CORTEX BUSINESS SOLUTIONS INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE QUARTERS ENDED JANUARY 31, 2016 AND 2015

DATED: March 14, 2016

MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarters ended January 31, 2016 and 2015

The following management's discussion and analysis ("MD&A") should be read in conjunction with Cortex Business Solutions Inc. ("Cortex" or the "Company") condensed consolidated interim financial statements, as at and for the quarter ended January 31, 2016. The accompanying financial statements of Cortex have been prepared by management and approved by the Company's Board of Directors. 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 March 14, 2016.

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 website at www.cortex.net.

Forward Looking Statements

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.*

Non-GAAP Financial Measures

The Company reports its financial results in accordance with Canadian GAAP. However, the MD&A contains references to non-GAAP financial measures such as Baseline revenue (access and usage fees revenue plus integration and set-up fees revenue and adjusted EBITDA (Earnings before interest, taxes, depreciation, stock option expense and amortization). A reconciliation of revenue can be performed by subtracting project management fees from total revenue reported on the Company's condensed consolidated interim statement of loss and comprehensive loss. Non- GAAP financial measures do not have standardized meanings prescribed by GAAP and therefore may not be comparable to similar measures presented by other reporting issuers.

These non-GAAP financial measures have been included in this MD&A as they are measures which management uses to assist in evaluating the Company's operating performance against its expectations and against other companies in similar industries. Management believes that non-GAAP financial measures assist in identifying underlying operating trends.

OVERVIEW

Cortex is a business-to-business, network as a service that enables electronic invoicing. Cortex reduces invoice processing times by offering flexible connections and tools that leverage existing customer technology and processes.

Our simplified connection methods and pricing model continues to prove out both sides of the automation coin and has received positive feedback from organizations utilizing these services. In addition, we continue to work on product development to assist customers with secondary services to further enhance their automation experience.

Since our inception in 1999, we have established ourselves as a dependable partner for customers in our traditional market of oil & gas, as well as emerging markets such as mining, waste management, construction and sports & entertainment. Each of these markets shares a common denominator of having complex procurement cycles, supported by costly, manual processes, which can be aided with our vertically agnostic system.

With the number of companies looking to implement an electronic solution, there remains a large untapped market. Those same companies cite a lack of supplier adoption as a barrier to moving to an electronic solution, which is where Cortex provides value. A key strength of our offering is the high level of on-boarding support offered to new customers joining the network.

To better support our customers, we have clearly defined the groups responsible for each stage of a customer's life cycle. As part of this customer centric focus, each group has a distinct role to play; Sales offers a collaborative approach in assisting the customers in signing up for access to the Network, while Professional Services supports new customers throughout their on-boarding with support and training initiatives, and Client Success works with the customers post deployment to ensure they are maximizing their value on the Network. This clearly defined framework reinforces our differentiating service offering by providing unparalleled support.

Our recent focus on right sizing the business resulted in considerable cost savings to the Company, with no negative impact on our ability to serve existing customers. After careful review, we strengthened our leadership structure by consolidating the base of operations and the senior management team to our headquarters located in Calgary, Alberta. In addition to this consolidation activity, we made the difficult decision to remove certain individuals from the Company in an effort to reduce our recurring costs, whilst maintaining operational capabilities.

Increasing revenues through effective pipeline management is one of our highest organizational priorities. By focusing our efforts on holistic sales approach to new and existing prospects we can show customers the extent of the value we can bring to their current situation.

CORTEX

OPERATIONAL HIGHLIGHTS

Operational highlights for the three months ended January 31, 2016 compared to January 31, 2015 are summarized below:

- The cash used in operating activities improved to $400,319 compared to $2,149,741 during the three months ended January 31, 2015.
- The net loss improved 73% to $619,256 from $2,281,109.
- Total revenue declined 9% Q2 F2016 compared to Q2 F2015.
- Billable transactions declined 21% while active suppliers increased 2%.
- Total expenses declined 38%.

Operational highlights for the six months ended January 31, 2016 compared to January 31, 2015 are summarized below:

- The cash used in operating activities improved to $538,840 from $3,154,537.
- The net loss improved to $1,428,391 from $4,215,507.
- Total revenue declined 5%.
- Billable transactions declined 20% over the six month period.
- Total expenses declined 32% or $3,084,383.

The following table sets forth a summary of key results of operations as at and for the quarters ended January 31, 2016 and January 31, 2015.

	Q2 F2016	*Q2 F2015*	*% Change*
Baseline revenue	$2,554,704	$2,656,223	(4%)
Project management fee revenue	3,869	166,859	(98%)
Cost of Sales	1,397,136	1,541,545	(9%)
Gross Profit	1,161,437	1,281,537	(9%)
Total other(1) expenses	1,778,452	3,564,875	(50%)
Income (loss) before finance income (expense)	(617,015)	(2,283,338)	(73%)
Earnings (loss) per share	(0.07)	(0.31)	
Adjusted EBITDA(2)	(100,089)	(1,737,131)	(94%)
Net cash used in operating activities	400,319	2,149,741	(81%)
Total assets	8,864,110	11,448,142	(23%)
Deferred revenue	170,802	280,991	(39%)
Total long-term financial liabilities	237,843	743,429	(68%)

(1) Other expenses include; sales and marketing; research and development, general and administrative and severance and termination charges.

(2) Non-GAAP measure as defined on page 2.

