 2000 suppliers to the Network and has increased the average number of suppliers transacting monthly.
- On June 17, 2009, Cortex closed the final tranche of its previously announced private placement for total gross proceeds of \$2,642,000, of which \$2,200,000 was received by Cortex from the first tranche of the private placement which closed on May 12, 2009. In total 13,247,500 Units were issued, which included 37,500 Units issued to the Agent, Wolverton Securities Ltd., in lieu of \$7,500 of the corporate finance fee. The Agent also received Agent’s options to purchase the number of Units equal to 10% of the Units sold, exercisable for four years following the closing and 10% commission on the gross proceeds.
- On March 18, 2009 the Company announced a strategic partnership with Powervision Software Inc. (“Powervision”). Powervision’s expertise in document and workflow management solutions directly aligns with Cortex’s service of electronically connecting trading partners. Powervision’s current customer base and exposure to the Oil & Gas producer community creates a unique opportunity for Cortex to rapidly connect additional trading partners and expand the value of its Trading Partner Network.
- Cortex joined the BlackBerry Alliance Program in February of 2009. Membership in the BlackBerry(r) alliance program will help Cortex launch its newest solution - QuikTikit™ that runs on BlackBerry(r) smartphones from Research In Motion (RIM). QuikTikit™ is a revolutionary solution that offers companies the ability to expedite their invoicing process and to retrieve billing information or service tickets produced in the field in a more timely and

efficient manner. It uses the BlackBerry(r) smartphone to remotely capture the signed image and accounting data from paper timesheets, goods, and service receipts and sends them securely through the Cortex Trading Partner Network directly into the client's back office billing or accounting system for processing.

The steady and continual growth of suppliers signing on to the Cortex Trading Partner Network is encouraging and aligns with the Company's business plan. The recurring access and usage fees from these new users had started to materialize by the end of the third and fourth quarters of 2009. Cost reductions have been implemented until such time as revenue growth is back on target or operational and development demands dictate. Month over month, we have seen record transactions through the Network and record recurring access and usage fees which our three months ended October 31, 2009 results will reflect. This increasing trend in recurring access and usage fee revenue is being translated into a reduction in our quarterly cash burn. This, together with the long term service agreement signed, will move Cortex closer to positive cash flow projected for the three months ended January 31, 2010.

The current economic downturn may encourage companies to focus on cost savings measures. The Company's solution assists companies in this goal by providing them with an automated eProcurement solution which could assist in reducing their internal costs and improving controls.

Description of Business

Cortex Business Solutions Inc. is a leading eCommerce service company that improves efficiencies, reduces costs and streamlines procurement and supply chain processes for its customers. Accessing the Cortex Network enhances the exchange of business critical documents, such as purchase orders, receipts and invoices resulting in improved cash flow management and business controls, while reducing day's outstanding and administrative costs. Cortex is a low cost, low risk solution that can be implemented quickly by leveraging its customers existing business environment - evolving business.

Cortex products and services are non-intrusive and allow our customers the freedom to leverage and optimize their existing processes and information technology assets when it makes the best business sense for them. This approach improves the productivity, cash flow and profitability of our customers, while avoiding the risk and delays associated with large information technology or business processes re-engineering initiatives.

Overview of Results of Operations

In an effort to improve the customer experience and reduce inefficiencies in their organization surrounding duplicate entry, Cortex has focused its sales team on educating existing customers on our integrated solution. This value proposition continues to generate interest and as a result, Cortex has invoiced \$206,600 for these services in 2009 compared to \$45,150 in fiscal 2008 (an increase of 357% or \$161,450). Desktop set up fees, which are the direct result of additional suppliers joining the Network generated \$298,725 worth of invoiced fees in the year, compared to \$46,590 in 2008 (an increase of 541% or \$252,135). During the year, prepayments, or deposits for future services were also received for a total of \$112,230, compared to \$4,760 in fiscal 2008 (an increase of \$107,470 or 2,258%) The total invoiced for these three fees was \$617,555 in 2009 and \$96,500 for 2008 (an increase of \$521,055 or 540%). Of this amount, the Company has recognized \$146,807 as set up fee revenue in 2009 (\$76,352 in 2008). The remaining amount has been deferred in line with the Company's revenue recognition policy. During the year ended July 31, 2009 Cortex recurring access and revenue grew 76% (2009 - \$1,119,392, 2008 - \$636,642). The project management fees were

down 100% in 2009 (2009 - \$Nil, 2008 - \$1,529,419). This was a conscious decision by the management team to focus on expanding our supplier network and increasing our access and usage fee revenue. The result of this focus can be seen in the strength of our access and usage revenue stream growth, as well as the 422% increase in suppliers transacting on the Network.

