INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED
NOVEMBER 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis explains ZoomMed Inc. interim consolidated net income and comprehensive income, financial position and cash flows situation for the six-month periods ended November 30, 2016 and 2015. It must be read in conjunction with the unaudited consolidated financial statements and its accompanying notes as at November 30, 2016 and November 30, 2015. Some operating results, financial position and cash flows situation were also compared with information from fiscal year ended May 31, 2016.

Management prepared this report by taking into account all available information as at January 13, 2017. This Management's Discussion and Analysis report includes ZoomMed Inc. and its subsidiaries (the "Company") financial position.

All financial information discussed in this analysis has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all amounts are in Canadian dollars.

This Management's Discussion and Analysis report may contain information and statements on the future performance of the Company, which are forward-looking in nature. These statements reflect Management's best assessment for assumptions made regarding future events. Thus, readers are hereby cautioned that actual results may differ materially.

This Management's Discussion and Analysis and the audited consolidated financial statements were submitted to the Audit Committee and approved by the Board of Directors.

BUSINESS DESCRIPTION

ZoomMed Inc. ("ZoomMed") was incorporated under the Canada Business Corporations Act on February 24, 2005.

ZoomMed Inc. and its subsidiaries (the "Company") are committed to the development and the marketing of a broad range of computer applications designed for healthcare professionals.

The Company has developed the "ZRx Prescriber", a technological innovative Web application that enables physicians to quickly generate prescriptions. It was designed with the guidance of a committee of physicians. Their requirements called for a speedy and intuitive e-Prescribing application that would facilitate their day-to-day functions, helping them in making the appropriate decisions and choices and protecting them against potential errors and distractions. Accordingly, the ZRx Prescriber was designed with essential predictive and preemptive features that far outweigh what the market had to offer until then. The ZRx Prescriber software acts like the latest software such as Google Search or Apple IOS auto-completing keyboard. Unlike static e-Prescribers, the ZRx cloud-based Prescriber solution dynamically analyzes each user's prescribing pattern and displays the expected medication. Furthermore, the preemptive features of the ZRx Prescriber, such as drug interactions and potential allergies, are automatically displayed to the physician without him having to solicit and activate an external review module. In addition most important for the very active physician, it allows him to write legible and secure prescriptions and deal with renewals in a few seconds, in fact faster than with a pen.

Regarding the American market, the ZRx Prescriber is Surescripts® certified and has been tested and certified under the ONC HIT Certification Program (Office of the National Coordinator for Health Information Technology). It is currently in the process of certification for Electronic Prescriptions for Controlled Substances (EPCS).

On November 19, 2015, the Company sold to Familiprix inc., all of the intellectual property rights of its pharmacy laboratory management software "PraxisLab" (Note 4).

ZoomMed Inc. common shares are trading on the TSX Venture Exchange under ZMD symbol.

The Company's registered head office is located at 8005 Du Quartier Blvd., Suite 303, Brossard, Quebec, Canada, J4Y 0N5.

FINANCIAL POSITION

	November 30, 2016	May 31, 2016
Cash and cash equivalents	$ 17,217	$ 323,396
Leasehold improvement allowance receivable (short and long-term)	$ 36,801	$ 36,801
Fixed assets	$ 210,511	$ 235,611
Intangible assets	$ 100,000	$ 100,000
Total assets	$ 623,908	$ 1,107,630
Lease inducement	$ 80,448	$ 89,730
Obligations under a finance lease contract (short and long-term)	$ 19,716	$ 22,024
Debt (short and long-term)	$ 153,000	$ 170,000
Shareholders' equity	$ (431,678)	$ 492,949
Share capital	$ 25,509,437	$ 25,509,437

During the six-month period, ended November 30, 2016, net change in cash and cash equivalents is mainly related to operating activities. During the fiscal year, ended May 31, 2016, net change in cash and cash equivalents is primarily attributable to the sale of all of the intellectual property rights of its pharmacy laboratory management software PraxisLab for the sum of $2,000,000. As at November 30, 2016, the discounted value of the outstanding balance under this contract is $138,724, of which $47,500 is short-term and $91,224 is long-term

