Cortex Business Solutions Inc.

2014 Third Quarter Management's Discussion and Analysis

Restated

Management's Discussion & Analysis

November 27, 2014

The following management's discussion and analysis ("MD&A") should be read in conjunction with Cortex Business Solutions Inc. ("Cortex" or the "Company") consolidated financial statements as at and for the quarter ended April 30, 2014. The accompanying financial statements of Cortex have been prepared by management and approved by the Company's Audit Committee. The financial data presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"),

All amounts are expressed in Canadian dollars unless otherwise stated. This disclosure is effective as of November 27, 2014.

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;*
- *Readers should be cautioned 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*
- *The Company assumes 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 Q3 F2014 Financial and Operational Highlights

Explanatory note regarding the restatement of previously issued consolidated financial statements

The Company has restated its consolidated statements of financial position as of July 31, 2013, July 31, 2012 and August 1, 2011 and its consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years ended July 31, 2013 and July 31, 2012. Further information on these adjustments and a reconciliation of amounts previously reported are contained in Note 2 to the Consolidated Financial Statements. The financial information and other affected information presented in this restated Management Discussion and Analysis ("MD&A") including financial information pertaining to 2013, 2012 and selected quarterly data for 2014 and 2013, have been restated to give effect to the restatement.

The Company has updated the disclosure presented in the Consolidated Financial Statements and this restated MD&A to reflect events occurring subsequent to the original filing. The Company has amended the annual filings made for the year ended July 31, 2013 and the Q1, Q2 and Q3 for the current year with comparatives for the prior year. Accordingly, this restated MD&A should be read in conjunction with the Company's restated filings that have been filed on or after November 27, 2014.

During the fourth quarter of 2014, management revisited a certain contract that the Company entered into during fiscal 2009 (the "Agreement"). The Agreement included a provision whereby the Company is obligated to pay a rebate based on future gross revenues earned by Cortex to a maximum of $2,300,000 that is paid on the basis of 5% of the Company's gross revenue. Upon review of IAS 37, Provisions, Contingent Liabilities and Contingent Assets and IAS 32, Financial Instruments and Presentation's contingent settlement provisions, it was determined that a financial liability should have been recorded for this rebate. Consequently, the Company has determined that a restatement is required to reflect this provision. The provision has been determined by discounting the estimated risk-adjusted future gross revenues using a risk-free discount rate of 2.5%. Prior to this restatement, the Company had accrued the 5% rebate payable as actual gross revenues were earned and recorded a rebate expense accordingly. As a result of this error, the Company has retrospectively restated its consolidated statements financial position as at April 30, 2014 and July 31, 2013 along with the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the three and nine months ended April 30, 2014 and April 30, 2013. The effect of this restatement was as follows: commissions and credit cards expenses have been reduced from $222,275 and $150,934 to $107,361 and $68,929 for the three months ended April 30, 2014 and April 30, 2013 respectively; and from $606,251 and $510,104 to $303,828 and $283,213 for the nine months ended April 30, 2014 and April 30, 2013; finance income (expense) has been reduced from $18,610 and $8,122 to $6,759 and $(1,532) for the three months ended April 30, 2014 and April 30, 2013 and from $32,688 and $27,607 to $(2,865) and $(1,355) for the nine months ended April 30, 2014 and April 30, 2013 respectively. The effect on the consolidated statements of financial position has been to remove the accrued rebate payable previously included in accounts payable and accrued liabilities in the amount of $330,938 and $28,515 as at April 30, 2014 and July 31, 2013, respectively, and to include in the rebate provision current and non-current portion. The following tables describe the changes to the Company's consolidated financial statements. There was no impact on the cash flows of the Company.

The key effects of the restatement on the consolidated statements of financial position as at April 30, 2014, April 30, 2013 are as follows:

Effect on Consolidated Statement of Financial Position

	April 30, 2014		
	As Reported	Adjustment	As Restated
Assets			
Current assets			
Cash	$ 10,669,125	$ -	$ 10,669,125
Short-term investments	60,000	-	60,000
Accounts receivable	842,450		842,450
Prepaid expenses and deposits	210,087		210,087
	11,781,662		11,781,662
Property and equipment	382,309		382,309
Intangible assets	4,273,296		4,273,296
Total assets	$ 16,437,267	$	$ 16,437,267
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	$ 1,881,485	$ (330,938)	$ 1,550,547
Current portion of deferred revenue	151,098		151,098
Current portion of rebate provision		426,332	426,332
	2,032,583	95,394	2,127,977
Deferred revenue			
Rebate provision		1,266,136	1,266,136
	2,032,583	1,361,530	3,394,113
Shareholders' Equity			
Share capital	56,782,560		56,782,560
Accumulated other comprehensive income	141,745	-	141,745
Warrants	980,941		980,941
Contributed surplus	7,369,013		7,369,013
Deficit	(50,869,575)	(1,361,530)	(52,231,105)
	14,404,684	(1,361,530)	13,043,154
	$ 16,437,267	$	$ 16,437,267

Effect on Consolidated statement of loss and comprehensive loss

	Three months ended April 30, 2014			Three months ended April 30, 2013			Nine months ended April 30, 2014			Nine months ended April 30, 2013		
	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated
Revenue												
Access and usage fees	$ 2,070,174	$ -	$ 2,070,174	$ 1,439,219	$ -	$ 1,439,219	$ 5,555,292	$ -	$ 5,555,292	$ 3,995,390	$ -	$ 3,995,390
Integration fees	213,490	-	213,490	84,578	-	84,578	423,029	-	423,029	216,754	-	216,754
Set-up fees	18,304	-	18,304	110,672	-	110,672	92,723	-	92,723	328,060	-	328,060
Project management	88,684	-	88,684	-	-	-	94,259	-	94,259	-	-	-
Total revenue	2,390,652	-	2,390,652	1,634,469	-	1,634,469	6,165,303	-	6,165,303	4,540,204	-	4,540,204
Expenses												
Salaries, employee benefits and subcontractor	2,810,515	-	2,810,515	2,330,878	-	2,330,878	7,169,016	-	7,169,016	6,723,077	-	6,723,077
General and administrative	397,956	-	397,956	260,881	-	260,881	999,652	-	999,652	725,224	-	725,224
Commissions and credit cards	222,275	(114,914)	107,361	150,934	(82,005)	68,929	606,251	(302,423)	303,828	510,104	(226,891)	283,213
Professional fee	107,738	-	107,738	50,989	-	50,989	347,352	-	347,352	148,915	-	148,915
Rent	127,492	-	127,492	96,192	-	96,192	338,590	-	338,590	256,399	-	256,399
Internet and hosting costs	31,856	-	31,856	27,943	-	27,943	82,299	-	82,299	81,485	-	81,485
Market expansion and product development	-	-	-	218,226	-	218,226	-	-	-	777,106	-	777,106
Stock based compensation	122,918	-	122,918	153,894	-	153,894	423,023	-	423,023	388,355	-	388,355
Amortization	305,131	-	305,131	161,716	-	161,716	766,163	-	766,163	499,137	-	499,137
	$ 4,125,881	$ (114,914)	$ 4,010,967	$ 3,451,653	$ (82,005)	$ 3,369,648	$ 10,732,346	$ (302,423)	$ 10,429,923	$ 10,109,802	$ (226,891)	$ 9,882,911
Loss before the following	(1,735,229)	114,914	(1,620,315)	(1,817,184)	82,005	(1,735,179)	(4,567,043)	302,423	(4,264,620)	(5,569,598)	226,891	(5,342,707)
Finance Income (expense)	18,610	(11,851)	6,759	8,122	(9,654)	(1,532)	32,688	(35,553)	(2,865)	27,607	(28,962)	(1,355)
Net loss and comprehensive loss	$ (1,716,619)	$ 103,063	$ (1,613,556)	$ (1,809,062)	$ 72,351	$ (1,736,711)	$ (4,534,355)	$ 266,870	$ (4,267,485)	$ (5,541,991)	$ 197,929	$ (5,344,062)