The Company's revenue stream is based on the premise that our business assists companies in reducing their overhead and improving cash flow. The recent economic downturn may encourage companies to focus on these measures. Cortex does not anticipate that the current economic downturn would have a significant negative impact on our estimated revenue growth.

Selected Annual Information

The following table presents selected annual information for the years ended July 31, 2009, 2008 and 2007.

	2009	2008	Change	% Increase (Decrease)	2008	2007	Change	% Increase (Decrease)
Total Revenues	\$1,335,105	\$2,243,054	\$(907,949)	(40%)	\$2,243,054	\$1,626,090	\$616,964	38%
Total Expenses	7,784,854	4,696,608	3,088,246	66%	4,696,608	2,394,161	2,302,447	96%
Net loss	(6,449,749)	(2,453,554)	(3,996,195)	(163)%	(2,453,554)	(768,071)	(1,685,483)	219%
Net loss per share	(0.06)	(0.04)	(0.02)	50%	(0.036)	(0.014)	(0.022)	157%
Total assets	2,839,253	6,182,827	(3,343,574)	(54%)	6,182,827	833,991	5,348,836	641%
Total long-term financial liabilities	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-

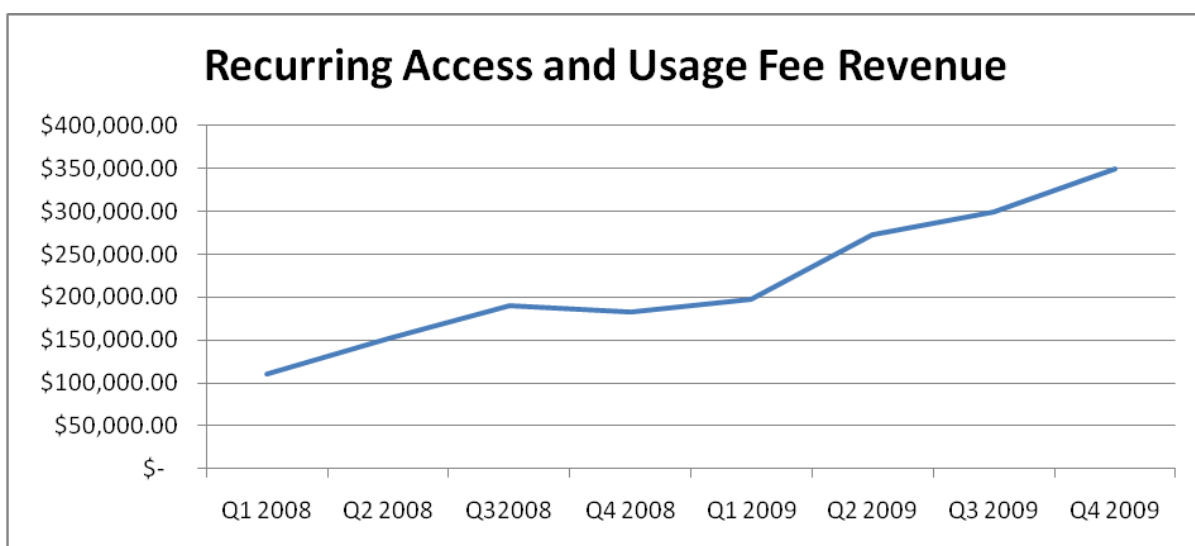
Revenue

Total revenue for the year decreased 40% (July 31, 2009 - \$1,335,105; July 31, 2008 - \$2,453,054). The Company realized growth of 76% in our recurring access and usage fees revenue (July 31, 2009 - \$1,119,392, 2008 - \$636,642) and 92% in the set-up fees recognized in the year (July 31, 2009 - \$146,807, 2008 - \$76,352). The Company began its transition out of project management revenue to focus more on a sustainable revenue source derived from monthly access and usage fees. The elimination of project management fees was the result of a change in the focus of our sales and business development team. There were no project and management fees in fiscal 2009 (2008 - \$1,529,419).

The sustained revenue growth is a positive reflection on the Company's diligence in applying our goals and strategies and acceptance and awareness in the marketplace of our product and its economic benefit to users.

