

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of Cortex Business Solutions Inc. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Calgary, Alberta
June 26, 2009

Cortex Business Solutions Inc.
Consolidated Balance Sheets
(unaudited)

	April 30 2009	July 31 2008
Assets		
Current assets		
Cash and cash equivalents	\$ 166,487	\$ 4,770,767
Accounts receivable	149,988	69,863
Prepays and deposits	139,136	151,799
Investments (note 5)	<u>1,000,000</u>	<u>-</u>
	1,455,611	4,992,429
Deferred share issuance costs (note 4)	8,188	-
Investments (note 5)	-	1,000,000
Property and equipment (note 6)	<u>413,980</u>	<u>190,398</u>
	<u>\$ 1,877,779</u>	<u>\$ 6,182,827</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7(c))	\$ 525,852	\$ 507,190
Deferred revenue	<u>402,502</u>	<u>30,039</u>
	<u>928,354</u>	<u>537,229</u>
Shareholders' Equity		
Share capital and warrants (note 7)	11,153,914	11,153,914
Contributed surplus (note 7(d))	1,911,395	1,553,078
Deficit	<u>(12,115,884)</u>	<u>(7,061,394)</u>
	<u>949,425</u>	<u>5,645,598</u>
	<u>\$ 1,877,779</u>	<u>\$ 6,182,827</u>
Commitments (note10)		
Contingency (note 12)		
Subsequent event (note 13)		

Approved by the Board:

(Signed) "Art Smith" , Director

(Signed) "Doug Lailey", Director

Cortex Business Solutions Inc.

Consolidated Statements of Loss, Comprehensive Loss and Deficit

(unaudited)

	Three months ended April 30		Nine months ended April 30	
	2009	2008	2009	2008
Revenue				
Access and usage fees	\$ 299,266	\$ 190,335	\$ 769,484	\$ 453,282
Interest income	9,053	-	58,701	-
Set-up fees	44,865	18,795	71,925	62,569
Project management	-	400,000	-	1,529,419
	<u>353,184</u>	<u>609,130</u>	<u>900,110</u>	<u>2,045,270</u>
Expenses				
General and administrative	172,953	104,434	514,404	298,205
Bank charges and interest	1,797	365	2,690	513
Internet and hosting costs	13,000	12,809	39,001	38,250
Professional fees	25,994	50,764	84,054	86,814
Rent	83,780	31,932	252,454	67,474
Salaries, employee benefits and subcontract	1,600,976	647,213	4,631,877	1,769,353
Stock-based compensation	40,783	209,666	358,317	563,578
Amortization	25,515	8,451	71,803	22,255
	<u>1,964,798</u>	<u>1,065,634</u>	<u>5,954,600</u>	<u>2,846,442</u>
Net loss and comprehensive loss	(1,611,614)	(456,504)	(5,054,490)	(801,172)
Deficit, beginning of period	<u>(10,504,270)</u>	<u>(4,952,508)</u>	<u>(7,061,394)</u>	<u>(4,607,840)</u>
Deficit, end of period	<u>\$ (12,115,884)</u>	<u>\$ (5,409,012)</u>	<u>\$ (12,115,884)</u>	<u>\$ (5,409,012)</u>
Net loss per share-basic and diluted (note 7(e))	<u>\$ (0.015)</u>	<u>\$ (0.010)</u>	<u>\$ (0.048)</u>	<u>\$ (0.010)</u>

Cortex Business Solutions Inc.
Consolidated Statements of Cash Flows
(unaudited)