Effect on Consolidated Statement of Cash Flows

	Three months ended April 30, 2014			Three months ended April 30, 2013			Nine months ended April 30, 2014			Nine months ended April 30, 2013		
	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated
Cash provided by (used in)												
Operating activities												
Net loss	$ (1,716,619)	$ 103,063	$ (1,613,556)	$ (1,809,062)	$ 72,351	$ (1,736,711)	$ (4,534,355)	$ 266,870	$ (4,267,485)	$ (5,541,991)	$ 197,929	$ (5,344,062)
Items not affecting cash	-	-	-	-	-	-	-	-	-	-	-	-
Stock-based compensation	122,918	-	122,918	153,894	-	153,894	423,023	-	423,023	388,355	-	388,355
Amortization	305,131	-	305,131	161,716	-	161,716	766,163	-	766,163	499,137	-	499,137
Accretion on rebate provision	-	11,851	11,851	-	9,654	9,654	-	35,553	35,553	-	28,962	28,962
Adjustment to salaries expense for salaries paid by shares	-	-	-	3,928	-	3,928	16,000	-	16,000	(74,314)	-	(74,314)
	(1,288,570)	114,914	(1,173,656)	(1,489,524)	82,005	(1,407,519)	(3,329,169)	302,423	(3,026,746)	(4,728,813)	226,891	(4,501,922)
Rebate payment	-	-	-	-	-	-	-	-	-	-	(238,901)	(238,901)
Changes in non-cash working capital	428,114	(114,914)	313,200	333,940	(82,005)	251,935	259,160	(302,423)	(43,263)	(15,930)	12,010	(3,920)
Net cash used in operating activities	(860,456)	-	(860,456)	(1,155,584)	-	(1,155,584)	(3,070,009)	-	(3,070,009)	(4,744,743)	-	(4,744,743)
Financing activity												
Proceeds from issuance of shares and warrants	10,000,000	-	10,000,000	6,528,917	-	6,528,917	10,000,000	-	10,000,000	6,551,141	-	6,551,141
Proceeds from issuance of stock options	-	-	-	-	-	-	13,480	-	13,480	-	-	-
Share issue costs	(882,148)	-	(882,148)	-	-	-	(888,185)	-	(888,185)	-	-	-
Net cash from financing activity	9,117,852	-	9,117,852	6,528,917	-	6,528,917	9,125,295	-	9,125,295	6,551,141	-	6,551,141
Investing activities												
Acquisition of property and equipment	(1,641)	-	(1,641)	(7,200)	-	(7,200)	(6,966)	-	(6,966)	(105,367)	-	(105,367)
Software development costs	(85,215)	-	(85,215)	(411,267)	-	(411,	(662,947)	-	(662,947)	(1,213,817)	-	(1,213,817)
Increase in short-term investments	-	-	-	-	-	-	-	-	-	-	-	-
Changes in non-cash working capital	-	-	-	-	-	-	-	-	-	-	-	-
Net cash used in vesting activities	(86,856)	-	(86,856)	(418,467)	-	(418,	(669,913)	-	(669,913)	(1,319,184)	-	(1,319,184)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency.	(27,041)	-	(27,041)	-	-	-	104,686	-	104,686	-	-	-
Cash outflow	$ 8,143,499	$ -	$ 8,143,499	$ 4,954,866	$ -	$ 4,954,866	$ 5,490,059	$ -	$ 5,490,059	$ 487,214	$ -	$ 487,214
Cash, beginning of period	2,525,626	-	2,525,626	2,283,318	-	2,283	5,179,066	-	5,179,066	6,750,970	-	6,750,970
Cash, end of period	$ 10,669,125	$ -	$ 10,669,125	$ 7,238,184	$ -	$ 7,238	$ 10,669,125	$ -	$ 10,669,125	$ 7,238,184	$ -	$ 7,238,184

Effect on Deficit

	April 30, 2014		
	As Reported	Adjustment	As Restated
Deficit			
Balance, beginning of period	$ (46,335,220)	$ (1,628,400)	$ (47,963,620)
Net and comprehensive loss	(4,534,355)	266,870	(4,267,485)
Balance, end of period	$ (50,869,575)	$ (1,361,530)	$ (52,231,105)

Operational Highlights (restated)

During the quarter ended April 30, 2014 ("Q3 F2014"), Cortex continued to experience market success with the signing of new buying organizations ("Hubs"), growing transaction volumes and revenue. The Company continues to establish itself as a significant player in the relatively new e-Invoicing industry.

The Q3 F2014 operational highlights are:

- The Company continued its quarter-over-quarter revenue growth in Q3 F2014, with an increase of 20% over quarter ended January 31, 2014 ("Q2 F2014"). The Company grew its revenue to $2,390,652 in Q3 F2014.
- Total revenue in Q3 F2014 was an increase of 46% over Q3 F2013, and increased its recurring access and usage revenue stream by 44% Q3 F2014 over Q3 F2013. Total access and usage fee revenue in the quarter grew to $2,070,174.
- The Company was able to improve the net cash used in operating activities from $1,168,233 Q2 F2014 to $860,456 in Q3 F2014, an improvement of 26% or $307,777.
- The Company closed short form prospectus for gross proceeds of $10,000,000 on February 28, 2014 through the issuance of 100,000,000 common shares at a price of $0.10 per common share.
- Active buying organizations on the Network increased by 35% for a total of 69, compared to 51 in the year-ago quarter.
- Total suppliers transacting on the Network increased 34% to 7,817, compared to 5,849 in the year-ago quarter.
- Supplier initiated transactions increased 21% to 998,814, compared to 823,440 in the year-ago quarter.
- Total transactions increased 15% to 3,231,611, compared to 2,821,534 in the year-ago quarter
- There was a decline in the quarter of the amount capitalized as internally developed computer software (Q3 F2014 - $85,215; Q2 F2014 – $226,654); a reduction of 62%.