The following table summarizes the revenue streams, fluctuations and trends over the last three fiscal years.

	2009	2008	Change	% Increase (Decrease)	2008	2007	Change	% Increase (Decrease)
<i>Project management</i>	\$Nil	\$1,529,419	\$(1,529,419)	(100%)	\$1,529,419	\$1,174,625	\$354,794	30%
<i>Access and usage fees</i>	1,119,392	636,642	482,750	76%	636,642	390,869	245,773	63%
<i>Set-up fees</i>	146,807	76,352	70,455	92%	76,352	43,839	32,513	74%
<i>Interest income</i>	68,906	641	68,265	10,650%	641	16,757	(16,116)	(96)%
Total Revenue	1,335,105	2,243,054	(907,949)	(40%)	2,243,054	1,626,090	616,964	38%



Expenses

Expenses for the year increased 66% (July 31, 2009 - \$7,784,854, July 31, 2008- \$4,696,608). The majority of the Company's expenses (78%) relate to salaries, employee benefits and subcontracts (July 31, 2009 - \$6,081,682, July 31, 2008 - \$3,210,260). At the end of July 2009, the Company initiated a reduced work week in order to reduce overall spending. During fiscal Q1 and Q2 2009, Cortex invested in its delivery infrastructure to ensure our future success and viability. Beginning in Q3 of 2009 (three months ended April 30, 2009), the Company began to realize the benefits of these investments. Improved productivity allowed the Company to increase sales while reducing our overall costs. As our revenue grows Cortex will continue to invest in opportunities to improve sales, customer satisfaction, improve productive and reduce costs and risks.

The Company's general and administrative expenses were 9% of overall expenses. These costs are kept to a minimum in order to focus resources on key strategic areas. The general and administrative costs were looked at as part of our cost reduction strategy. These reductions were initiated during

the month of July 2009. The Company's rent expense in the year has increased from 2% of total expenses in 2008 to 4% of total expenses in 2009 (2009 - \$317,902, 2008 - \$102,146). The Company secured a short term lease in 2009 facilitate the growth of the Cortex team. The short term lease has been extended through February 2010, at which time premises requirements will be examined.

The Company values stock-based compensation expense using the Black-Scholes option-pricing model. During the year, this non-cash compensation expense amounted to 6% of the Company's expenses (2009 - \$429,366, 2008 - \$778,384). With a continued focus on building a strong, competent, and successful team, the Company strives to maintain a competitive compensation structure and positive environment in which to work. Part of the current compensation structure is non-cash compensation. This will reserve financial resources for additional product development, infrastructure and capital requirements.

The following table summarizes the expenses, fluctuations and trends over the last three fiscal years.

	2009	2008	Change	% Increase (Decrease)	2008	2007	Change	% Increase (Decrease)
General and Administrative	\$698,984	\$400,885	\$298,099	74%	\$400,885	\$200,394	\$200,491	100%
Internet and hosting	61,154	51,171	9,983	20%	51,171	55,248	(4,077)	(7)%
Professional fees	99,994	112,827	(12,833)	(11)%	112,827	88,535	24,292	27%
Rent	317,902	102,146	215,756	211%	102,146	40,156	61,990	154%
Salaries, employee benefits and subcontract	6,081,682	3,210,260	2,871,422	89%	3,210,260	1,709,823	1,500,437	88%
Stock-based compensation	429,366	778,384	(349,018)	(45)%	778,384	278,912	499,472	179%
Amortization	95,772	40,935	54,837	134%	40,935	21,093	19,842	94%
Total Expenses	7,784,854	4,696,608	3,088,246	66%	4,696,608	2,394,161	2,302,447	96%

Net Loss

The Company's net loss for the year ended July 31, 2009 increased by 163% (July 31, 2009 - \$6,449,749; July 31, 2008 - \$2,453,554). The significant items which impacted net loss were:

- Suppliers reduced transactions – due to reduced spending in oil and gas industry.
- No project management revenue in the year
- Increase in salaries, employee benefits and subcontract of \$2,871,422

This was partially offset by:

- Reduced stock-based compensation costs, which decreased \$349,018 over the prior year.
- Increase access and usage fee revenue of \$482,750 over 2008.