	Three months ended April 30		Nine months ended April 30	
	2009	2008	2009	2008
Operating activities				
Net loss	\$ (1,611,614)	\$ (456,504)	\$ (5,054,490)	\$ (801,172)
Items not affecting cash				
Amortization	25,515	8,451	71,803	22,255
Stock-based compensation	40,783	209,666	358,317	563,578
	<u>(1,545,316)</u>	<u>(238,387)</u>	<u>(4,624,370)</u>	<u>(215,339)</u>
Changes in non-cash working capital	<u>275,590</u>	<u>163,154</u>	<u>325,753</u>	<u>(54,947)</u>
	<u>(1,269,726)</u>	<u>(75,233)</u>	<u>(4,298,617)</u>	<u>(270,286)</u>
Financing activities				
Proceeds from exercise of warrants	-	1,690,900	-	1,861,525
Share issue costs	-	(51)	-	(280)
Deferred share issuance costs	(8,188)	(74,904)	(8,188)	(74,904)
Changes in non-cash working capital	<u>8,188</u>	<u>74,904</u>	<u>8,188</u>	<u>74,904</u>
	<u>-</u>	<u>1,690,849</u>	<u>-</u>	<u>1,861,245</u>
Investing activities				
Acquisition of property and equipment	(19,113)	(31,369)	(295,385)	(81,003)
Changes in non-cash working capital	<u>-</u>	<u>22,750</u>	<u>(10,278)</u>	<u>(16,000)</u>
	<u>(19,113)</u>	<u>(8,619)</u>	<u>(305,663)</u>	<u>(97,003)</u>
Cash inflow (outflow)	(1,288,839)	1,606,997	(4,604,280)	1,493,956
Cash and cash equivalents, beginning of period	<u>1,455,326</u>	<u>273,450</u>	<u>4,770,767</u>	<u>386,491</u>
Cash and cash equivalents, end of period	<u>\$ 166,487</u>	<u>\$ 1,880,447</u>	<u>\$ 166,487</u>	<u>\$ 1,880,447</u>
Cash and cash equivalents consist of				
Cash	<u>\$ 166,487</u>	<u>\$ 1,880,447</u>	<u>\$ 166,487</u>	<u>\$ 1,880,447</u>
Supplemental cash flows information:				
Interest received	<u>\$ 13,964</u>	<u>\$ -</u>	<u>\$ 29,205</u>	<u>\$ -</u>
Non cash transactions:				
Issuance of shares in lieu of salary and bonus (note 7(c))	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,300</u>

Cortex Business Solutions Inc.
Notes to Consolidated Financial Statements
April 30, 2009
(unaudited)

1. Basis of presentation

The interim consolidated financial statements of Cortex Business Solutions Inc. ("Cortex" or the "Company") have been prepared in accordance with Canadian generally accepted accounting principles and are consistent with the presentation and disclosure in the audited consolidated financial statements and notes thereto for the year ended July 31, 2008 except as disclosed in Note 2. The interim consolidated financial statements contain disclosures which are supplemental to Cortex's annual consolidated financial statements. Certain disclosures, which are normally required to be included in notes to the annual financial statements, have been condensed or omitted. The interim consolidated financial statements should be read in conjunction with Cortex's audited consolidated financial statements and notes thereto for the year ended July 31, 2008.

The consolidated financial statements of the Company have been prepared on a going concern basis. The Company has continued to experience a net loss for the quarter ended April 30, 2009 of \$(1,611,614) and has a cumulative deficit of \$(12,115,884) at April 30, 2009. The Company is in a growth phase and the losses being experienced are expected. The Company has recently announced an agreement with Wolverson Securities Ltd. to complete a brokered private placement financing, on a "commercially reasonable efforts" basis of up to 25,000,000 units of Cortex at a price of \$0.20 per Unit for gross proceeds of up to \$5,000,000.. The Company completed the private placement on June 17, 2009 for gross proceeds of \$2.642 million and net proceeds of \$2.3 million (note 13). Part of the proceeds from this placement, will be used to fund the commercialization of new products. The remaining funds will be used to support working capital. The ability of the Company to continue as a going concern is dependent upon future profitable operations and the successful fulfillment of the private placement and future equity or debt financings.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. 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.

2. Changes in accounting policies

Financial Instruments - Disclosure and Presentation

Effective August 1, 2008, the Company adopted two new Canadian Institute of Chartered Accountants ("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. The effect on the financial statements as a result of adopting these sections is additional disclosures in the financial statements - see note 11.

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. The effect on the financial statements as a result of this new section is additional disclosures in the financial statements - see note 3.

Cortex Business Solutions Inc.
Notes to Consolidated Financial Statements
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2. Changes in accounting policies (continued)

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

On January 20, 2009, the Emerging Issues Committee ("EIC") 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, 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, that is January 20, 2009. 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 is currently determining the impact of this standard.