Adjusted EBITDA

Earnings before interest, tax, depreciation, stock option expense and amortization is reconciled to Loss before finance income for the second quarter below:

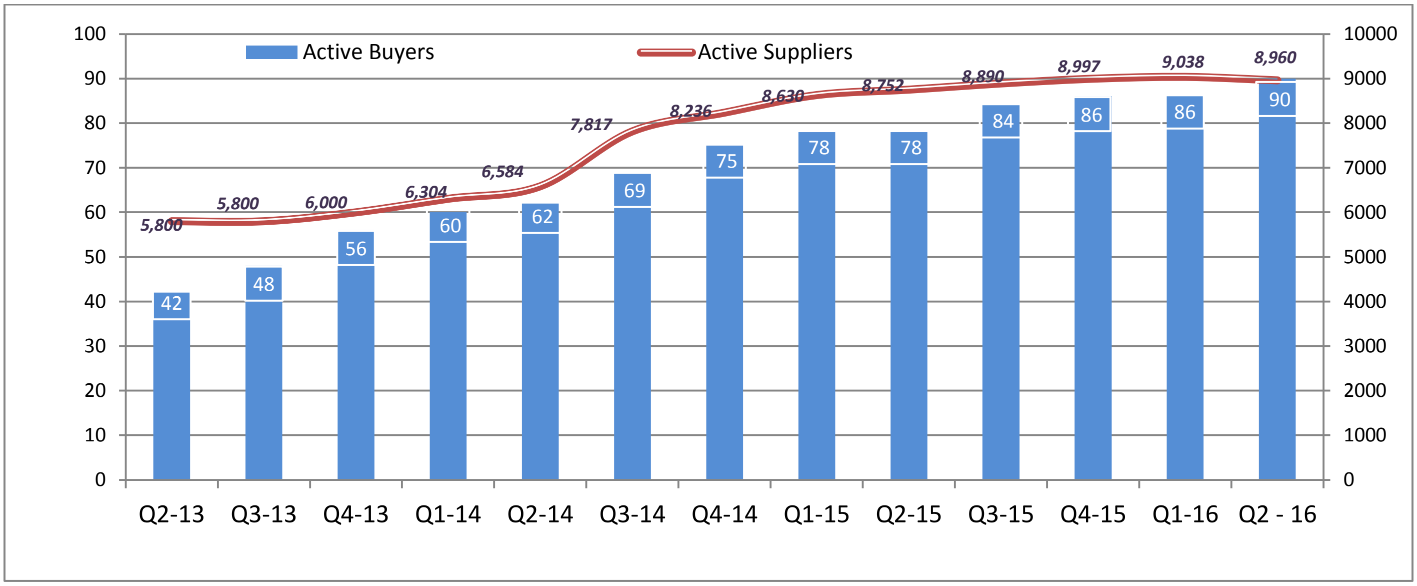
	Q2 F2016	Q2 F2015
(Loss) before finance income	$(617,015)	$(2,283,338)
Amortization	460,298	465,299
Stock option expense	56,628	80,908
Adjusted EBITDA	$(100,089)	$(1,737,131)

As the Company continues to drive towards profitability and positive cashflow, the trends from adjusted EBITDA are helpful in analyzing how close the Company is getting and what next steps are required to continue to expedite the road to profitability. Other important metrics to review are the operational metrics.

The table below highlights key operational metrics. During Q2 F2016, the Company signed four buying organizations in Canada. There was one contract which was cancelled and two buying organizations decommissioned in the quarter. The Company's revenue stream shows growth as the buying organizations move from the "in progress" to "completed" stage. Once the buying organizations are live, their suppliers start to be on-boarded to the Network and there is an increase in active suppliers resulting in recurring access and usage stream revenue growth.

	Fiscal 2016				Fiscal 2015							
Quarterly	Q2		Q1		Q4		Q3		Q2		Q1	
	#	% Change	#	% Change	#	% Change	#	% Change	#	% Change	#	% Change
Buyer Integrations Completed	90	6%	86	Nil	86	2%	84	8%	78	0%	78	4%
In progress	5		8		7		3		8		5	
Total	95	2%	94	1%	93	7%	87	1%	86	4%	83	-7%
Billable Transactions	1,127,303	(6%)	1,196,362	3%	1,166,258	(5%)	1,221,999	(14%)	1,423,818	(3%)	1,474,650	25%
Total Documents exchanged	2,936,158	(6%)	3,109,103	2%	3,054,263	(9%)	3,355,769	(14%)	3,915,442	(3%)	4,021,739	23%
Active Suppliers	8,960	(1%)	9,038	0.5%	8,997	1%	8,890	2%	8,752	1%	8,630	5%

The translation of the information in the above operational table into the graph below highlights the trending of active suppliers compared to active buyers on the Network. As individual buyer transactional volumes decline in the energy sector, the growth strategy is to continue to add buyers in both the energy sector and other verticals. Each new buyer will add transaction volumes through the addition of independent suppliers.



QUARTERLY INFORMATION

The below table highlight the results of the Company over the preceding eight quarters.

	Total Revenue	Access & Usage Fees Revenue	Net Loss	Basic Loss Per Share
F2016				
Quarter Two	$2,558,573	$2,443,975	$(619,256)	$(0.07)
Quarter One	$2,627,272	$2,516,293	$(809,135)	$(0.10)
F2015				
Quarter Four	$2,491,329	$2,324,102	$(2,036,070)	$(0.27)
Quarter Three	$2,640,897	$2,452,310	$(1,674,220)	$(0.23)
Quarter Two	$2,823,082	$2,506,230	$(2,281,109)	$(0.31)
Quarter One	$2,631,647	$2,430,228	$(1,934,399)	$(0.27)
F2014				
Quarter Four	$2,812,040	$2,117,717	$(1,619,615)	$(0.27)
Quarter Three	$2,390,652	$2,070,174	$(1,613,556)	$(0.24)

The Company monitors the cyclical nature of its business in alignment with the Energy sector the Company has historically derived the majority of its revenue from. This sector typically has declines in activity during their "spring break-up". The timing of spring break-up can vary year to year however; it falls within the late spring, early summer timeline. For Cortex, this timing aligns to our third and fourth quarters. As the Company continues diversification into other verticals while maintaining our position within the Energy sector, this will assist the Company in mitigating the effect of seasonality in the Energy sector.