Upon signature of the lease for the new Headquarters' premises, the lessor allocated an improvement allowance of $25 per ft^2, repayable over an initial period of 5 years in the amount of $8,582 per year ($7,360 at present value). The first payment is due on December 31, 2016. . If ZoomMed exercises its option to renew the lease, the lessor will allocate an additional improvement allowance in the same amount for the 5-year renewal term. ZoomMed did not record the allowance for the renewal option. As at November 30, 2016 and May 31, 2016, the discounted value of the improvement allowance to be received was estimated at $36,801.

As at November 30, 2016, fixed assets amount to $210,511 compared to $235,611 as at May 31, 2016. The decrease is primarily due to the amortization for the six-month period ended November 30, 2016.

Intangible assets remain the same since May 31, 2016 and consist of the acquisition cost of an American distribution right of Rx Vigilance "Quick Glance" therapeutic advisor, which is one of the key elements of ZoomMed's American business plan.

During the fiscal year ended May 31, 2016, the Company entered into a finance lease contract for an IP telephone system, installed at the new head office. As at November 30, 2016, the $19,716 balance ($22,024 as at May 31, 2016) includes the short and long-term portions.

On July 14, 2015, ZoomMed entered into a loan offer to finance leasehold improvements with Investissement Québec for a total amount of $170,000. The loan disbursement was made on February 25, 2016 in a single payment of $170,000. The capital is refundable in 30 equal monthly installments of $5,667, maturing February 28, 2019. The loan bears interest at prime plus 2.5%. The interest is payable monthly starting in March 2016 and is secured by a first ranking moveable hypothec in the amount of $204,000 and an additional $40,800 hypothec encumbering ZoomMed universality of present and future goods, property, both tangible and intangible, totaling $244,800. As at November 30, 2016, the outstanding balance is $153,000 ($170,000 as at May 31, 2016) and includes the short and long-term portions.

The Company's shareholders equity totaled ($431,678) as at November 30, 2016 and $492,949 for the fiscal year ended May 31, 2016. The $924,627 decrease during the six-month period ended November 30, 2016, is attributable to the operating deficit.

NET INCOME AND COMPREHENSIVE INCOME
SELECTED INTERIM INFORMATION

	November 30, 2016 (3 months)	November 30, 2015 (3 months)	November 30, 2016 (6 months)	November 30, 2015 (6 months)
Revenue	$ -	$ -	$ -	$ -
Selling expenses	$ 103,427	$ 26,727	$ 184,082	$ 46,872
Administrative expenses	$ 280,417	$ 251,410	$ 496,324	$ 454,652
General operating expenses	$ 52,612	$ 49,115	$ 102,958	$ 97,187
Development cost	$ 62,865	$ 52,011	$ 136,487	$ 106,701
Financial expenses	$ 4,295	$ 2,849	$ 8,016	$ 5,504
Net loss from continuing operations	$ (503,616)	$ (382,112)	$ (927,867)	$ (710,916)
Net profit from discontinued operations (Note 4)	$ 1,635	$ 986,172	$ 3,240	$ 864,122
Net result and comprehensive income	$ (501,981)	$ 604,060	$ (924,627)	$ 153,206
Basic and diluted net result per share from continuing operations	$ (0.003)	$ (0.003)	$ (0.006)	$ (0.005)
Weighted average number of outstanding common shares	135,591,268	135,591,268	135,591,268	135,591,268

The Company separately presents continuing operations from discontinued operations. This table reflects operating costs related to continuing operations, that is to say, the commercialization in the US market.