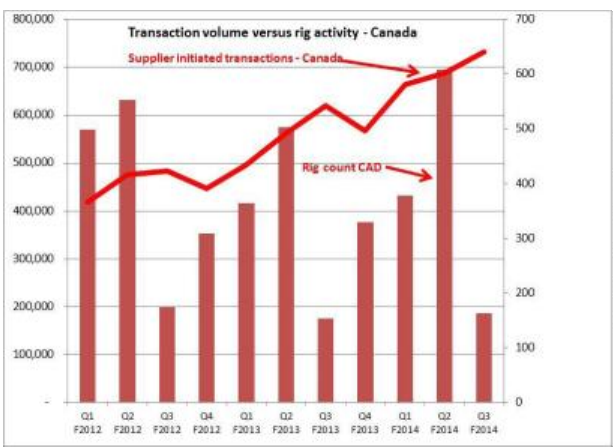
The following table illustrates the growth in some key metrics:

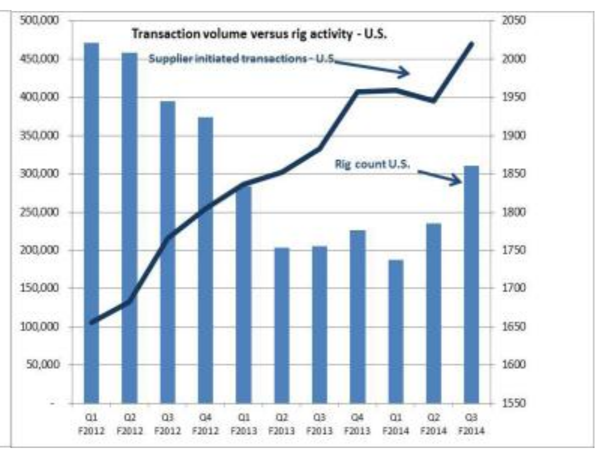
	2014						2013							
	Q3	% change	Q2	% change	Q1	% change	Q4	% change	Q3	% change	Q2	% change	Q1	% change
Number of Buyer Integrations														
Completed	69	11%	62	3%	60	7%	56	10%	51	21%	42	24%	34	62%
In Progress	13		19		18		18		18		22		22	
	82	1%	81	4%	78	5%	74	7%	69	8%	64	14%	56	33%
Total documents exchanged	3,231,611	6%	3,039,967	1%	3,000,632	15%	2,613,928	-7%	2,821,534	8%	2,622,069	4%	2,522,913	16%

Rig utilization, in both Canada and the U.S., impact the number of transactions between buying organizations and suppliers in the oil and gas industry. This can impact the rate at which the Company sees transactional revenue growth.

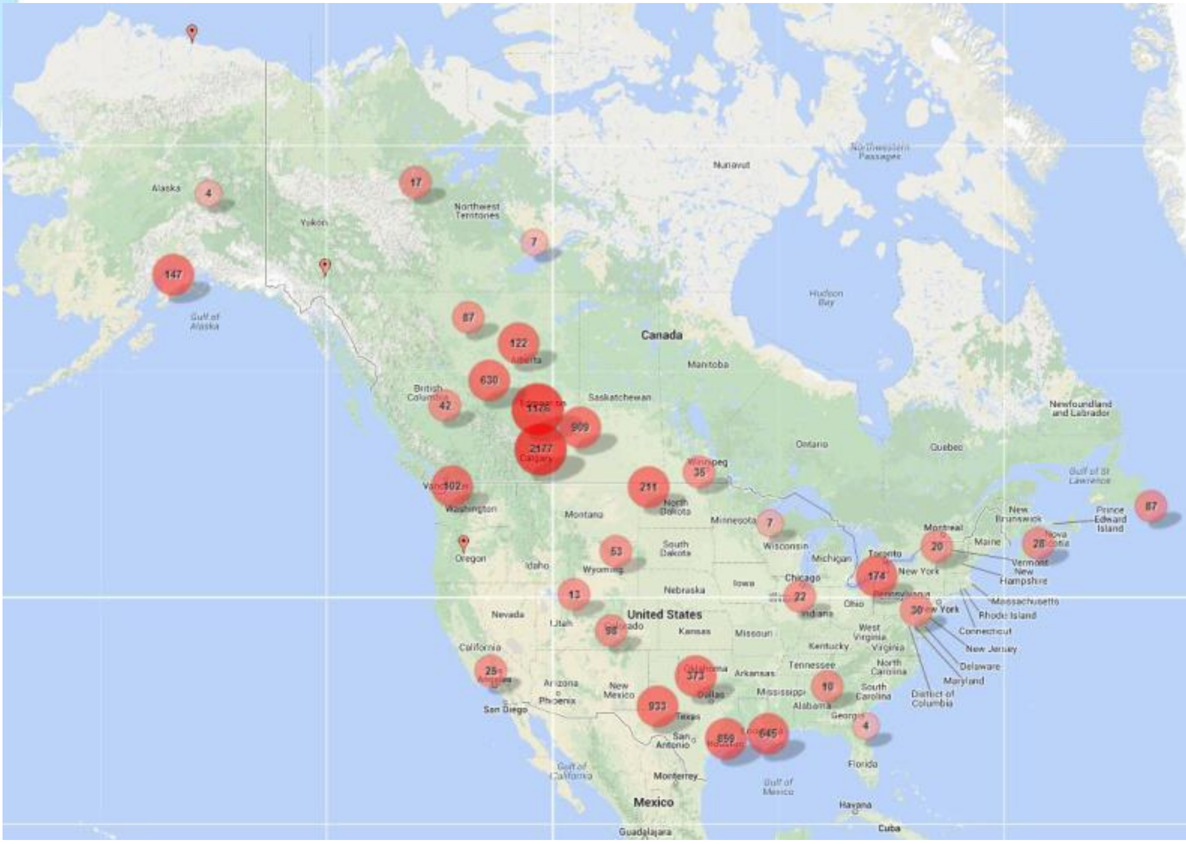
The overall trend for Canada is consistent with the industries drilling pattern. In the spring rig utilization drops and this associated with “spring breakup” when the equipment can’t actually get into the field. As we move into the mid/latter half of 2014 drilling appears to be picking up modestly when compared to last year. At the same time our supplier initiated transactions are growing at a faster rate as we add more suppliers and buying organizations and drive automation deeper into the marketplace.

The drilling rates in the U.S. have stabilized and are beginning to increase back towards their 2012 levels. This increased activity is beginning to show up in our supplier initiated transactions. We see good growth in the U.S. coming from both increased drilling activity (capital spending) and through the addition of new customers (both suppliers and buyers).





The Company will continue to expand its presence where costs are justified based on demand and the potential for increased revenue. Currently, both Canada and the U.S. show strong pipelines for growth opportunity. The map below shows the current distribution of buying organizations and suppliers over North America. The acceptance of the Cortex solution in the U.S. continues to motivate the Company to invest in this much larger market.