Historically Q1 and Q2 are the Company's strongest months. In F2016, the impact of the continued downturn in the Energy sector has reduced this effect. Q2 F2016 did not see the growth it has historically seen over Q1. Given the economic conditions in the Energy sector, the modest 3% decline in access and usage fees is being monitored, however; management remains excited with the acceptance in the marketplace. Despite an intended hiatus from net new sales, the Company was still able to maintain revenue with only a moderate decline. The sales strategy in place has seen positive results in Q2 and subsequent to Q2.The need for the Cortex solution is stronger now as a cost saving and efficiency mechanism for customers. Cortex works with their customers to ensure their subscription agreements are best suited for their transaction levels and automation goals.

Three months ended January 31, 2016

Q2 F2016 Revenue

The Company's revenue breakdown by significant types of revenue is as follows:

	Q2 F2016	Q2 F2015	% Change
Access and usage	$ 2,443,975	$ 2,506,230	(2%)
Integration and set up	$ 110,729	$ 149,993	(26%)
Project management	$ 3,869	$ 166,859	(98%)
	$ 2,558,573	$ 2,823,082	(9%)

Total revenue declined 9% to $2,558,573 for the three months ended January 31, 2016 compared to $2,823,082 during the quarter ended January 31, 2015. The majority of the decline of 9% year over year is the impact of the reduction in project management fees. The reduction in access and usage fees accounted for only 2% of the reduction. With a 21% decline in billable transactions during the same time frame, the 2% reduction is encouraging.

The decline in revenue is lower than expected given the economic climate in the Energy sector, as well as the initiatives underway internally to recalibrate the sales organization. Some of the decisions made which impacted revenue were:

- The reduction in the sales team in Q4 F2015,
- alignment of delivery and sales in the organization,
- introduction of a pricing structure; which better suits a cost sharing model,
- renewal and upgrade of old contracts to ensure the Company was selling its value proposition and differentiator appropriately to the market, and
- continued diversification out of a single vertical.

Access and Usage Fees

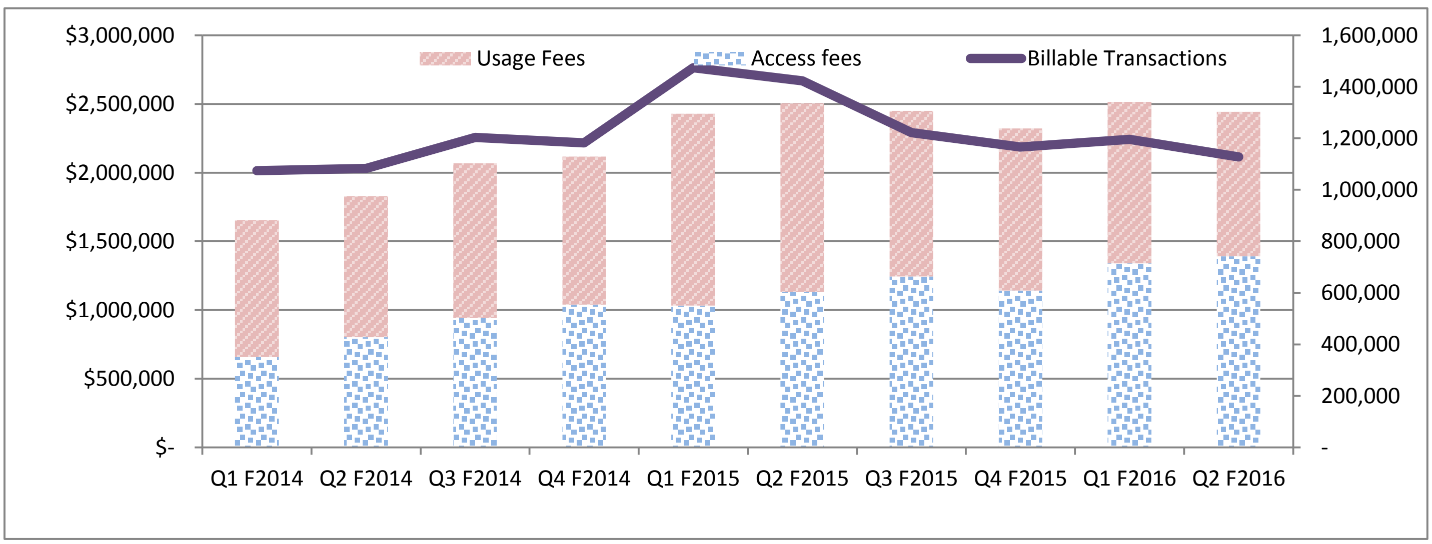
Access and usage fees include a monthly fee for access to the Cortex Trading Partner Network ("Network") plus transaction fees which are recognized in the month the document exchange occurred.

Access and usage fee revenue declined 2% Q2 F2016 over Q2 F2015. The decline of the access and usage fee revenue is the result of reduced billable transactions as well as reduced active suppliers at the end of January 31, 2016.

The Energy sector downturn has impacted the breakdown in our access and usage fees. Based on this trend management has worked with customers on renegotiating their current subscription agreements to better align their subscription agreement with a potentially higher base (access fee) and lower or more included documents (usage fees). This will reduce the fluctuations based on transaction volumes for both the customer and Cortex; allowing for easier budgeting by both parties.