For the six-month period ended November 30, 2016, selling expenses amounted to $184,082 compared to $46,872 for the six-month period ended November 30, 2015. The $137,210 increase is partly explained by the fact that, during the same period of 2015, 50% of the salary of some individuals was recorded as a reduction of the provision for services to be rendered as part of the transaction with Telus Health in September 2014 and partly by the expenses related to the American market development.

Administrative expenses and general operating expenses remained stable during the six-month periods ended November 30, 2016 and 2015.

For the six-month period ended November 30, 2016, development costs amounted to $136,487 compared to $106,701 for the six-month period ended November 30, 2015. The increase is explained by the fact that during the same period of 2015, 50% of the salary of some individuals was recorded as a reduction of the provision for services to be rendered as part of the transaction with Telus Health in September 2014.

For the six-month period ended November 30, 2016, discontinued operations generated a net profit in $3,240 which is entirely attributable to the adjustment of the discounted value of the contingent consideration to be received from Familiprix. For the six-month period ended November 30, 2015, discontinued operations generated a net profit of $864,122 attributable to the sale all of the intellectual property rights of PraxisLab.

Overall, the net income and comprehensive income of the Company shows a loss of $924,627 for the six-month period ended November 30, 2016, compared to a profit of $153,206 for the six-month period ended November 30, 2015.

The Corporation recorded a basic and diluted loss per share from continuing operations of ($0.006) for the six-month period ended November 30, 2016 and a loss per share from continuing operations of ($0.005) for the six-month period ended November 30, 2015.

STATEMENTS OF CASH FLOWS

CASH FLOWS	November 30, 2016 (3 months)	November 30, 2015 (3 months)	November 30, 2016 (6 months)	November 30, 2015 (6 months)
Cash flows used in operating activities	$ (53,981)	$ (79,238)	$ (271,441)	$ (425,871)
Cash flows from financing activities	$ (18,164)	$ (1,747)	$ (19,308)	$ (1,747)
Cash flows from investment activities	$ (5,430)	$ 1,616,439	$ (15,430)	$ 1,609,526
Net change in cash and cash equivalents	$ (77,575)	$ 1,535,454	$ (306,179)	$ 1,181,908
Cash and cash equivalents, end of period	$ 17,217	$ 1,756,181	$ 17,217	$ 1,756,181

Cash flows from operating activities are as follows:

- As at November 30, 2016, cash flows are ($271,441) and are attributable to non-cash working capital items.
- As at November 30, 2015, cash flows are ($425,871) and are primarily attributable to the reclassification of the gain on disposal of intangible assets of $1,001,440 to the cash flows from investment activities. .

Cash flows from financing activities are as follows:

- For the six-month period, ended November 30, 2016, cash flow use for financing activities of ($19,308) are related to a debt repayment to Investissement Québec for $17,000 and the reimbursement of the obligation under a finance lease contract for $2,308.
- For the six-month period, ended November 30, 2015, cash flow use for financing activities of ($1,747) represents the reimbursement of the obligation under a finance lease contract.

Cash flows from investment activities are as follows:

- For the six-month period, ended November 30, 2016, cash flow use for investment activities of ($15,430) are related to the acquisition of fixed and intangible assets.
- For the six-month period, ended November 30, 2015 cash flow use for investment activities totaling $1,609,526 represents a $40,475 acquisition of assets and a net proceed of $1,650,001 from the sale of PraxisLab software.

The net change in cash and cash equivalents from these three types of activities amounted to ($306,179) for the six-month period ended November 30, 2016 and $1,181,908 for the six-month period ended November 30, 2015.

LIQUIDITY

In order to meet additional capital requirements, the Company may consider collaborative arrangements and additional public or private financing to fund part or all of particular product development programs. Financing could include the incurrence of debt and the issuance of additional equity securities, which could result in dilution to shareholders. There can be no assurance that additional funding will be available. The Company manages this risk by establishing detailed cash flows forecasts, as well as long-term operating and strategic plans. According to these forecasts, most of its cash flows for operating activities will be generated by operating the ZRx Prescriber in the American market.