International Financial Reporting Standards

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, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions. The Company will complete its project scoping, which will include a timetable for assessing the impact on data systems, internal controls over financial reporting, and business activities.

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 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.

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Consolidated Financial Statements and Non-Controlling Interests

As of August 1, 2011, the Company will be required to adopt changes to CICA 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.

3. Capital disclosures

The Company includes as capital, shareholders' equity which is comprised of share capital and warrants, contributed surplus, and accumulated deficit. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. As the Company does not currently have positive cash flow from operations, the Company is funding operations from funds previously raised through equity financing. The Company has in place a detailed planning and budgeting process to assist in determining the funds required to ensure appropriate capital to meet its growth objectives. The Company strives to maintain sufficient capital to meet its short-term business requirements taking into account its capital commitments, planned capital expenditures and its holdings of cash and cash equivalents and investments. The Company has set forth in its business plan, expected revenue and expense targets for the fiscal year ended July 31, 2009. The Company has entered into an agreement with Wolverton Securities Ltd. to complete a brokered private placement financing, on a "commercially reasonable efforts" basis of up to 25,000,000 units of Cortex at a price of \$0.20 per Unit for gross proceeds of up to \$5,000,000. Part of the proceeds from this placement, will be used to fund new development and the Company anticipates increases in its temporary resources over the next six - twelve months. The Company completed the private placement on June 17, 2009 for gross proceeds of \$2.642 million (note 13). Part of the proceeds from this placement, will be used to fund the commercialization of new products. The remaining funds will be used to support working capital.

The Company is not subject to externally imposed capital requirements.

4. Deferred share issuance costs

Costs incurred to April 30, 2009 relating to the private placement offering have been deferred and will be recorded as share issuance costs upon completion of the private placement (note 13).

5. Investments

The Company has invested \$1,000,000 into Guaranteed Investment Certificates ("GIC"), consisting of two \$500,000 18 month non-redeemable GICs, accruing interest at 4% per annum with interest to be paid at maturity, January 29, 2010.

6. Property and equipment

	April 30, 2009		
	Cost	Accumulated Amortization	Net Book Value
Furniture and office equipment	\$ 131,046	\$ 23,045	\$ 108,001
Computer equipment	350,349	96,517	253,832
Leasehold improvements	7,137	3,933	3,204
Computer software	<u>72,133</u>	<u>23,190</u>	<u>48,943</u>
	<u>\$ 560,665</u>	<u>\$ 146,685</u>	<u>\$ 413,980</u>

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7. Share capital and warrants

(a) Authorized

Unlimited number of common voting shares

Unlimited number of preferred shares. The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares and determine the rights, privileges and other conditions for each series.

(b) Issued

	2009	2009
	Number	Stated Value
Common Shares		
Balance, beginning and end of period	<u>104,433,375</u>	<u>\$ 10,379,851</u>
Warrants		
Balance, beginning and end of period	<u>13,050,000</u>	<u>774,063</u>
		<u>\$ 11,153,914</u>

(c) On August 18, 2006, the Company entered into employment contracts to issue when earned, at a deemed price of \$0.15 per share, 462,000 common shares in lieu of salary and 1,500,000 common shares in lieu of a bonus for obtaining a material Anchor account. During the year ended July 31, 2007, an employee earned the 462,000 common shares in lieu of salary and 500,000 common shares in lieu of the bonus. The 962,000 common shares were issued on August 16, 2007 for a value of \$144,300 previously included in accounts payable and accrued liabilities. During the year ended July 31, 2008, the employee earned the remaining 1,000,000 common shares in lieu of a bonus for the signing of a material anchor account at a fair value of \$0.20 per share. The \$200,000 is included in accounts payable and accrued liabilities at July 31, 2008 and as at April 30, 2009. These shares will be issued upon the execution of a signed contract related to the Memorandum of Understanding which triggered the award of the shares.