- Increase in set up fees recognized of \$70,455 over 2008
- Increase in interest income of \$68,265 over 2008

During fiscal Q1 and Q2 2009, Cortex invested in its delivery infrastructure to ensure our future success and viability. Beginning in Q3 (three months ended April 30, 2009), the Company began to realize the benefits of these investments. Improved productivity allowed the Company to increase sales while reducing our overall costs. As our revenue grows Cortex will continue to invest in opportunities to improve sales, customer satisfaction, improve productive and reduce costs and risks.

Cortex remains focused on growing the Network and adding additional procurement organizations to support the current trend in revenue growth.

Quarterly Information

The following table presents key financial information by quarter for fiscal 2009 and the previous two fiscal years.

	Revenue	Net Loss	Basic and diluted loss per share
2009			
Quarter One	\$228,813	\$(1,765,822)	\$(0.017)
Quarter Two	318,113	(1,677,054)	(0.016)
Quarter Three	353,184	(1,611,614)	(0.015)
Quarter Four	434,995	(1,395,259)	(0.012)
2008			
Quarter One	\$619,488	(\$197,050)	(\$0.004)
Quarter Two	816,652	(147,618)	(0.003)
Quarter Three	609,130	(456,504)	(0.010)
Quarter Four	197,784	(1,652,382)	(0.019)
2007			
Quarter One	\$398,353	(\$145,719)	(\$0.003)
Quarter Two	370,068	(122,929)	(0.002)
Quarter Three	435,715	(143,636)	(0.003)
Quarter Four	421,954	(355,787)	(0.006)

Fourth Quarter 2009 Results

The Company had revenue of \$434,995 in the fourth quarter of 2009 compared to \$197,784 for the same quarter 2008. This was an increase of 120%. The most significant revenue stream growth was in our access and usage fee revenue, which grew 91% (Q4 2009 - \$349,908, Q4 2008 - \$183,360). This is the result of a 422% increase in suppliers on the Cortex Network, July 2009 over July 2008. During the three months ended July 31, 2009, the Company invoiced \$168,050 set up fees (both activation and desktops) compared to \$5,000 for the same three month period 2008. As Cortex continues to build momentum in the marketplace, the results are beginning to materialize through increased suppliers, and existing suppliers wanting to utilize our solution for more invoice coverage through our integrated solution. The increase in access and usage fee revenue will follow once these customers have completed their projects and can realize the benefits of increased invoice coverage through the Network.

Expenses for the fourth quarter of 2009 were \$1,830,254 compared to \$1,850,166 for the same quarter in 2008; this is an overall reduction in expenses of \$19,912, or 1%. There was a reduction of \$134,544 (or 7%) in expenses from the third quarter of 2009 to the fourth quarter of 2009 (Q3 - \$1,964,798, Q4 - \$1,830,254). During the quarter, Cortex was able to increase both contracted and transacting suppliers while reducing our overall costs through productivity improvements. As the Company becomes more proficient and streamlined in its processes, the cost reductions will begin to be more visible.

Income Taxes

For the year ended July 31, 2009, the Company is not cash taxable. At July 31, 2009, the Company has approximately \$10,039,000 of non-capital losses to carry forward to reduce future year's taxable income.

Share Capital

Cortex Business Solutions Inc. issued 13,247,500 common shares during the fiscal year ended July 31, 2009 and 48,677,417 common shares during the fiscal year ended July 31, 2008.

During the year ended July 31, 2008, an amount was accrued as a bonus for signing of a material anchor account to issue 1,000,000 common shares at an estimated fair value of \$200,000. As at July 31, 2009 and July 31, 2008 the shares have not been issued and the \$200,000 is included in accounts payable and accrued liabilities.

On June 17, 2009, the Company completed a brokered private placement financing, by issuing a total of 13,210,000 Units ("Units") at \$0.20 per Unit for gross proceeds of \$2,642,000 (the "Offering"). Each Unit consists of one common share and one half common share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to acquire one common share for a period of two years from the closing of the Offering at \$0.30 per common share and for an additional two years at \$0.45 per common share. The Agent was paid a cash commission of \$264,200, a corporate finance fee of \$25,500 of which \$7,500 was paid through the issuance of 37,500 Units, plus legal fees and disbursements and Compensation Options to purchase an amount equal to 10% of the number of Units sold (1,321,000) under the Offering at \$0.20 per Unit for a period of four years from the closing of the offering. As at July 31, 2009, no Compensation Options have been exercised.