OFF-BALANCE SHEET ARRANGEMENTS

There was no off balance sheet arrangements which have or likely to have an impact on our operating results or our financial situation.

OUTSTANDING SHARES, WARRANTS AND STOCK OPTIONS AS AT JANUARY 13, 2017

Common shares	135,591,268
Stock options in accordance with the stock option plan	10,685,000

CONTINUOUS DISCLOSURE AND SUPPLEMENTARY INFORMATION

The Company files its consolidated financial statements, its management's discussion and analysis, its press releases and other required filing documents on SEDAR's database at www.sedar.com.

The next section of this report corresponds to a duplication of certain notes from the financial report consistent with the same period.

NOTE 4
DISCONTINUED OPERATIONS

Business Line

On November 19, 2015, the Company sold to Familiprix inc., all of the intellectual property rights of its pharmacy laboratory management software "PraxisLab".

Net income from discontinued operations is presented in the consolidated statements of net and comprehensive income according to the table below.

The classification consisted in the allocation of income and expenses related to discontinued operations.

	November 30, 2016 (3 months)	November 30, 2015 (3 months)	November 30, 2016 (6 months)	November 30, 2015 (6 months)
	$	$	$	$
REVENUE	-	-	-	-
OPERATING EXPENSES				
Administrative expenses	-	12,669	-	27,669
General operating expenses	-	150	-	400
Development cost	-	104,609	-	225,312
Financial revenues	(1,635)	(13,904)	(3,240)	(27,807)
	(1,635)	103,524	(3,240)	225,574
RESULT FROM DISCONTINUED ORDINARY OPERATIONS BEFORE TAXES	1,635	(103,524)	3,240	(225,574)
Income tax payable	-	-	-	-
RESULT FROM DISCONTINUED ORDINARY OPERATIONS AFTER TAXES	1,635	(103,524)	3,240	(225,574)
Gain on disposal of intangible assets (1)	-	1,089,696	-	1,089,696
NET PROFIT FROM DISCONTINUED OPERATIONS	1,635	986,172	3,240	864,122

(1) Net of legal fees in the amount of $ 99,999.

NOTE 5
PROVISION FOR LOSS-MAKING CONTRACTS

Provision for loss-making contracts is related to two contracts from discontinued Canadian operations in Toronto. The first contract is related losses from sublease under the lease of Toronto and a second lease of a multifunction printer. These contracts generated a shortfall of $12,338 for the period, which will end August 31, 2017.

	Total
	$
Balance as at May 31, 2015	30,009
Use	(13,784)
Balance as at May 31, 2016	16,225
Use	(7,773)
Balance as at November 30, 2016	8,452

NOTE 6
ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

Financial Instruments

The final version of IFRS 9, issued by the IASB in July 2014, replaces IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives* as well as the versions of IFRS 9 issued by the IASB in November 2013, October 2010 and November 2009. The final standard largely retains the classification and measurement requirements and new hedge accounting model included in earlier versions, while introducing a single forward-looking expected credit loss impairment model. The main features introduced in the final version of this new standard are as follows:

- Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is to both collect contractual cash flows and sell financial assets, and the contractual cash flows are solely payments of principal and interest.
- All gains and losses on financial assets measured at fair value through other comprehensive income are recognized in profit or loss when the financial asset is impaired, reclassified to fair value through profit or loss, or derecognized.
- An expected credit loss impairment model is applicable to financial instruments measured at amortized cost or fair value through other comprehensive income, lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes 12-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses if credit risk has increased significantly since initial recognition.
- IFRS 9 also includes new general hedge accounting requirements, which will result in aligning hedge accounting more closely with risk management. These new requirements do not significantly change the types of hedging relationships or the requirement to measure hedge ineffectiveness. However, they will provide a broader range of hedging strategies for risk management purposes that qualify for hedge accounting, and further require the use of judgment in measuring the effectiveness of a hedging relationship. Specific transitional provisions have been developed to apply the new general hedge accounting requirements.