While reviewing the access and usage fee revenue trends it was noted that usage fees were an average of 55% of total recurring revenue in F2014; an average of 53% in F2015 and for the first two quarters of F2016 made up 45% of total recurring revenue. This trend highlights that the reduction in transactional volumes is being seen in the usages fees however; the access fees are mitigating the exposure to these fluctuations. Access fees were $1,391,036 in Q2 F2016 ($1,133,768 – Q2 F2015) an increase of 23% and usage fees were $1,052,938 ($1,372,462 – Q2 F2015) a decrease of 23%.

The graph below highlights the access and usage fee revenue fluctuations in line with billable transactions. In February, two of our buying organizations were decommissioned off the Network. Their related suppliers started reducing their transaction volumes in Q2 F2016.



Integration and Set up Fees

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

Set-up fee revenue is charged to suppliers for initial set up and training. This fee is deferred and recognized as revenue over a one quarter period representing the estimated term of the contract.

The integration and set-up fees revenue stream continues to fluctuate dependent on integration project timelines, completion and the number of net new suppliers joining the Network in the quarter paying the initial set-up fee.

Integration and set-up fees revenue declined Q2 F2016 over Q2 F2015 by 26%, or $39,264 (Q2 F2016 - $110,729; Q2 F2015 - $149,993). This is driven by a reduction in completed projects as well as reduced supplier set up fees during Q2 F2016 compared to Q2 2015.

Project Management Fees

Project management fees are recognized as services are performed on a time and material basis.

Project management fees decreased 98%, or $162,990, Q2 F2016 compared to Q2 F2015. As the Company continues to move towards appropriate billing for services going forward and continues to add value to our customers through additional extended services, there may be an increased opportunity realized through project management fees in the upcoming quarters. In Q2 F2015, Cortex assisted one of its customers with additional services related to onboarding of their suppliers. This was a onetime project and the majority of the project management fees in Q2 F2015 were related to this initiative.

Q2 F2016 EXPENSES

Total expenses were down Q2 F2016 over Q2 F2015 by 38% or $1,930,832. The reductions management made at the close of fiscal 2015 were realized in Q1 and Q2 F2016.

	Q2 F2016	Q2 F2015	% Change
Expenses			
Cost of sales	$ 1,397,136	$ 1,541,545	(9%)
Sales and marketing	$ 324,954	$ 1,083,592	(70%)
Research and development costs	$ 489,545	$ 964,297	(49%)
General and administrative	$ 858,327	$ 1,253,361	(32%)
Severance and termination charges	$ 105,626	$ 263,625	(60%)
	$ 3,175,588	$ 5,106,420	(38%)

The details of these movements for the quarters are highlighted below.

Cost of Sales & Gross Profit

Cost of sales, as reported, decreased 9% Q2 F2016 over Q2 F2015 and cost of sales, net of amortization, decreased 13% over the same periods. This resulted in gross profit, as reported, remaining at 45% of total revenue and gross profit, net of amortization improved to 62% from 61%. The decline in sales was lessened by a reduction in cost of sales resulting in the stabilization of the gross profit.

	Q2 F2016	Q2 F2015	% Change
Total Revenue	$ 2,558,573	$ 2,823,082	(9%)
Cost of Sales, as reported	$ 1,397,136	$ 1,541,545	(9%)
As a percentage of revenue	55%	55%	
Gross Profit, as reported	$ 1,161,437	$ 1,281,537	(9%)
As a percentage of revenue	45%	45%	
Cost of Sales as reported	$ 1,397,136	$ 1,541,545	(9%)
Amortization	$ 430,229	$ 431,282	(0%)
Cost of Sales, net of amortization	$ 966,907	$ 1,110,263	(13%)
As a percentage of revenue	38%	39%	
Gross Profit, net of amortization	$ 1,591,666	$ 1,712,819	(7%)
Gross profit %	62%	61%	

Cost of Sales includes costs directly related to recognized revenue in the period. This includes delivery salaries, customer on boarding and support salaries, amortization of intangible assets, third party costs, credit card fees and related administrative costs of the individuals in these departments.

The Company has broken out cost of sales, net of amortization, as it improves the comparability of cost of sales on an annualized basis. After the amortization of the intangible ends after F2016, it will give a more meaningful comparison for subsequent years on how the Company is controlling the costs in this line item.

The cost of sales in total was reduced 9% (Q2 F2016 - $1,397,138; Q2 F2015 - $1,541,545) or $144,409 Q2 F2016 compared to Q2 F2015. The largest impact was salaries and wages. Salaries and related costs were down $161,687 or 20% Q2 F2016 over Q2 F2015. In January of Q2 F2016, the Company carried out additional restructuring. The restructuring in January impacted the client services and implementation teams; all of which are included in the cost of sales. The restructuring was a necessary step in the renewed focus on customer satisfaction, engagement and more efficient project closure timelines. The cost savings related to these changes will be seen in Q3 F2016. The related severance costs for these reductions are shown in severance and employee termination costs.

The other cost of sales movements were the reduced travel expenditures as a result of the reduced staffing in this area and AP Services fees. The amortization was consistent year over year. Management continues to monitor cost of sales and gross profit to ensure the cost of sales is in alignment with revenue.

CORTEX

Sales and Marketing

Sales and marketing in Q2 F2016 declined 70% compared to Q2 F2015. This was a reduction of $758,638.