The fair value of the Compensation Options issued to the Agent pursuant to the Offering was estimated using the Black-Scholes option-pricing model using the following weighted average assumptions: an expected life of 2.67 years, risk-free interest rate of 2.14%, expected volatility of 179.5% and expected dividend rate of \$Nil; resulting in an increase in issuance costs and contributed surplus of \$248,667.

The fair value of the Warrants issued pursuant to the Offering was estimated using the Black-Scholes option-pricing model utilizing the residual value method using the following weighted average assumptions: an expected life of 2.67 years, risk-free interest rate of 2.14%, expected volatility of 179.5% and expected dividend rate of \$Nil. As a result, the allocation of the gross proceeds from the Offering of \$2,642,000 was allocated as to \$2,078,685 to the 13,210,000 common shares and \$563,315 to the 6,623,750 Warrants. In connection with the Offering, issuance costs were \$614,987 (which includes the \$248,667 Agent costs above) of which \$483,857 was allocated to the common shares and \$131,130 was allocated to the Warrants.

The number of shares issued and outstanding at July 31, 2009 and November 23, 2009 is 117,680,875.

Liquidity and Capital Resources

At July 31, 2009, Cortex Business Solutions Inc. held \$1,174,170 cash and cash equivalents, compared to \$4,770,767 at July 31, 2008. The Company had accounts receivable of \$140,645 at July 31, 2009 compared to accounts receivable of \$69,863 at July 31, 2008. The Company continues to maintain a diligent collections regime. None of the accounts receivables are under dispute however, the Company has set up \$3,000 as an allowance for doubtful accounts at July 31, 2009. The Company also has \$1,040,000 (including reinvested interest of \$40,000) guaranteed investment certificates at July 31, 2009 (\$1,000,000 at July 31, 2008).

Cash used in operating activities was \$(5,527,745) in fiscal 2009 as compared to \$(763,473) in fiscal 2008. This increase in cash used in operating activities is the result of an increase in overall expenses during the year of \$3,088,246 and the reduction of project management revenue of \$1,529,419. The Company had an increase in staffing and related costs during the year, which made up for the majority of the increase of \$2,871,422. As staffing is an integral part of the Company's success, it was necessary to attract and retain qualified employees and subcontractors.

The Company used \$295,732 to invest in property and equipment in fiscal 2009 and \$163,766 in fiscal 2008. The Company spent \$62,244 on furniture and office equipment, \$187,681 on computer equipment, \$4,305 on leasehold improvements (net of recovery from landlord) and \$41,502 on software. As a result of the additional location in the year, there was some additional spending required on furniture, telephone system and leasehold improvements.

The Company operates a stock option plan as approved by the shareholders at the 2008 Annual General Meeting on May 4, 2009. Under this plan, directors, officers, consultants and employees are eligible to receive stock options. The aggregate number of common shares to be issued upon the exercise of all options granted under the plan shall not exceed 20,886,675. Options granted under the current stock option plan generally have a term of five years but may not exceed five years and vest over an 18 month period. The stock options granted under a previous stock option plan had vesting periods ranging from immediate vesting upon grant to 18 months. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the policy or policies of the stock exchange(s) upon which the Company's common shares are

then listed. The number of outstanding stock options at July 31, 2009 was 11,727,124 and at July 31, 2008, 9,210,950. The amounts exercisable for the same periods were 8,403,250 and 5,727,617, respectively, with a weighted average exercise price of \$0.19 each. At November 23 2009, the Company had 8,505,826 stock options exercisable and 12,082,176 stock options issued. At July 31, 2009 and November 23, 2009, there were 19,673,750 warrants outstanding at a weighted average exercise price of \$0.35.

The consolidated financial statements of the Company have been prepared on a going concern basis. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to realize its assets at the amounts recorded and discharge its liabilities in other than the normal course of business. The Company has experienced consecutive net losses for the years ended July 31, 2009 and 2008 of \$6,449,749 and \$2,453,554, respectively, and has a cumulative deficit of \$13,511,143 at July 31, 2009. Management's assessment of the Company, based on its current cash flow forecast and financial model, is that the ability to remain as a going concern is affected by the following factors:

- a) The current recession has reduced capital spending in the oil and gas sector.
- b) The current recession has also reduced overall spending in the oil and gas sector. This has impacted the Company's generation of recurring access and usage fee revenue through a reduction of documents flowing between vendor and suppliers. This translates into reduced transactional volume and reduced volume of suppliers coming on board through the addition of new hubs.