The Company will have to classify financial assets as subsequently measured at either amortized cost or fair value, based on the Company’s business model for managing the financial assets and contractual cash flows of the financial asset. Measurement at amortized cost for most financial liabilities is maintained; however, when an entity measures a financial liability at fair value, the portion of the changes in fair value related to the entity’s own credit risk must be presented in other comprehensive income rather than in profit or loss.

IFRS 9 also resulted in consequential amendments to IFRS 7 *Financial Instruments*: *Disclosures* to include disclosures about an entity's risk management strategy and the effect of hedge accounting on the financial statements. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, and the standard should be applied retrospectively, subject to certain exceptions. Restatement of prior periods is not required and is only permitted if it is possible without the use of hindsight. The Company is currently analyzing the potential effects of adopting this standard on its consolidated financial statements.

Clarification of Acceptable Methods of Depreciation and Amortization

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets have been revised to incorporate amendments issued by the IASB in May 2014. The amendments to IAS 16 clarify that the use of revenue-based methods to determine the depreciation of an asset is not appropriate. The amendments to IAS 38 clarify that an amortization method based on revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. However, the amendments provide limited circumstances when a revenue-based method can be an appropriate basis for amortization. The amendments are effective for annual periods beginning on or after January 1, 2016. The Company is currently analyzing the potential effects of adopting this standard on its consolidated statements.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue – Barter Transactions Involving Advertising Services.

The standard provides for a single model that applies to contracts with customers as well as two revenue recognition approaches: at a point in time or over time. The proposed model features a contract-based, five-step analysis of transactions to determine whether, when and how much revenue is recognized. New thresholds have been established for estimates and judgments, which could affect the amount of revenue recognized and/or the timing of recognition.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or leases, which are within the scope of other IFRSs. The new standard is effective for the annual period beginning on January 1, 2018. The Company is currently analyzing the potential effects of adopting this standard on its consolidated statements.

IFRS 16, “Leases”

In January 2016, the IASB issued IFRS 16, which will replace IAS 17, “Leases.” IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position with exemptions permitted for leases of low-value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and the liability (including complexities such as non-lease elements, variable lease payments and options periods), changes the accounting for sale and leaseback arrangements, largely retains the approach to lessor accounting in IAS 17, and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier adoption is permitted in certain circumstances. The Company has not yet assessed the impact of this standard on its consolidated financial statements.

NOTE 7
CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in accordance with IFRS often requires management to make estimates about and apply assumptions or subjective judgment to future events and other matters that affect the reported amounts of the Company’s assets, liabilities, revenue, expenses, and related disclosures. Assumptions, estimates and judgments are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the Company’s consolidated financial statements are prepared. Management reviews, on a regular basis, the Company’s accounting policies, assumptions, estimates, and judgments in order to ensure that the consolidated financial statements are presented fairly and in accordance with IFRS.

Critical accounting estimates and judgments are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustment.

Management considers the following areas to be those where critical accounting policies affect the significant judgments and estimates used in the preparation of the Company’s consolidated financial statements.

Estimated useful life

Management assesses fixed assets and intangible assets in line with the assets useful life. The amount and the depreciation schedule related to fixed assets and intangible assets for a given period are affected by the estimated useful lives. The estimations are reviewed at least once a year and are updated if the useful life expectations are altered by physical wear, technical and commercial obsolescence.

Intangible assets

The values associated with identifiable intangible assets with finite useful life are determined by applying significant estimates and assumptions.

In order to determine whether the identifiable intangible assets have suffered an impairment loss after acquisition or if an intangible asset having suffered an impairment loss may recover its carrying value, management makes assessments based on estimates including, in particular, future risk-adjusted cash flows. Cash flow projections are made according to the Company’s forecasts, the economic conditions and business opportunities and therefore are inherently based on judgment.