	Q2 F2016	Q2 F2015	% Change
Sales and marketing	$ 324,954	$ 1,083,592	(70%)
As a percentage of revenue	13%	38%	

Sales and Marketing expenses consists primarily of salaries and related expenses for the sales and marketing staff. This includes, sales commissions on sales which are paid out in the period, a proportionate allocation of corporate expenses, including rent, repairs, maintenance, infrastructure costs and stock option expenses.

The largest reduction in sales and marketing is salaries and employee related expenses; a reduction of $565,708 Q2 F2016 compared to Q2 F2015. There has been some slowdown in new buying organizations as the transition of the sales organization is ongoing. In Q2 F2016, the Company signed four new buying organizations and added 344 new suppliers. (Q2 F2015 – signed 5 buying organizations and added 496 new suppliers). The results highlight the ability of the current team to continue to sell despite their reduction in size.

The commission and rewards programs declined Q2 F2016 over Q2 F2015 by 83% or $87,104. As the pipeline continues to drive sales, this number is anticipated to grow. The Company has revamped its price book to better align the pricing structure to a true cost sharing structure between buyers and suppliers. The commission structure has also been re-aligned and was executed in Q2 F2016.

The travel and related selling expenditures are down 92% or $66,737. This reduction is due to a combination of the number of sales staff as well as the location of the sales team. Centralizing the team to two locations, from three, has resulted in significant cost savings; while not hindering the breadth of the team.

As the Company continues to expand its pipeline with partners as well as direct sales; the sales organization will grow and develop in line with demand while maintaining profitability of new deals.

Research and Development

Research and Development declined 49%, or $474,752, Q2 F2016 over Q2 F2015.

	Q2 F2016	Q2 F2015	% Change
Research and development	$ 489,545	$ 964,297	(49%)
As a percentage of revenue	19%	34%	

Research and Development expenses include the costs of our development resources and related expenses, quality assurance salaries, related expenses and a proportionate allocation of rent and stock option expense.

As discussed in Q1 F2016, the company made some changes to the development organization resulting in some headcount reductions and related cost reductions. Of the total reductions 85% ($401,365) is the direct result of salary reductions. The remaining reductions were the overhead costs related to the reduction in headcount. The team has a more focused approach to enhancing the application with features and functionality.

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General and Administrative

General and administrative expense decreased 32%, or $395,034, Q2 F2016 over Q2 F2015.

	Q2 F2016	Q2 F2015	% Change
General and administrative	$ 858,327	$ 1,253,361	(32%)
As a percentage of revenue	34%	44%	

The general and administrative expenditures continue to reduce in line with the headcount reductions. Salaries and contractor related expenditures accounted for 90% ($354,638) of the reduction. This is part of the overall restructuring of the organization and bringing the staffing levels in alignment with the size of the organization.

In addition to the salary reductions the recruitment fees in the quarter were down $(73,247) or 100%. There were no other independent material contributions to the reduction in general and administrative expenses.

Severance and Termination charges

Severance and termination charges declined 60% Q2 F2016 over Q2 F2015.

	Q2 F2016	Q2 F2015	% Change
Severance and termination charges	$ 105,626	$ 263,625	(60%)
As a percentage of revenue	4%	9%	

The severance and termination charges which occurred in Q2 F2016 were the result of additional staff reductions during January 2016. The related salary reductions will materialize in Q3 F2016 in the cost of sales line item.

Net Loss Q2 F2016

The Company's net loss for the quarter ended January 31, 2016 improved 73% to $619,256 (Q2 F2015 - $2,281,109). This represents the lowest quarterly net loss the Company has achieved in over 5 years.

This significant items impacting net loss were:

- The impact of the cost reductions made in the latter part of fiscal 2015;
- additional severance and termination charges in the quarter with the reorganization of the delivery team;
- bringing the investor relation function in-house ; and
- streamlining of the sales organization has resulted in reduced net new contracted sales.

CORTEX

Six months ended January 31, 2016

Revenue

The Company's revenue breakdown by significant types of revenue is as follows:

	6 months				
	Q2 F2016		Q2 F2015		% Change
Access and usage	$	4,960,268	$	4,936,458	0%
Integration and set up	$	208,785	$	292,569	(29%)
Project management	$	16,792	$	225,702	(93%)
	$	5,185,845	$	5,454,729	(5%)

Total revenue for the six month period declined 5% or $268,884. The changes per revenue stream items are detailed below. The main reasons for the changes in revenue for the six month period include;

- The reduction in the sales team in Q4 F2015,
- alignment of delivery and sales in the organization,
- the diversification out of a single vertical.

Access and Usage Fees

Access and usage fees include a monthly fee for access to the Cortex Trading Partner Network ("Network") plus transaction fees which are recognized in the month the document exchange occurred.

Access and usage fees were flat over the six months ended January 31, 2016 compared to the six month period ended January 31, 2015. During a period where the billable transactions declined 20% (six months ended January 31, 2016 – 2,323,665; six months ended January 31, 2015 – 2,898,468) the ability to maintain access and usage fees revenue is significant. The access fees, which customers are becoming more and more aware of the value of accessing the Network, are playing a large role in minimizing the transactional fluctuations due to economic trends.

The access fee revenue has increased 26% for the six month period ended January 31 (F2016 - $2,731,694; F2016 - $2,165,730) while the usage fees decreased 20% during the same period (F2016 - $2,228,574; F2015 - $2,770,728). The usage fees decline is in alignment with the billable transactions decline of 20%.

Integration and Set up Fees

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

Set-up fee revenue is charged to suppliers for initial set up and training. This fee is deferred and recognized as revenue over a one quarter period representing the estimated term of the contract.

The integration and set-up fees revenue stream continues to fluctuate dependent on integration project timelines, completion and the number of net new suppliers joining the Network in the quarter paying the initial set-up fee.