Financial Highlights

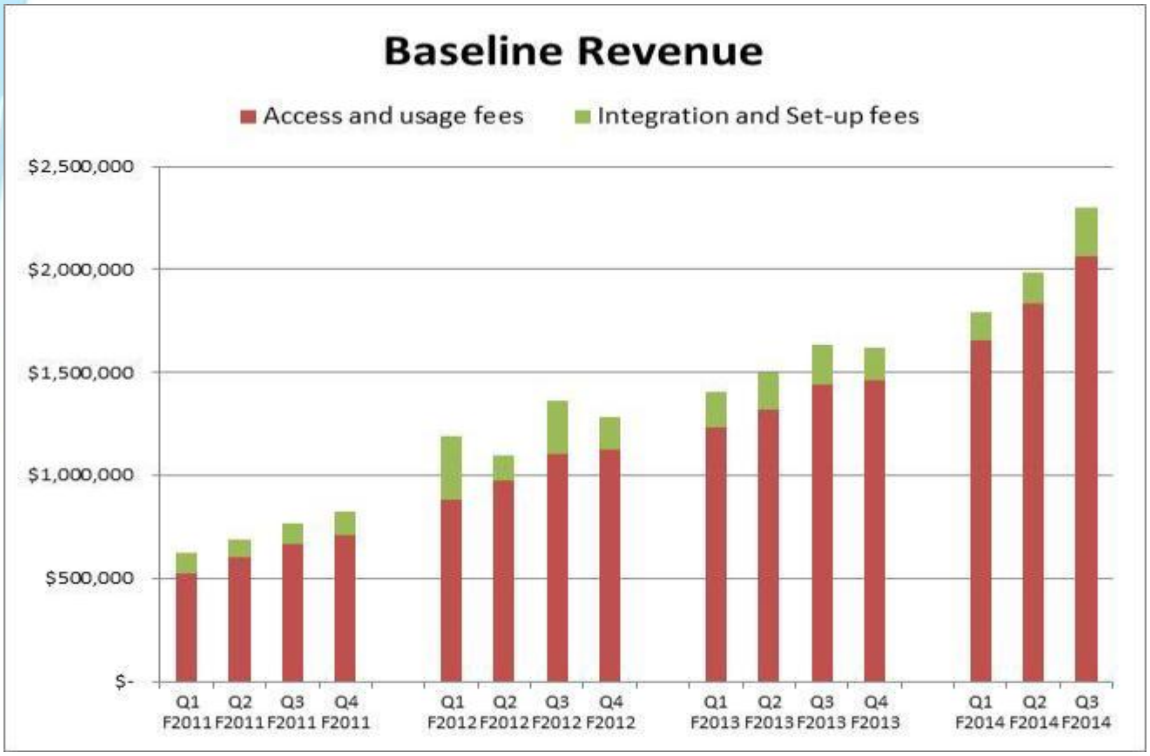
Revenue

The increase in number of buying organizations active on the Network and the rapid on-boarding of their suppliers translated into an increase in recurring revenue.

The Company earns four types of revenue from its Network;

1. Set-up revenue when Cortex first enables a customer to use the Network;
2. Integration fees that consist of integration project fees;
3. Access revenue that consists of monthly per user fees; and
4. Usage revenue charged per document initiated by the customer.

The graph below shows the make-up of our revenue stream. The foundation for the Company's revenue is the recurring access and usage fee revenue. The access and usage revenue stream of Q3 F2014 grew 13% over Q2 F2014. This growth is attributable to additional buying organizations being available for transactions on the Network, resulting in increased transactions flowing through the Network.

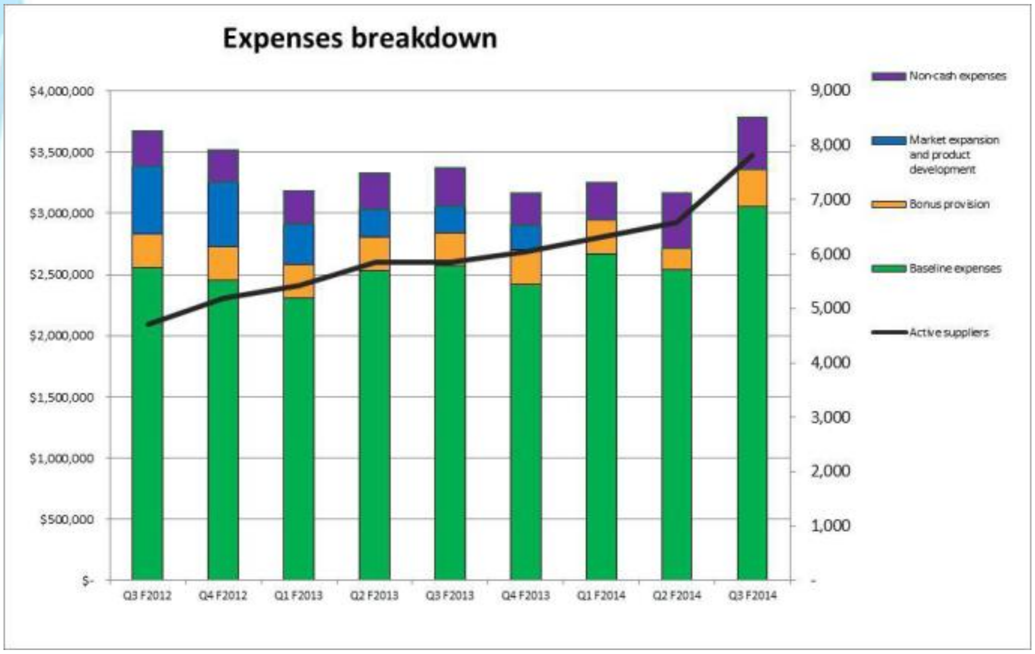


Expenses (restated)

Development of the cloud based platform is substantially complete. This technology has increased the overall capacity and throughput of the service and helped to stabilize costs through productivity improvements. The Company measures its cost to provide the Cortex service to their customers by monitoring the average cost per supplier ("ACPS"). The productivity improvements being realized through reduced ACPS as more and more suppliers join the Cortex Network without a corresponding increase in costs.

During Q3 F2014 total expenses (restated) increased 19% or $641,319 compared to Q3 F2013. Of this amount, $531,274 can be attributed to two major items; an accrual of employee performance management bonus of $ 301,274 (April 30, 2013 - $263,613) and $230,000 approved by the shareholders at the June 12, 2014 AGM, for incentive compensation paid to the leadership team with common shares of the Company (April 30, 2013 - $Nil). In addition, the salaries, employee benefits and subcontract line includes some development salaries, previously capitalized, and development costs associated with a project completed in the quarter. These amounts total $211,699. This is in alignment with our capitalization policy where the Company stopped capitalizing the Canadian roadmap team in Q2 F2014 as the transitioning of Canadian suppliers continues onto the new platform. The resulting decline in amounts incurred for intangible assets in the quarter was $141,439. All these factors contributed to the expense increase in Q3 F2014.