Future events could cause the assumptions utilized in impairment assessments to change, resulting in a potentially significant effect on the Company’s future operating results due to increased impairment charges, reversals thereof, or adjustments to amortization charges.

Fair value of stock options

Determining the fair value of the stock options requires judgment related to the choice of a pricing model, the estimation of stock price volatility and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or other components of shareholders' equity.

Government assistance

The Company is entitled to government assistance in the form of research and development tax credits and grants. These are applied against related expenses and the cost of the asset acquired. Tax credits are available based on eligible research and development expenses consisting of direct and indirect expenditures and including a reasonable allocation of overhead expenses. Grants are subject to compliance with terms and conditions of the related agreements. Government assistance is recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program or, with regard to tax credits, when there is reasonable assurance that they will be realized.

Definitions of cash generating units

The determination of cash generating units requires judgment in determining the lowest level for which there are largely independent cash inflows generated by the asset group level. This determination could have an impact on the results of impairment testing and, as appropriate, on the impairment charge recorded in the consolidated statements of net income and comprehensive income.

Contingent consideration receivable

Management assess the contingent consideration receivable based on the likelihood of the potential level of achievement of the contractual conditions to be met.

Going concern

The assessment of the Company's ability to commercialize its technology involves judgment. The current situation indicates the existence of a material uncertainty, which may cast significant doubt upon the Company's ability to continue as a going concern. Further information regarding going concern is outlined in note 2.

NOTE 13
LONG-TERM DEBT

On July 14, 2015, ZoomMed entered into a loan offer to finance leasehold improvements with Investissement Québec for a total amount of $170,000.

The loan bears interest at prime plus 2.5%. The interest is payable monthly starting March 2016 and is secured by a first ranking moveable hypothec in the amount of $204,000 and an additional $40,800 hypothec encumbering ZoomMed universality of present and future goods, property, both tangible and intangible, totaling $244,800.

The loan disbursement was made February 25, 2016 in a single payment of $170,000 and the capital is payable in 30 equal monthly installments of $5,667 maturing February 28, 2019.

	Total
	$
Initial amount	170,000
Payments during the period	-
Balance as at May 31, 2016	170,000
Payments during the period	(17,000)
Balance as at November 30, 2016	153,000
Current portion	68,000
Long-term portion	85,000

Payments to be made for the upcoming periods of 12 months are as follows:

	$
2017	68,000
2018	68,000
2019	17,000

NOTE 14
OBLIGATIONS UNDER A FINANCE LEASE CONTRACT

The Company entered into a finance lease contract for the installation and use of an IP telephone system. The contract expires July 15, 2020 and the residual value is $1. The contract is repayable in monthly capital and interest payments of $511.

	Total
	$
Initial amount	25,998
Payments during the period	(3,974)
Balance as at May 31, 2016	22,024
Payments during the period	(2,308)
Balance as at November 30, 2016	19,716
Current portion obligations under a finance lease contract	4,876
Long-term portion obligations under a finance lease contract	14,843
	19,716

Minimum finance lease payments the upcoming periods of 12 months are as follows:

	Minimum finance lease payments		Present value of minimum finance lease payments	
	November 30, 2016	May 31, 2016	November 30, 2016	May 31, 2016
	$	$	$	$
2017	6,134	6,134	5,011	4,701
2018	6,134	6,134	5,277	5,051
2019	6,134	6,134	5,559	5,427
2020	4,089	6,134	3,869	5,831
2021	-	1,021	-	1,014
Interest included in the minimum payments	(2,755)	(3,533)	-	-
Discounted value of minimum payments under the finance lease	19,716	22,024	19,716	22,024

NOTE 18
STOCK OPTION PLAN

The shareholders of ZoomMed adopted a resolution approving the “rolling” stock option plan of 10% at the annual and special meeting of shareholders held November 29, 2016. Under the plan terms, the exercise price of the options will be determined by the Directors of the Company subject to other restrictions described in the plan and some requirements of the TSX Venture Exchange. The maximum period for which an option can be exercise is limited to five years and the exercise price must be paid in full before the issuance of the shares.