Integration and set-up fees revenue declined 29%, or $83,784 for the six months ended January 31, 2016 compared to January 31, 2015 (F2016 - $208,785; F2015 - $292,569). The reduction was the result of a combination of fewer projects moving stages during the six month period and fewer workbenches set up fees being realized during the six months.

Project Management Fees

Project management fees are recognized as services are performed on a time and material basis.

Project management fees decreased 93%, or $208,910, for the six months ended January 31, 2016 over January 31, 2015 (F2016 - $16,792; F2015 - $225,702). The Company is moving forward with the plan to charge for services previously not charged for. During the six months ended January 31, 2015, there were some projects for onboarding of suppliers which were one time in nature. The strategy is to continue to charge for similar services, as well as increasing this revenue stream through billable professional services.

Six months Expenses

Total expenses were down 32% or $3,084,383 for the six months ended January 31 2016 compared to January 31 2015.

	Q2 F2016	Q2 F2015	% Change
Expenses			
Cost of sales	$ 2,809,682	$ 3,245,331	(13%)
Sales and marketing	$ 673,587	$ 2,047,409	(67%)
Research and development costs	$ 1,075,248	$ 1,540,804	(30%)
General and administrative	$ 1,876,228	$ 2,583,693	(27%)
Severance and termination charges	$ 161,734	$ 263,625	(39%)
	$ 6,596,479	$ 9,680,862	(32%)

The details of these movements for the six months are highlighted below.

Cost of Sales & Gross Profit

Cost of sales, as reported, decreased 13% for the six months ended January 31 2016 compared to January 31 2015, while cost of sales net of amortization, decreased 18% over the same period. This resulted in gross profit, as reported, improved 8% to 45% of total revenue, and gross profit, net of amortization improved 5% to 62% of total revenue.

	Six months ended		
	January 31 2016	**January 31 2015**	**% Change**
Total Revenue	$ 5,185,845	$ 5,454,729	(5%)
Cost of Sales, as reported	$ 2,809,682	$ 3,245,331	(13%)
As a percentage of revenue	54%	59%	
Gross Profit, as reported	$ 2,376,163	$ 2,209,398	8%
As a percentage of revenue	46%	41%	
Cost of Sales as reported	$ 2,809,682	$ 3,245,331	(13%)
Amortization	$ 860,456	$ 862,158	(0%)
Cost of Sales, net of amortization	$ 1,949,226	$ 2,383,173	(18%)
As a percentage of revenue	38%	44%	
Gross Profit, net of amortization	$ 3,236,619	$ 3,071,556	5%
Gross profit %	62%	56%	

Cost of Sales includes costs directly related to recognized revenue in the period. This includes delivery salaries, customer on boarding and support salaries, amortization of intangible assets, third party costs, credit card fees and related administrative costs of the individuals in these departments.

The Company has broken out cost of sales, net of amortization, as it improves the comparability of cost of sales on an annualized basis. After the amortization of the intangible ends after F2016, it will give a more meaningful comparison for subsequent years on how the Company is controlling the costs in this line item.

The largest reduction was in the wages and employee related expenses which were down 27% or $474,299 for the six month period. The headcount reduction was part of the restructuring of the client delivery and success organization. The Company maintains its ability to ensure the customer is achieving their automation requirements with a smaller more focused team.

Sales and Marketing

Sales and marketing declined 67% or $1,373,822 for the six months ended January 31 2016 compared to January 31, 2015.

	Six months ended		
	January 31 2016	**January 31 2015**	**% Change**
Sales and marketing	$ 673,587	$ 2,047,409	(67%)
As a percentage of revenue	13%	38%	

Sales and Marketing expenses consists primarily of salaries and related expenses for our sales and marketing staff. This includes, sales commissions on sales which are paid out in the period, a proportionate allocation of corporate expenses, including rent, repairs, maintenance, infrastructure costs and stock option expenses.

There was a 68% reduction in headcount in the sales and marketing teams resulting in salaries reduction in the six month period of $1,037,188. During the restructuring phase of the sales organization, the lower buying organization sales were as expected during the first quarter of F2016; however the group has made tremendous strides in Q2 F2016 as well as subsequent to Q2 selling four buyers our solution in Q2 F2016 and closing a significant US buying organization in the Energy sector in February 2016. The right sizing of our sales organization has drastically changed our cost structure, while not limiting our ability to sell our solution.

The remaining decline in expenses of $336,634 was a combination of travel and commission reductions associated with a smaller team. The new sales leadership continues to work with the sales and marketing organization, improving the pipeline and focusing on profitable sales. As demand grows, the sales organization will continue to be evaluated to ensure the pipeline can be appropriately managed with the size of the team.

Research and Development

Research and development decreased 30% or $465,556 for the six months ended January 31 2016 compared to January 31, 2015.

	Six months ended		
	January 31 2016	**January 31 2015**	**% Change**
Research and development	$ 1,075,248	$ 1,540,804	(30%)
As a percentage of revenue	21%	28%	

Research and Development expenses include the costs of our development resources and related expenses, quality assurance salaries, related expenses and a proportionate allocation of rent and stock option expense.

The restructuring in Q1 F2016 resulting in the cost savings in Q2 F2016 and overall savings for the six month period ended January 31, 2016 compared to January 31, 2015. Salaries, benefits and related expenditures accounted for 90% of the total expense reduction in the six month period or $417,642.

In addition to salary reductions, the reduction in headcount resulted in reductions in overhead expenses in the research and development team of $47,915.

The smaller team has renewed focus on enhancing the application with additional features and functionality in response to customers and the current market requirements.

General and Administrative

General and administrative expense decreased 27%, or $707,466 for the six months ended January 31, 2016 compared to January 31, 2015.