(d) Contributed surplus

	2009
Balance, beginning of year	\$ 1,553,078
Stock-based compensation expense	<u>358,317</u>
Balance, end of period	<u>\$ 1,911,395</u>

(e) Net loss per share

Net loss per share has been calculated using the basic and diluted weighted average number of common shares outstanding during the three and nine months ended April 30, 2009 of 104,433,375 (three months ended April 30 2008 - 63,390,256, nine months ended April 30, 2008 - 59,796,185). For all the quarters ended, all of the Company's stock options, warrants and units have been excluded from the diluted calculation as they would be anti-dilutive.

(f) In conjunction with the Company's short form prospectus offering on May 29, 2008, the Company granted the Agent 2,610,000 Units exercisable at \$0.20 per Unit on or before May 29, 2010. Each Unit consists of one common share and one half common share purchase warrant. Each whole warrant will entitle the holder to acquire one common share on or before May 29, 2010 at \$0.30 per common share. No Units have been exercised to April 30, 2009.

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8. Stock options

- (a) The Company has a stock option plan under which 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 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.

A summary of the status of the Company's stock option plan as at April 30, 2009 and changes during the nine month period then ended is as follows:

	2009	Weighted Average Exercise Price
	Number of Options	
Outstanding, beginning of year	9,210,950	\$ 0.19
Granted	939,545	0.21
Exercised	-	-
Forfeited	(200,000)	0.15
Expired	(332,700)	0.18
Outstanding, end of period	<u>9,617,795</u>	<u>\$ 0.19</u>
Exercisable, end of period	<u>8,169,916</u>	<u>\$ 0.19</u>

- (b) The following table summarizes information about stock options outstanding and exercisable at April 30, 2009:

Range of Exercise Prices	Number Outstanding at April 30 2009	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number Exercisable at April 30 2009	Weighted Average Exercise Price
\$0.08 - \$0.12	420,000	\$ 0.11	2.04 years	420,000	\$ 0.11
\$0.13 - \$0.16	2,811,833	0.15	2.97	2,811,833	0.15
\$0.17 - \$0.22	5,885,962	0.20	3.40	4,438,083	0.20
\$0.25	250,000	0.25	3.76	250,000	0.25
\$0.50	<u>250,000</u>	0.50	4.11	<u>250,000</u>	0.50
	<u>9,617,795</u>	\$ 0.19	3.24 years	<u>8,169,916</u>	\$ 0.19

- (c) The fair value of stock options granted during the nine month period ended April 30, 2009 was estimated on the dates of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

April 30, 2009

Fair value options granted (\$/share)	\$0.21
Expected life (years)	5
Risk-free interest rate (%)	1.85
Expected volatility (%)	112.9%
Expected dividends (\$/share)	Nil

Cortex Business Solutions Inc.
Notes to Consolidated Financial Statements
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(unaudited)

9. Warrants

The following table summarizes information about the Company's share purchase warrants. Each share purchase warrant entitles the holder to acquire one common share when exercised.

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Balance, beginning and end of period	<u>13,050,000</u>	\$ 0.30	1.08 years

10. Commitments

- (a) 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 and expiring July 31, 2009, a new four year operating lease for office equipment commencing February 11, 2008, and a second new 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.
- (b) The Company had retained, effective February 1, 2008, the services of CHF Investor Relations ("CHF"), an investor relations firm. The Company committed \$7,500 per month plus disbursements for a one year period ended January 31, 2009. The Company has not renewed this contract at February 1, 2009. 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 ended 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 following is minimum annual obligations:

	Investor Relations	Office space	Office equipment	Total
2009	\$ 24,000	\$ 103,610	\$ 1,397	\$ 129,007
2010	48,000	127,727	5,588	181,315
2011	-	127,727	5,588	133,315
2012	-	127,727	4,448	132,175
2013	-	<u>42,576</u>	<u>238</u>	<u>42,814</u>
	<u>\$ 72,000</u>	<u>\$ 529,367</u>	<u>\$ 17,259</u>	<u>\$ 618,626</u>

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Notes to Consolidated Financial Statements
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11. Financial instruments and risk management

The Company has classified its financial instruments as follows:

Financial instrument	Classification
Financial Assets	
Cash and cash equivalents	Held for trading
Accounts receivable and deposits	Loans and receivables
Investments	Held for trading
Financial Liabilities	
Accounts payable and accrued liabilities	Other financial liabilities

The fair values of above financial instruments approximate their carrying values due to the immediate or short-term maturity or because they bear interest at market rates. The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not use financial instruments to mitigate these risks and has no designated hedging transactions.