The following table summarizes the changes in the stock option plan position for the six-month period ended November 30, 2016 and the fiscal year ended May 31, 2016:

	Options	Average exercise price
		$
Balance as at June 1, 2015	13,380,000	0.09
Awarded	1,100,000	0.21
Cancelled	(1,965,000)	0.16
Balance as at May 31, 2016	12,515,000	0.09
Cancelled	(1,830,000)	0.15
Balance as at November 30, 2016	10,685,000	0.08

Transaction during the six-month period ended November 30, 2016

No transaction occurred during the six-month period ended November 30, 2016.

Transactions during fiscal year ended May 31, 2016

In January 2016, ZoomMed granted 1,100,000 stock options, which entitle the holders to purchase 1,100,000 common shares at an exercise price of $0.21 per share for a period of five years.

The fair value of the stock options awarded during the fiscal year ended May 31, 2016 was estimated on the grant date using the Black-Scholes' options pricing model with the following assumptions:

Date	January 21, 2016
Quantity	1,100,000
Stock price	$0.02
Dividend yield	Nil
Expected volatility	196%
Risk-free interest rate	0,71%
Expected life	60 months

The non-recurrent stock-based compensation expense amounts to $20,130 for the fiscal year ended May 31, 2016.

The following tables summarize the information about the outstanding stock option plan as at November 30, 2016 and May 31, 2016:

a) As at November 30, 2016

Outstanding options				Exercisable options	
Number	Weighted average remaining contractual life (months)	Weighted average exercise price	Weighted average fair value	Number	Weighted average exercise price
		$	$		$
2,485,000	8	0.10	0.04	2,485,000	0.10
7,100,000	38	0.05	0.01	7,100,000	0.05
1,100,000	50	0.21	0.02	1,100,000	0.21
10,685,000	32	0.08	0.02	10,685,000	0.08

b) As at May 31, 2016

Outstanding options				Exercisable options	
Number	Weighted average remaining contractual life (months)	Weighted average exercise price	Weighted average fair value	Number	Weighted average exercise price
		$	$		$
1,830,000	6	0.15	0.05	1,830,000	0.15
2,485,000	14	0.10	0.04	2,485,000	0.10
7,100,000	44	0.05	0.01	7,100,000	0.05
1,100,000	56	0.21	0.02	1,100,000	0.21
12,515,000	34	0.09	0.02	12,515,000	0.09

NOTE 19
FAIR VALUE OF FINANCIAL INSTRUMENTS

	November 30, 2016		**May 31, 2016**	
	Fair value	Carrying value	Fair value	Carrying value
	$	$	$	$
Financial assets				
Cash and cash equivalents	17,217	17,217	323,396	323,396
Loans receivables	162,500	162,500	167,500	167,500
Financial liabilities				
Obligations under a finance lease contract	19,716	19,716	22,024	22,024
Long-term debt	153,000	153,000	170,000	170,000
Other liabilities	246,994	246,994	98,903	98,903

The fair value of cash and cash equivalents, loans receivables and other liabilities approximates their carrying value, because of the relatively short maturity of these instruments.

The Company categorizes its financial assets and liabilities measured at fair value using a hierarchy that consists of three levels, which reflects the significance of inputs used in their evaluation. The hierarchy of the fair value consists of the following levels:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs that are supported by little or no market activities and that are significant to the fair value of assets or liabilities.

As at November 30, 2016 and May 31, 2016, the only financial instruments measured at fair value in the consolidated statements of financial position, consist of cash and cash equivalents and were all classified in level 1.

NOTE 20
RISK AND UNCERTAINTIES

The Company, through its financial instruments, is exposed to various risks without being exposed to risk concentrations. The Company is primarily exposed to credit risk, interest rate risk, market risk, liquidity risk and key personnel risk.

a) Risks associated with financial instruments

Credit risk

Credit risk is the risk of financial loss for the Company, if a debtor does not meet its obligation. This risk arises mainly from the credit the Company grants its customers in the normal course of its activities.