	Six months ended		
	January 31 2016	**January 31 2015**	**% Change**
General and administrative	$ 1,876,228	$ 2,583,693	(27%)
As a percentage of revenue	36%	47%	

Included in the $707,466 cost savings was $486,808 related to salaries, benefits and contractors savings (69% of the total reduction). This savings was the result of moving contractors to employees and reducing headcount. Related to salaries was the reduction in recruitment fees during the six month period of $82,177. The Company has utilized other methods of recruiting which have provided material savings, as well as there not being many staffing increases as the Company finds the right staffing levels.

The professional fees savings over the six month period was $211,838. During the six months ended January 31, 2015 there were professional services relating to executive terminations, additional accounting services and legal fees related to contract improvements.

There was savings in the Investor Relations expenditures during the six month period of $86,492. This is the result of bringing the Investor Relations function in house and no longer utilizing external third parties.

Severance and Termination charges

Severance and termination charges decreased 39% for the six months ended January 31, 2016 compared to January 31, 2015.

	Six months ended		
	January 31 2016	**January 31 2015**	**% Change**
Severance and termination charges	$ 161,734	$ 263,625	(39%)
As a percentage of revenue	3%	5%	

There were additional restructuring costs in Q1 and Q2 as the development and delivery parts of the organization went through some reorganization and restructuring.

Net Loss Six Months ended January 31, 2016

The Company's net loss for the six months ended January 31, 2016 improved 66% to $1,428,390 (Six months ended January 31, 2015 - $4,215,507). This represents the lowest six month net loss the Company has achieved in over 5 years.

This significant items impacting net loss were:

- The impact of the cost reductions made in the latter part of fiscal 2015;
- additional severance and termination charges during the six months with the reorganization of the delivery and development teams;
- bringing the investor relation function in- house ; and
- streamlining of the sales organization w has resulted in reduced six month new contracted sales.

Income Taxes

For the six months and quarter ended January 31, 2016, the Company is not cash taxable in Canada, however will be subject to a minimum tax in the US for the fiscal year. At July 31, 2015, the Company has approximately $53.3million of non-capital losses to carry forward to reduce future year's taxable income.

Rebate Provision

Cortex Business Solutions has increased its rebate provision in the first six months of fiscal 2016 by $9,629 (Q2 F2015 – $15,974). This is the result of accretion expense recorded in the six month period. The payment for the rebate is on an annualized basis (July of each calendar year). (Total rebate provision; Q2 F2016 - $782,393; July 31, 2015 - $772,764).

Share Capital

Cortex Business Solutions Inc. issued 1,551,375 common shares during the six months ended January 31, 2016 compared to 9,620,000 common shares issued during the six months ended January 31, 2015.

There was no exercise of Compensation Units or warrants during the six month period.

The number of common shares issued and outstanding at January 31, 2016 and March 14, 2016 is 8,977,724.

Liquidity and Capital Resources

At January 31, 2016, Cortex Business Solutions Inc. held $6,479,876 in cash and $60,000 in short-term investments, compared to $3,986,950 and $60,000, respectively, at July 31, 2015. The Company had trade accounts receivable of $426,512 at January 31, 2016 compared to trade accounts receivable of $407,899 at July 31, 2015. The Company continues to maintain a diligent collections regime. None of the accounts receivables are under dispute however, the Company has set up $20,000 as an allowance for doubtful accounts at January 31, 2016.

The Company has a current working capital of $5,939,187 compared to $3,138,608 at July 31, 2015. The improvement in the working capital can be attributed mostly to the cash increase as a result of the private placement in Q1 F2016; adding $2,738,384 to the Company's cash position.

The below table highlights the Company's current undiscounted commitments:

	2016	2017	Total on FS
Accounts payable and accrued liabilities	$843,670	-	$843,670
Deferred revenue	170,802	-	170,802
Rebate provision	544,550	252,034	796,584
Income tax provision	75,296	-	75,296

Cash used in operating activities was $400,319 in Q2 F2016 compared to $2,149,741 in Q2 F2015. The significant improvement in the cash utilized in operating activities was the combined result of maintaining revenue while realizing the benefits of the reductions in fiscal 2015 and Q1 F2016. The Company reduced the cash used in operating activities 81% compared to same quarter last year. Cash used in operating activities for the six month period ended January 31, 2016 improved 83% to $538,840 from $3,154,537 during the same six month period ended January 31, 2015.

During the quarter ended January 31, 2016 the Company did not purchase any property and equipment compared to $90,123 during the quarter ended January 31, 2015. For the six month period ended January 31, 2016 the Company invested $1,189 in property and equipment compared to $94,356 during the same six month period ended January 31, 2015.

The Company operates a stock option plan as approved by the shareholders at the 2015 Annual General Meeting on January 27, 2016. 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 a 3 year period. The stock options granted under a previous stock option plan had vesting periods ranging from immediate vesting upon grant to 3 years. 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 January 31, 2016 was 349,610 and at January 31, 2015, 466,360 with a weighted average exercise price of $6.21 and $12.00 respectively. The amounts exercisable for the same periods were 186,678 and 357,120, respectively, with a weighted average exercise price of $8.47 and $14 respectively. At March 14, 2016 there were 183,443 stock options exercisable and 346 150 stock options outstanding.

At January 31, 2016 and March 14, 2016 there were 447,580, warrants outstanding at a weighted average exercise prices of $11.56. At January 31, 2016 and March 14, 2016 there were 213,083 Compensation Options/Units outstanding with a weighted average exercise price of $3.69 per Compensation Option/Unit.