The types of risk exposure and how such exposures are managed are as follows:

(a) Credit risk

A large portion of the Company's accounts receivable, which is unsecured, is due from one customer (\$31,500 or 40.2% of trade accounts receivable). Management believes that this risk is mitigated by the size and reputation of the company to which they have extended credit. The Company has a diversified customer list for its remaining trade receivables and has established a general allowance policy for doubtful accounts.

The Company monitors its general allowance policy on a regular basis. As at April 30, 2009, the Company had \$78,274 of trade accounts receivables. Of this amount, \$20,561 are over 30 days, which is past due under the Company's normal credit terms. Of this amount, \$3,000 has been allowed for under the Company's general allowance policy. All accounts receivable are unsecured. At April 30, 2009, the Company also had accrued interest of \$30,137 on GIC's and accrued receivables in the amount of \$44,577. The Company's maximum exposure to credit risk is the fair value of accounts receivable on the balance sheet shown net of an appropriate allowance for doubtful accounts of \$3,000.

Credit risk also exists in cash and cash equivalents and investments as all balances are maintained with one financial institution. The risk is mitigated because the financial institution is a major Canadian bank.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows to ensure it will have sufficient liquidity to meet its commitments and obligations as they become due.

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11. Financial instruments and risk management (continued)

(c) Market risk

Market risk is the risk that financial instruments fair values will fluctuate due to changes in market prices.

The significant market risks to which the Company is exposed are interest rate and currency rate risk.

(i) Currency risk

The Company is exposed to currency price risk on sales denominated in Australian dollars to the extent that the receipt of payment of the Australian denominated accounts receivable are subject to fluctuations in the related foreign exchange rate. The Company had \$Nil access and usage fee revenue in the quarter ended April 30, 2009, (\$3,117 at quarter ended April 30, 2008) which was subject to Australian currency fluctuations. The Company had \$Nil in AUS accounts receivable at April 30, 2009 (\$2,226 at April 30, 2008). The income impact on any changes in the foreign exchange rates relating to this would be negligible.

(ii) Interest rate risk

The Company is exposed to interest rate cash flow risk to the extent of the interest rate fluctuations on its GICs. The Company's policy is to invest any surplus funds in redeemable or non-redeemable secured GIC's at fixed or floating rates of interest, in the most advantageous denominations, to maintain a reasonable balance between return on investment and liquidity. At April 30, 2009 interest rates on the Company's remaining GIC was fixed at 4% per annum which exceeds current market interest rates. Fluctuations in interest rates will not impact the value of future interest receivable as it is as a fixed rate. A 1% increase or decrease in interest rates beyond the range would have a negligible effect on net loss on a monthly basis.

12. Contingency

A former employee of the Company has filed a Statement of Claim for wrongful dismissal in the amount of \$467,200. In response, the Company has filed a Statement of Defence. Management and its counsel are of the opinion that any amounts paid will be substantially less than the full amount claimed in the Statement of Claim. Any settlement under the claim will be recorded in the period of settlement.

13. Subsequent event

The Company announced an agreement with Wolverton Securities Ltd. to complete a brokered private placement financing on a "commercially reasonable efforts" basis of up to 25,000,000 units of Cortex at a price of \$0.20 per Unit for gross proceeds of up to \$5,000,000. 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 at \$0.30 per common share and for an additional two years at \$0.45 per common share. On June 17, 2009 the Company completed the second and final tranche of the private placement, by issuing a total of 13,247,500 units ("Units") at \$0.20 per Unit for gross proceeds of \$2,642,000. Of this amount, 11,000,000 units were from the first tranche of the private placement on May 12, 2009; for gross proceeds of \$2,200,000. The Agent was paid a cash commission of \$264,200, a corporate finance fee of \$25,000 of which \$7,500 was used to purchase 37,500 Units, and an option to purchase 1,324,750 Units exercisable for four years following the closing.