Credit evaluations are performed continuously and the consolidated statements of financial position reflect a provision for doubtful debts. No qualitative assessment has been made, as management has assessed the credit risk was not significant.

Currency risk

The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. In the normal course of its operations, the Company is exposed to the risk of variations in the exchange rate of the U.S. dollar.

As at November 30, 2016, the Company has the following balances in converted U.S. dollars: cash: $771 ($421 as at May 31, 2016). No sensitivity analysis was performed due to the immateriality of the balances denominated in foreign currency.

Interest rate risk

The interest rate risk exists in times of fluctuating rates and when differences are expected in the cash flow matching of assets and liabilities.

The Company has no debt bearing interest at variable rates. However, the Company is exposed to interest rate risk on financial instruments bearing fixed interest rates. Financial instruments with fixed interest rates expose the Company to a fair value risk. In addition, it invests part of its liquidity in guaranteed interest rate financial instruments. These financial instruments represent a minimal risk for the Company.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly regarding its creditors, its long-term debt and its obligation under a finance lease contract.

In order to meet additional capital requirements, the Company may consider collaborative arrangements and additional public or private financing to fund all or a part of particular product development programs. Private financing could include the incurrence of debt and the issuance of additional equity securities, which could result in dilution to shareholders. There can be no assurance that additional funding will be available. The Company manages this risk by establishing detailed cash forecasts, as well as long-term operating and strategic plans. According to these forecasts, most of its cash flows for operating activities will be generated by operating the ZRx Prescriber in the American market.

b) Other risks

Market risk

The future performance of the Company is dependent on the continued popularity of its existing products and its ability to develop and introduce products that gain acceptance and satisfy consumer preferences in targeted markets. The popularity of any of its products may decline over time as consumer preferences change or as new competing products are introduced in targeted markets. The development of new systems and their distribution within the targeted market, require significant investments.

Performances linked to the realization of contingent consideration receivable may vary depending on consumer preference changes.

Key personnel risk

Recruiting and retaining qualified personnel is essential to the Company's success. The Company believe that it has been successful in recruiting excellent personnel to help meet its objectives but, as its activities grow, it is possible that additional key personnel in departments like administration, research and development, as well as marketing will be required. Although the Company believes that it will be successful in attracting qualified personnel, there can be no assurance to that effect.

NOTE 22
RELATED PARTY TRANSACTIONS

Key management compensation

Key management is those persons having authority and responsibility for planning, managing and controlling the Company's activities, including the Directors and Executives. Key management participates to the stock option plan.

For the six-month period ended November 30, 2016, the key management compensation amounted to $215,388 (including a sum of $107,694 unpaid as at November 30, 2016) and $200,003 for the six-month period ended November 30, 2015.

Related party transactions

A director of the Company is a partner in a law firm that acted as legal advisor to the Company. During the six-month period ended November 30, 2016, an amount of $1,381 ($86,438 for the six-month period ended November 30, 2015) was charged by the law firm. An amount of $9,191 is included in the accounts payable and the accrued liabilities as at November 30, 2016 ($7,603 as at May 31, 2016).

Accounts payable and accrued liabilities also include an amount of $144,717 as at November 30, 2016 ($7,312 as at May 31, 2016) payable to the directors, without repayment terms or interest.

Related party transactions terms and conditions

The balances at the end of the period are not guaranteed and bear no interest, as it is a cash settlement. No guaranties were given or received regarding receivables or payables between the related parties. For the six-months periods ended November 30, 2016 and 2015, the Company has recorded a provision for receivable due from related parties. An assessment is performed at each financial period, by examining the related party financial statements and the market in which the related party operates.

These transactions were made on equivalent terms to those prevailing in the case of transactions subject to normal market conditions.