As part of the Company's long-term incentives for non-executive directors a deferred share unit plan ("DSU") was established representing a component of director compensation. At the end of January 31, 2016 there were 105,462 units outstanding compared to no units outstanding at January 31, 2015. The fair value of these units at January 31, 2016 was $274,201. As of March 14, 2016 there were 105,362 units outstanding and a fair value of $247,836.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards on a going concern basis, which assumes the Company will realize its assets and discharge its liabilities in the normal course of business. The Company has reported net losses for the six months ended January 31, 2016 and the year ended July 31, 2015 of $1,428,391 and $7,925,798; negative cash flow from operations of $538,840 and $3,154,587 for the six months ended January 31, 2016 and January 31, 2015, respectively, and has a cumulative deficit of $63,204,909 as at January 31, 2016. The ability of the Company to continue as a going concern is dependent upon future profitable operations. There is uncertainty when the Company will be able to attain profitability and generate positive cash flows from operations. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Company's cash position at January 31, 2016 is $6,479,876. On September 2, 2015, the Company closed a bought deal private placement of 1,551,375 common shares at a price of $2.00 per share for net proceeds of $2,738,384. The proceeds of which are to be used for working capital needs until such time that the Company achieves positive cash flow from operations. The significant narrowing of the net loss and negative cash flow from operations for the six months ended January 31, 2016 are positive signs that the Company is taking the necessary measures to achieve this result. The Company will need to closely monitor its cash on a regular basis and will take the necessary measures such as further reducing operating costs and increasing sales until the Company starts to generate sufficient cash flows from operations. There is no assurance that these initiatives will be successful.

Until the Company can achieve profitable operations, the Company may require additional debt or equity financing or further reduce operating costs and should it not be able to continue as a going concern, adjustments to the recorded amounts and classifications of assets, liabilities, revenues and expenses would be required. Any adjustments that may be required could be material.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements other than the contractual obligations noted below.

Contractual Obligations

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

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

The Company's total minimum annual obligations, excluding rebate provision as follows: 2016 - $135,311; 2017 - $280,644 and 2018 - $145,334.

Transaction with Related Parties

A Company under significant influence by a director was paid a cash commission of $158,240 and 79,121 broker warrants with a fair value of $86,039 in consideration for their involvement with the September 2, 2015 private placement. Included in general and administrative expenses is $5,512 paid to a related party for administrative duties performed during the three months ended January 31, 2016.

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 December 18, 2015. These documents can be found on the SEDAR website www.sedar.com.

Use of Estimates and Judgments

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 assets 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 assets have been recorded for the six months ended January 31, 2016 or the six months ended January 31, 2015.

Useful life of property and equipment and intangible assets

Property and equipment and intangible assets 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 year.

Rebate provision

Rebate provision is calculated using a risk free discount rate on the risk-adjusted future gross revenues the Company expects to earn. Changes in the 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.

Valuation of accounts receivable

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts. During this review, historical experience, the age of the receivable balance, the credit worthiness of the customer and the reason for delinquency are considered.

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.

Deferred Share Units

As part of the Company's long-term incentives for non-executive directors a deferred share unit plan ("DSU") was established representing a component of director compensation. DSU awards vest immediately upon grant and are settled in cash when a director's service ceases. The settlement value is based on the Company's common share value on the day the director retires from the Board of Directors. The compensation costs for DSU are awarded to non-executive directors are based on the fair values of these awards at the time the award is granted. This cost is recognized as a component of general and administration expense with a corresponding liability recorded on the balance sheet as it is the Company's intention to settle the DSU's with cash. Changes in the fair values of the DSU's are recorded as general and administration expense in the period the change occurs with a corresponding change in deferred compensation. Upon settlement of these awards by cash, the outstanding liability for these awards is reduced.

Income tax

Management is required to apply judgment in determining whether it is probable deferred income tax assets will be realized. At January 31, 2016, management had determined that future realization of its deferred income tax assets did not meet the threshold of being probable 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.

Changes in accounting policies

Recent accounting policies and new pronouncements

At the date of authorization of these condensed consolidated interim financial statements, the IASB and the IFRS Interpretations Committee (IFRIC) have issued the following new and revised standards and interpretations which are not yet effective for the relevant reporting periods. The Company has not early adopted these standards, amendments or interpretations, however the Company is currently assessing what impact the application of these standards or amendments will have on the condensed consolidated interim financial statements.

Amendment to IAS 1 presentation of financial statements clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and disclosure of account policies. This is effective for annual periods beginning on or after January 1, 2016

IFRS 9 Financial Instruments IFRS 9 introduces a number of new principles including (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking 'expected loss' impairment model, and (iii) a substantially-reformed approach to hedge accounting. Management has not yet determined that potential impact the adoption of IFRS 9 will have on the Company's consolidated financial statements. The standard is effective for the first interim period within years beginning on or after January 1, 2018.

IFRS 15 Revenue from contracts with customers IFRS 15 provides a single, comprehensive revenue recognition model for all contracts with customers. The standard contains principles that the Company will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that Company expects to be entitled to in exchange for those goods or services. Management has not yet determined that potential impact the adoption of IFRS 15 will have on the Company's consolidated financial statements. The standard is effective for the first interim period within years beginning on or after January 1, 2018.

IFRS 16 Leases IFRS 16 requires all leases, including financing and operating to be reported on a Company's balance sheet. The new standard will provide greater transparency on companies' lease assets and liabilities. The amendments will apply for annual periods beginning on January 1, 2019. The extent of the impact of adoption of this amendment has not yet been determined.

"Joel Leetzow" (signed)

President and CEO

"Sandra L. Weiler" (signed)

CFO

Connect. Interact.
Transmit. Grow.