Management's plan for addressing these issues:

- a) Subsequent to year end, the Company signed a new long term service agreement with its largest customer. The agreement includes a one year professional services agreement and a new five year service agreement with an option to extend for an additional five years. The funds generated by this agreement, in conjunction with anticipated growth in transactional fee revenue (access and usage fee revenue) are expected to provide sufficient funds to carry out the Company's current business plan.
- b) The Company has taken steps to reduce its operating costs including a salary reduction by its employees, during the year ended July 31, 2009 and closely monitoring all other operating costs.
- c) The Company may consider additional salary or general and administrative cost reductions and may need to consider additional equity financing as well.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. Should the Company not be able to continue as a going concern, adjustments to the recorded amounts and classifications of assets, liabilities and expenses would be required.

The economic downturn may affect the Company's ability to obtain similar financing in the future, as was completed during the year. The Company anticipates that current capital resources, together with anticipated revenue growth, will be sufficient to support operations without the need for additional financing in the near future.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Contractual Obligations

The Company entered into a five year operating lease for office space commencing December 1, 2007 and expiring November 30, 2012, a second eleven month operating sublease for office space commencing September 1, 2008 which was extended effective August 1, 2009 for an additional seven months, a new four year operating lease for office equipment commencing February 11, 2008, and a second four year operating lease for office equipment commencing August 2008. The Company entered into a five month sub lease agreement effective March 1, 2009 to July 31, 2009 to recover \$3,000 of rent per month from an independent third party.

The Company has retained effective April 1, 2009, the services of Brisco Capital Partners Corp, an investor relations firm. The Company committed \$6,000 per month plus disbursements for a one year period ending March 31, 2010. In addition, on April 1, 2009, the Company granted to Brisco Capital Partners Corp 500,000 incentive stock options at an exercise price of \$0.20. These stock options will vest in accordance with the Company's stock option plan.

The Company's total minimum annual obligations as follows: 2010 - \$296,878; 2011 - \$133,315; 2012 - \$132,175; and 2013 - \$42,814.

Transaction with Related Parties

There were no transactions with related parties in the year ended 2009 or 2008.

Business Risks and Uncertainties

Material risk factors that could cause our actual results to differ materially from the forward-looking statements contained herein include: dependence on key personnel; risks related to expansion of our business operations – domestically and internationally; current global economic downturn; exchange rate fluctuations; risks related to future acquisitions; requirements for additional financing for our business and any future acquisitions; credit terms extended to our customers; possible volatility of our share price; product and geographic concentration in conjunction with the limited range of services that we provide; our historical dependence on a small number of large customers; our ability to protect our intellectual property; our potential vulnerability to computer and information systems security breaches; competition from third parties; rapid technological change; risk of third party claims for infringement of intellectual property rights by others; and risks related to technical standards and the certification of our services.

The recovery in the value of the Canadian dollar recently should minimize the effect on the Company's future revenues from international sources. The Company currently has nominal revenue outside of Canada and the impact is believed to be negligible at this time.

Critical Accounting Estimates

Management estimates are used when accounting for items and matters, such as useful lives and future recoverability of property and equipment, and stock-based compensation.

The Company amortizes property and equipment on a declining balance method based on their estimated useful lives. Any change in the estimate of their useful lives could impact the amortization provisions.

The Company grants stock options. The estimated fair value of the stock options granted is determined using the Black-Scholes option-pricing model. This model incorporates estimates based on historical data for inputs into the option-pricing model such as the expected future volatility of the Company's share price, expected lives of the options, expected dividends to be paid by the Company and other relevant assumptions.

The Company has issued Units of common shares and warrants and Compensation Options to purchase Units and estimated their fair value using the Black-Scholes option-pricing model. This model incorporates estimates based on historical data for inputs into the option-pricing model such as the expected future volatility of the Company's share price, expected lives of the Compensation Options and warrants, expected dividends to be paid by the Company and other relevant assumptions.

Outlook

During fiscal 2010, the Company will continue their further expansion of the Cortex Trading Partner Network, by adding additional buying organizations and supplier groups. By doing so, Cortex will draw additional revenue from increased transaction volumes and strategic expansion into oil and gas and other industry segments. Our strategic partnerships with Powervision, Telus and RIM are expected to significantly increase our exposure in the marketplace resulting in new opportunities and increased sales.