The graph below depicts an analysis of the Company’s spend profile.



Outlook

Cortex is seeing an increasing demand for our growing suite of solutions in the market place. With the completion of transitioning of all U.S. customers to our new portal platform and the on-schedule transitioning of Canadian suppliers to the New Platform, Cortex provides a new interface, ease of use and ability to easily message others on the Network. There has been excellent feedback from our current customer base suggesting a functional advantage over competitors in this space and a solid product to introduce to the market place in addition to Cortex’ current product offerings.

Transactions over the Network continued to increase in Q3 F2014. The increased functionality of Portal, allowing customers self-propagation, profiling and messaging, is creating greater participation in the Network; resulting in more connections and higher transaction volumes. Cortex will continue to release value added functionality into the Platform during F2014 that will provide additional revenue opportunities.

Cortex continues to see demand for the 100% eBilling solution and expects sales from this product line to accelerate. The first 100% eBilling customer is now live and the opportunities from this project will begin to materialize during the remainder of 2014 and 2015.

Management expects F2014 to be a pivotal year as we capture additional market share and continue to grow the Network. Management will continue to balance investment in growth with operational cash flow.

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 process re-engineering initiatives.

FINANCIAL PERFORMANCE REVIEW AND ANALYSIS

Our Revenue Model

The Cortex Revenue Model includes set-up fees, integration fees, access and usage fees and project management fees. Revenue recognition of each of these components is detailed below.

Set-up fee revenue is deferred and recognized as revenue over a one year period representing the estimated term of the contract.

Integration fees revenue is recognized over the integration project on a percentage of completion based on the provision of services provided.

Access and usage fees include a monthly fee plus a transaction fee which are recognized in the month the service is performed.

Project management fees are recognized over the term of the project as services are performed. These fees are deferred upon receipt and recognized as the project is completed in line with specific deliverables as defined in the contract.

Finance income is recorded on an accrual basis as it is earned.

Deferred revenue is the result of amounts received in advance of the delivery of future services. The revenue is recognized as the Company meets the criteria for revenue recognition as described therein.

Selected Quarterly Information (restated)

The following table presents selected quarterly information for the quarters ended April 30, 2014, 2013 and 2012.

	Q3 F2014 April 30, 2014 (restated)	Q3 F2013 April 30, 2013 (restated)	Change	% Increase (Decrease)	Q3 F2013 April 30, 2013 (restated)	Q3 F2012 April 30, 2012 (restated)	Change	% Increase (Decrease)
Revenues:								
Access and usage fees	$ 2,070,174	$ 1,439,219	$ 630,955	44%	$ 1,439,219	$ 1,104,353	$ 334,866	30%
Integration and set-up fees	$ 231,794	$ 195,250	$ 36,544	19%	$ 195,250	$ 259,331		
Project managememt	$ 88,684	$ -	$ 88,684	100%	$ -	$ -	$ -	NA
Total Revenues	$ 2,390,652	$ 1,634,469	$ 756,183	46%	$ 1,634,469	$ 1,363,684	$ 270,785	20%
Total Expenses (restated)	$ 4,010,967	$ 3,369,648	$ 641,319	19%	$ 3,369,648	$ 3,675,150	$ (305,502)	(8%)
Finance income (expense) (restated)	$ 6,759	$ (1,532)	$ 8,291	(541%)	$ (1,532)	$ (10,427)	$ 8,895	(85%)
Net loss (restated)	$ (1,613,556)	$ (1,736,711)	$ 123,155	(7%)	$ (1,736,711)	$ (2,321,893)	$ 585,182	(25%)
Net loss per share	$ (0.01)	$ (0.01)	$ -	0%	$ (0.01)	$ (0.01)	$ -	0%
Total assets	$ 16,437,267	$ 12,597,345	$ 3,839,922	30%	$12,597,345	$ 7,021,594	$ 5,575,751	79%
Total long-term financial liabilities (restated)	$ 1,266,136	$ 1,471,775	$ (205,639)	(14%)	$ 1,471,775	$ 2,128,675	$ (656,900)	(31%)
Cash dividends	$ -	-	-		-	-	-	-

Revenue

Nine months ended April 30, 2014

	Nine months ended April 30, 2014	Nine months ended April 30, 2013	Change	% Increase (Decrease)
Access and usage fees	**$5,555,292**	**$3,995,390**	**$1,559,902**	**39%**
Set-up fees	**$92,723**	**$328,060**	**$(235,337)**	**(72)%**
Integration fees	**$423,029**	**$216,754**	**$206,275**	**95%**
Baseline Revenue	**$6,071,044**	**$4,540,204**	**$1,530,840**	**34%**
Project management fees	**$94,259**	**Nil**	**$94,259**	**100%**
Total Revenue	**$6,165,303**	**$4,540,204**	**$1,625,099**	**36%**

The trend in the growth rate for Access and Usage fees and Set-up fees over the nine months ended Q3 F2014 compared to Q3 F2013 is positive for the Company. The main focus is the recurring revenue stream of access and usage fees revenue. Management is pleased with the 39% increase during the nine month period and will continue to strive for further growth in this revenue stream. The integration fees revenue streams continue to fluctuate dependant on integrations projects timelines and completion. During this nine month period, the Company remained focused on completion of the integration projects. The deferred revenue for these projects are then recognized and the Company starts transacting utilizing the integrated solution resulting in recurring monthly access and usage fees revenue.

Total baseline revenue (access and usage fees and integration and set-up fees revenues) has increased 34% or $1,530,840 during the nine month period ended April 30, 2014 compared to the same nine month period ended April 30, 2013. Access and usage fees made up $1,559,902 of this increase. The growth in the access and usage fees is a combination of buying organizations going live in the nine month period, additional suppliers added to the Network, suppliers transacting with more of the buying organizations and more active suppliers each month.

Set-up fees revenue decreased $235,337 or 72% during the nine month period. As the size of the Network increases, the number of suppliers joining the Network as net new supplier's decreases, reducing the set up fees charged as they are only charged for first time suppliers to the Network. As the Company continues to capture market share and has more and more of the total supplier chain, the set-up fee revenue will decline as the access and usage fees revenue increases from additional document flow through the Network.

Integration fees increased $206,275 or 95% during the nine month period. This increase is the result of integration projects moving through the milestone stages. The Company continues to focus on the projects in flight, ensuring timely completion.

Quarter ended April 30, 2014

	Q3 F2014	Q3 F2013	Change	% Increase (Decrease)
Access and usage fees	**$2,070,174**	**$1,439,219**	**$630,955**	**44%**
Set-up fees	**$18,304**	**$110,672**	**$(92,368)**	**(83%)**
Integration fees	**$213,490**	**$84,578**	**$128,912**	**152%**
Total Baseline Revenue	**$2,301,968**	**$1,634,469**	**$667,499**	**41%**
Project management fees	**$88,684**	**Nil**	**$88,684**	**100%**
Total Revenue	**$2,390,652**	**$1,634,469**	**$756,183**	**46%**

	Q3 F2014	Q2 F2014	Change	% Increase (Decrease)
Access and usage fees	**$2,070,174**	**$1,829,303**	**$240,871**	**13%**
Set-up fees	**$18,304**	**$29,229**	**$(10,925)**	**(37)%**
Integration fees	**$213,490**	**$119,962**	**$93,528**	**78%**
Total Baseline Revenue	**$2,301,968**	**$1,978,494**	**$323,474**	**16%**

Project management fees	**$88,684**	**$5,575**	**$83,109**	**1491%**
Total Revenue	**$2,390,652**	**$1,984,069**	**$406,583**	**20%**

Historically the third quarter is not the strongest quarter for Cortex as the start of spring breakup impacts the rig utilization in Canada thereby impacting the transactions volumes of our customers in Canada. Despite this, the Company was able to realize 20% growth in Q3 F2014 over Q2 F2014. The 44% growth Q3 F2014 over Q3 F2013 in access and usage fees is an encouraging number. The growth year over year is attributable to the increase in the number of suppliers on the Network and the numbers of transactions billable on the Network.

The Company continues to see transactional revenue increase in line with transaction volumes flowing through the system. There were 15% more documents exchanged in Q3 F2014 compared to Q3 F2013 (Q3 F2014 – 3,231,611; Q3 F2013 – 2,821,534). This increase in documents exchanged was the result of an increase in the number of buying organizations gone live on the Network at April 30, 2014, 69 compared to April 30, 2013 of 51. There will be additional increased transactional revenue as these buying organizations work toward 80% automation of their supplier Network.

The total revenue increase was 46% Q3 F2014 over Q3 F2013 (Q3 F2014 - $2,390,652; Q3 F2013 - $1,634,469). The largest contributor to this increase was the access and usage fees revenue of 44% (Q3 F2014 - $2,070,174; Q3 F2013 - $1,439,219). The Company continues to focus on additional ways to increase this recurring revenue growth through additional signing of buying organizations, additional transactions per supplier on the Network and secondary service offerings.

Set up fees were down 83% or $92K Q3 F2014 over Q3 F2013 (Q3 F2014 - $18,304; Q3 F2013 - $110,672). The set-up fees revenue line will not see the same growth as the access and usage fees revenue until the Company sees additional growth outside the oil and gas segment. Once the Company expands into other verticals; such as construction and utilities; there will be more net new suppliers and there may be a growth in this revenue stream as a result.

The integration fees revenue was up 152% Q3 F2014 over Q3 F2013 (Q3 F2014 - $213,490; Q3 F2013 - $84,578). The Company put a focused effort into these integration projects during the quarter seeing this revenue stream increase in Q2 F2014. As integration projects are completed; their fees are recognized based on percentage of completion. Once, the integrated supplier is live on their new product; there is a corresponding increase in the access and usage fee revenue. The combination of these factors has driven the integration delivery team to develop some productivity improvements which will drive these projects time to revenue down.

Expenses (restated)

Nine months ended April 30, 2014 (restated)

The Company's expenses for the nine months ended April 30, 2014 were 6% or $547,012 higher than April 30, 2013. The Company completed Phase 1 of the Canadian portion of the upgrade to the new platform. As a result, during Q2 F2014 the Company began amortizing this portion, resulting in an increase to the amortization expense each quarter of $143,415 as well as resources previously capitalized to the Canadian roadmap project are now going to appear in the salaries, employee benefits and subcontract line resulting in an additional expense of $175,299 in Q3 F2014. The corresponding decline in the amount capitalized to intangible assets during the nine month period declined from $1,213,817 for the nine months ended April 30, 2013 to $662,947 for the nine months ended April 30, F2014, a decline of $550,870 or 45%.

The salaries, employee benefits and subcontract line increased 7% or $445,939 for the nine month period ended April 30, 2014 over the nine period ended April 30, 2013. Included in the nine month period is the regular employee compensation plan bonus accrual of $984,187 (April 30, 2013 - $650,346) and the leadership incentive accrual of $230,000 discussed above. The remaining increase in the result of the development salaries and project specific third party development paid in the quarter of $211,699.

The general and administrative line increased 38% or $274,428. This increase is the result of additional investor relations travel during the period to assist in closing the financing of $10M during the quarter, as well as increased travel to the U.S. in order to solidify the buying organizations sold over the 9 month period in the U.S. There were also expenses related to sales team rewards for meeting F2013 targets as well as exceeding Q1 F2014 targets. In addition, foreign exchange in the current nine month period was $39,442 compared to $3,105 during the same nine month period ended April 30.

The professional fees increases during the nine month period are related to the Company completing some internal audits to improve their internal controls.

Quarter ended April 30, 2014 (restated)

	Q3 F2014 April 30, 2014 (restated)	Q3 F2013 April 30, 2013 (restated)	Change	% Increase (Decrease)	Q3 F2013 April 30, 2013 (restated)	Q3 F2012 April 30, 2012 (restated)	Change	% Increase (Decrease)
Salaries, employee benefits and subcontractor expense	$ 2,810,515	$ 2,330,878	$ 479,637	21%	$ 2,330,878	$ 2,357,841	$ (26,963)	(1%)
General and administrative	$ 397,956	$ 260,881	$ 137,075	53%	$ 260,881	$ 268,560	$ (7,679)	(3%)
Market expansion and product development	$ -	$ 218,226	$ (218,226)	(100%)	$ 218,226	$ 550,058	$ (331,832)	(60%)
Commissions and credit cards (restated)	$ 107,361	$ 68,929	$ 38,432	56%	$ 68,929	$ 61,548	$ 7,381	12%
Rent	$ 127,492	$ 96,192	$ 31,300	33%	$ 96,192	$ 77,734	$ 18,458	24%
Professional fees	$ 107,738	$ 50,989	$ 56,749	111%	$ 50,989	$ 40,763	$ 10,226	25%
Internet and hosting costs	$ 31,856	$ 27,943	$ 3,913	14%	$ 27,943	$ 28,942	$ (999)	(3%)
Stock-based compensation	$ 122,918	$ 153,894	$ (30,976)	(20%)	$ 153,894	$ 109,795	$ 44,099	40%
Amortization	$ 305,131	$ 161,716	$ 143,415	89%	$ 161,716	$ 179,909	$ (18,193)	(10%)
Total Expenses (restated)	$ 4,010,967	$ 3,369,648	$ 641,319	19%	$ 3,369,648	$ 3,675,150	$ (305,502)	(8%)

During Q3 F2014 the Company included in salaries, employee benefits and subcontracts an accrual of $531,274 for annual bonus Compensation. Of this amount $301,274 has been accrued for the employee bonus program which is accrued throughout the year, reconciled and paid out in Q2 of each year (this is paid out through a combination of cash and shares) and the leadership incentive accrual of $230,000 discussed above In addition, the salaries, employee benefits and subcontract line includes some development salaries, previously capitalized. The amount included is $175,299. This is in alignment with our capitalization policy where the Company stopped capitalizing the Canadian roadmap team in Q2 F2014 as the transitioning of Canadian suppliers continues onto the new platform. The resulting decline in cash spent on intangible asset in the quarter was $141,439. There is also the calendar year increase in CPP and EI which happens January through May of each calendar year. All these factors contributed to the expense increase in Q3 F2014.