The validation of the Company in the marketplace has increased the credibility and acceptance of our solutions resulting in numerous opportunities to expand. Management expects that the current business cycle in the oil and gas industry will strengthen the sales pipeline and increase the growth of the Cortex Trading Partner Network. This market trend, in conjunction with our initiatives to add customers to the Cortex Trading Partner Network and the increase in focus of our sales organization on integrations should result in further revenue growth being obtained during fiscal 2010. Scrutiny of the current cash burn will continue and actions will be taken to restructure and/or refocus resources to achieve the revenue growth necessary to sustain operations in the future.

Changes in Accounting Policies

The following outlines the most notable changes to financial reporting requirements which have, or may have, the greatest impact on the Company.

Capital Disclosures

Effective August 1, 2008, the Company adopted CICA Section 1535, Capital Disclosures which requires additional disclosures of objectives, policies and processes for managing capital. In addition, disclosures will include whether companies have complied with externally imposed capital requirements. This new disclosure is provided in note 15 to the consolidated financial statements for the year ended July 31, 2009.

Financial Instruments - Disclosure and Presentation

Effective August 1, 2008, the Company adopted two new CICA standards, Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation which replaces Section 3861, Financial Instruments - Disclosure and Presentation. The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standard carried forward the former presentation requirements. This new disclosure is provided in note 13 to the consolidated financial statements for the year ended July 31, 2009.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

On January 20, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities which provides further information on the determination of the fair value of financial assets and financial liabilities under Section 3855, entitled Financial Instruments - Recognition and Measurement. This EIC states that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC 173 is to be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after the date of issuance of this abstract. The Company has adopted the recommendations of EIC 173, which did not have an impact on the Company's financial statements.

Future accounting pronouncements

Goodwill and Intangible Assets

As of August 1, 2009, the Company will be required to adopt CICA Section 3064, Goodwill and Intangible Assets which will replace Handbook Section 3062. The new guidance reinforces a principles-based approach to the recognition of costs of assets in accordance with the definition of an asset and the criteria for asset recognition under Handbook Section 1000, Financial Statement Concepts. Section 3064 clarifies the application of the concept of matching revenues and expenses in Section 1000 to eliminate the current practice of recognizing as assets items that do not meet the definition and recognition criteria. Under this new guidance, fewer items meet the criteria for capitalization. The Company expects this standard will not have an impact on its financial statements.

International Financial Reporting Standards (IFRS)

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS") by the end of 2011. In February 2008, the AcSB confirmed that 2011 is the change over date for publicly-traded companies to use IFRS, replacing Canadian GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of August 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011.

The Company has not completed development of its IFRS changeover plan. The Company is currently assessing the impact of the conversion from Canadian GAAP to IFRS on its results of operations, financial position and disclosures and is in the process of developing an IFRS changeover plan. The plan will include an assessment of the differences between Canadian GAAP and IFRS,

accounting policy choices under IFRS, internal controls over financial reporting, potential system changes required, potential corporate governance changes, and affects on internal controls and processes including resources and training required for employees. The focus over the next six months will be to ensure sufficient education and training continues in this area. Communication is ongoing with many areas of the Company and regular updates are provided to senior management and the Audit and Governance committees. The Company will provide disclosures of the key elements of its plan and progress on the project as the information becomes available during the transition period.

The International Accounting Standards Board ("IASB") has stated that it plans to issue an exposure draft relating to certain amendments to IFRS 1 in order to make it more useful to Canadian entities adopting IFRS for the first time.

Business Combinations

As of August 1, 2011, the Company will be required to adopt changes in CICA Handbook Section 1582, Business Combinations which will replace Section 1581, Business Combinations and harmonizes the Canadian standards related to business combinations with IFRS. This new standard establishes revised standards on the recognition and measurement of identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, as well as recognition and measurement guidance for goodwill acquired in the business combination or the gain from a bargain purchase option. The new standard also provides guidance on identifying the acquirer and identifying the acquisition date (being the date at which control is acquired), and on the presentation and disclosure to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

Consolidated Financial Statements and Non-Controlling Interests

As of August 1, 2011, the Company will be required to adopt changes to CICA Handbook Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests which together replace Section 1600, Consolidated Financial Statements. These sections establish revised standards for the preparation of consolidated financial statements and specifically discuss the consolidated accounting following a business combination involving the purchase of an equity interest of one company by another. These sections also provide guidance in situations involving a combination or consolidation other than through purchase of an equity interest or involving unincorporated businesses.

"Art Smith" (signed)
President

"Sandra L. Weiler" (signed)
Chief Financial Officer