During Q3 F2014, the Company's total expenses increased by 19% or $641,319 over Q3 F2013. Rent was up $31,300 due to an operating cost adjustment and business tax. Commissions and credit cards were up $38,432 reflecting increased sales activities. Professional fees were up as work on special projects concluded in the quarter. The costs associated with these special projects in the quarter totalled $56,410.

The general and administrative line increased 53% or $137,075. This is the result of increased partner and customer events, annual sales reward initiatives earned and taken as well as the impact of foreign exchange. These expenditures have helped the Company reach additional buying organizations, and solidify solid pipelines for future sales. In addition, there were some increased expenditures for sales related rewards for sales teams meeting their F2013 and Q1 F2014 targets.

Net Loss (restated)

Nine months ended April 30, 2014 (restated)

The Company's net loss for the nine months ended April 30, 2014 improved 20% compared to the nine months ended April 30, 2013 (April 30, 2014 - $4,267,485; April 30, 2013 - $5,344,062).

The significant items impacting net loss were:

- Increase in baseline revenue, excluding finance income, of $1,530,840 over the nine months ended April 30, 2013.
- Increase in project management revenue or $94,259 over the nine months.
- Increase in salaries, employee benefits and subcontract of $445,939
- Increase in general and administrative expenses of $274,428.

The Company's growth and expansion strategy will continue through the next twelve months. The U.S. expansion strategy will continue to have travel costs associated with onboarding of customers in the U.S., setting up a satellite U.S. sales office and any required infrastructure upgrades to maintain the quality of product and service. The Company will continue to monitor these expenses in line with sales opportunities in the U.S. and adjust spending as deemed necessary.

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

Quarter ended April 30, 2014 (restated)

The Company's net loss for the quarter ended April 30, 2014 improved by 7% (April 30, 2014 - $1,613,556; April 30, 2013 - $1,736,711).

The significant items impacting net loss were:

- Increase in baseline revenue of $667,499 over Q3 F2014.
- Increase in project management revenue of $88,684 over Q3 F2014.
- Increase in salaries, employee benefits and subcontract of $479,637.
- Increase in general and administrative expenses of $137,075.

The Company continues to make strides in reducing costs, maintaining customer satisfaction while continuing to grow revenue. Changes are made, as required, to business strategies to adjust to market influences.

Quarterly Information (restated)

The following table presents key financial information by quarter for the last eight quarters.

	Total Revenue	Access and Usage fees revenue	Net Loss	Basic and diluted loss per share	Cash (outflow) from operations
2014 Quarter Three	$2,390,652	$2,070,174	$1,613,556	$(0.01)	$(860,456)
Quarter Two	$1,984,069	$1,829,303	$1,189,990	$0.00	$(1,168,233)
Quarter One	$1,790,582	$1,655,815	$1,463,939	$(0.01)	$(997,684
2013 Quarter Four	$1,623,934	$1,464,519	$1,533,243	$(0.01)	$(1,468,319)
Quarter Three	$1,634,469	$1,439,219	$1,736,711	$(0.01)	$(1,155,584)
Quarter Two	$1,502,193	$1,318,275	$1,827,252	$(0.01)	$(1,807,182)
Quarter One	$1,403,542	$1,237,896	$1,780,099	$(0.01)	$(1,676,543)
2012 Quarter Four	$1,295,059	$1,127,938	$2,238,717	$(0.01)	$(1,692,748)

The above table highlights continued growth in our access and usage revenue stream over the last eight quarters. The average growth rate over the last eight quarters was 8% and over the last three quarters this growth rate has accelerated to an average of 14%. Q3 F2014 has the strongest growth rate since Q3 F2012, with a 20% growth Q3 F2014 over Q2 F2014 and a 46% growth Q3 F2014 over Q3 F2013.

Income Taxes

For the quarter ended April 30, 2014, the Company is not cash taxable. At April 30, 2014, the Company has approximately $45,000,000 of non-capital losses to carry forward to reduce future year's taxable income.

Share Capital

Cortex Business Solutions Inc. issued 102,550,052 common shares during the nine months ended April 30, 2014, compared to 41,886,234 during the nine months ended April, 2013. There were 65,852 shares issued on the exercise of stock options for gross proceeds of $13,480 and 100,000 shares issued in lieu of cash for commission (fair value of $16,000) on a significant account, 2,384,200 shares issued as part of the Company's Employee Performance Management Program (fair value of $381,472) and the Company closed its short form prospectus offering of common shares of the Company for aggregate gross proceeds of $10,000,000. Under the Offering, a total of 100,000,000 Common Shares were issued at a price of $0.10 per Common Share. In addition, the Underwriters received 6,000,000 compensation options at an exercise price of $0.10 for a period of twenty-four months from the date of issuance.

There has been no exercise of Compensation Units during the nine months ended Q3 F2014 or Q3 F2013.

There were 258,262 stock options forfeited 500,000 stock options granted 1,321,239 stock options expired and 1,948,774 stock options vested subsequent to April 30, 2014.

The number of common shares issued and outstanding at April 30, 2014 and November 27, 2014 is 361,697,427.

Liquidity and Capital Resources (restated)

At April 30, 2014, Cortex Business Solutions Inc. held $10,669,125 in cash and $60,000 in short-term investments, compared to $5,179,066 in cash and $50,000 in short-term investment at July 31, 2013. The Company had trade accounts receivable of $274,401 at April 30, 2014 compared to trade accounts receivable of $207,994 at July 31, 2013. The Company continues to maintain a diligent collections regime. None of the accounts receivables are under dispute however, the Company has set up $10,000 as an allowance for doubtful accounts at April 30, 2014.

Cash used in operating activities was $860,456 in Q3 F2014 compared to $1,155,584 in Q3 F2013. This is a positive improvement in cash flow as the Company continues to be diligent in the use of cash.

During Q3 F2014, the Company used $1,641 to invest in property and equipment, specifically computer equipment, furniture and office equipment, compared to $7,200 during Q3 F2013. In addition, during the quarter the Company invested $85,215 in the second phase of the Canadian upgrade of the Company's network platform, which was capitalized as an intangible asset, compared to $411,267 during Q3 F2013.

The Company operates a stock option plan as approved by the shareholders at the 2012 Annual General Meeting on June 10, 2013. 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 10% of the issued and outstanding common shares of the Company. 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 April 30, 2014 was 21,517,330 and at April 30, 2013, 17,603,331 with a weighted average exercise price of $0.27 and $0.29 respectively. The amounts exercisable for the same periods were 16,357,725 and 13,045,049, respectively, with a weighted average exercise price of $0.29 and $0.32 respectively.

At November 27, 2014, the Company had 17,400,034 stock options exercisable and 22,511,563 stock options issued and outstanding At April 30, 2014 and November 27, 2014 there were 22,379,000, respectively, warrants outstanding at a weighted average exercise price of $0.23125. At April 30, 2014 and November 27, 2014, there were 5,053,650 and 9,164,090 Compensation Options/Units outstanding respectively with a weighted average exercise price of $0.19 and $0.13 per Compensation Option/Unit respectively.

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 reported consecutive net losses for the quarter ended April 30, 2014 and the year ended July 31, 2013 of $1,613,556 and $6,877,304 respectively with a cumulative deficit of $, 52,231,105, as at April 30, 2014. When the Company can attain profitability and positive cash flows is uncertain. The ability of the Company to continue as a going concern is dependent upon future profitable operations and may require additional debt or equity financing. The Company's cash position at April 30, 2014 was $10,669,125. On February 28, 2014, the Company closed its short form prospectus offering of common shares of the Company for aggregate gross proceeds of $10,000,000. Under the Offering, a total of 100,000,000 Common Shares were issued at a price of $0.10 per Common Share. In addition, the Underwriters received 6,000,000 compensation options at an exercise price of $0.10 for a period of twenty-four months from the date of issuance.

The Company will closely monitor its cash on a regular basis and will need to take the necessary measures to preserve cash such as reduce spending until the Company starts to generate sufficient cash flows from operations or cash from new capital sources.

The Company has a business plan which shows a strategy to increase revenue and control spending to the level necessary to maintain operations and achieve profitability.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards 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.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Contractual Obligations

The Company has entered into various operating leases for office space expiring at various dates to January 2018 and office equipment expiring at various dates to August 2014.

The Company has an obligation to pay a rebate to certain customer based on future gross revenues.

The Company's total minimum annual obligations as follows: 2014 - $74,232; 2015 - $261,796; 2016 – $270,621; 2017 - $280,644 and 2018 - $145,333.

Transaction with Related Parties

There were no transactions with related parties in the quarters ended April 30, 2014 or 2013.

During the year ended July 31, 2014, Cortex paid a company under significant influence by a director, who was appointed to the board of directors in April 2014, $300,000 in cash commission and 3,000,000 Compensation Units with a fair value of $231,000 on the February 2014 prospectus offering of common shares of the Company. In addition, they have been engaged in a professional capacity for consulting matters for fees ranging from $0 to $180,000.

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 material business risks and uncertainties are described in greater detail in the Company's' Short-Form Prospectus filed on February 21, 2014 and its Annual Information form as filed on February 3, 2014. These documents can be found on the SEDAR website www.sedar.com.

Use of Estimates and Judgements

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 periods affected.

The following discussion sets forth management’s most critical estimates and assumptions in determining the value of assets, liabilities and equity:

Impairment of assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Impairment for intangible asset not available for use is required to be tested for recoverability on an annual basis. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. No impairments of non-financial assets have been recorded for the quarter ended April 30, 2014 or April 30, 2013.

Useful life of property and equipment and intangible asset

Property and equipment and intangible asset are amortized over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of amortization recorded during the period. The U.S. component of the software development has been amortized since November 1, 2011. The first phase of the Canadian component of the software development has begun amortization during Q2 F2014.

Rebate provision (restated)

Rebate provision is calculated using a risk free discount rate on the risk-adjusted future gross revenues the Company expects to earn. Changes on this estimated amounts and timing of future revenues to be earned could significantly increase or decrease the amount of accretion expense recorded during the period and the rebate provision recorded on the consolidated statements of financial position.

Share-based compensation

Management is required to make certain estimates when determining the fair value of stock options awards and warrants issued including future volatility of the Company's share price, expected forfeiture rates, expected lives of the underlying securities, expected dividends and other relevant assumptions.

Critical judgments in applying accounting policies

In the preparation of the condensed consolidated financial statements, the Company has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

Rebate provision

Management is required to apply judgement in determining whether it has a financial liability relating to any contracts that the Company enters into that also provides arrangements whereby the Company has a potential future financial liability and consequently requires management to determine when the financial liability should be recorded on the consolidated statement of financial position.

Capitalized software development costs

Software development costs are capitalized as an intangible asset when costs are attributable to a clearly defined product, technical feasibility has been established, a market has been identified, the Company intends to market the software and has adequate resources expected to be available to complete the project. Management is required to make judgments on when the criteria for recognition as intangible assets is met. During the quarter ended April 30, 2014, $85,215 (2013 - $411,267) of development costs were capitalized as an intangible asset.

Income tax

Management is required to apply judgment in determining whether it is probable deferred income tax assets will be realized. At April 30, 2014, management had determined that future realization of its deferred income tax assets did not meet the threshold of being probably and, as such, has not recognized any deferred income tax assets in the consolidated statement of financial position.

In addition, the measurement of any potential income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Rebate provision

Management is required to apply judgement in determining whether it has a financial liability relating to any contracts that the Company enters into that also provides arrangements whereby the Company has a potential future financial liability and consequently requires management to determine when the financial liability should be recorded on the consolidated statement of financial position.

Changes in Accounting Policies

The following accounting pronouncements have been adopted by the Company:

IFRS 7 Financial Instruments: Disclosures

IFRS 7, Financial Instruments: Disclosures was amended by the IASB in December 2011 to provide additional information about offsetting of financial assets and financial liabilities. Additional disclosures will be required to enable users of financial statements to evaluate the effect of potential netting arrangements on the entity's financial position. The Company has adopted this standard on August 1, 2013 with no impact on the amounts recorded in the financial statements.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments (IFRS 9) as a first phase in its ongoing project to replace IAS 39. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. The Company has adopted this standard on August 1, 2013 with no impact on the amounts recorded in the financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 Fair Value Measurement (IFRS 13). IFRS 13, which is to be applied prospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in most cases when another IFRS requires (or permits) fair value measurement. The Company has adopted this standard on August 1, 2013 with no impact on the amounts recorded in the financial statements.

IASB issued IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities and amendments to both IAS 27 Consolidated and Separate Financial Statements and IAS 28 Investments in Associates effective for fiscal periods beginning on or after January 1, 2013, retrospectively with earlier adoption permitted if all standards are collectively adopted. The Company has adopted this standard on August 1, 2013 with no impact on the amounts recorded in the financial statements.

Future Accounting Pronouncements

Other

IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 19 Employee Benefits effective for fiscal years beginning on or after January 1, 2013 retrospectively, with earlier adoption permitted. The Company does not believe the changes resulting from these amendments are relevant to its consolidated financial statements.

“Art Smith” (signed)
President

“Sandra L. Weiler” (signed)
Chief Financial Officer