this risk as minimal. Approximately 97% of accounts receivable are due from four customers at December 31, 2012 and all accounts receivable are current. These main customers present good credit quality and historically have a high quality credit rating.

Cash and cash equivalents

The Company has cash and cash equivalents in the amount of $273,106 at December 31, 2012 and mitigates its exposure to credit risk on its cash balances by maintaining its bank accounts with Canadian Chartered Banks and investing in low risk, high liquidity investments.

The Company received $750,000 under a capital expenditure grant agreement and has presented this amount as deferred revenue and considers it restricted cash as it can be spent only for qualified expenditures. During the year ended December 31, 2012, the Company has expended of $41,223. The balance of this grant of $708,777 is presented as deferred revenue and restricted cash and cash equivalents on the balance sheet.

There are no past due or impaired financial assets. The maximum exposure to credit risk is the carrying amount of the Company's accounts receivable, cash and cash equivalents, and restricted cash and cash equivalents. The Company does not hold any collateral as security.

B) LIQUIDITY RISK

Liquidity risk relates to the risk that the Company will encounter difficulty in meeting its financial obligations. Under the renewed agreement with AFSC, the long-term debt matures in January 2018. The Company may be exposed to liquidity risks if it is unable to collect its trade accounts receivable balances in a timely manner, which could in turn impact the Company's long-term ability to meet commitments under its current facilities. In order to manage this liquidity risk, the Company regularly reviews its aged accounts receivable listing to ensure prompt collections. The Company regularly reviews its cash availability and whenever conditions permit, the excess cash is deposited in short-term interest bearing instruments to generate revenue while maintaining liquidity. There is no assurance that the Company will obtain sufficient funding to execute its strategic business plan.

The following are the contractual maturities of the Company's financial liabilities and obligations.

	0 - 1 YEAR $	1 - 3 YEARS $	4 - 7 YEARS $	8 - 12 YEARS $	TOTAL $
Accounts payable and accrued liabilities	578,216	–	–	–	578,216
Long-term debt, including interest	200,793	600,246	216,756	–	1,017,795
Royalties interest payable	25,037	–	–	–	25,037
Royalty financial liability	129,238	118,354	–	–	247,592
Repayable CAAP funding	–	177,590	177,590	118,393	473,573
Total	**933,284**	**896,190**	**394,346**	**118,393**	**2,342,213**

C) MARKET RISK

Market risk is comprised of interest rate risk, foreign currency risk, and other price risk. The Company's exposure to market risk is as follows:

1. Foreign currency risk

Foreign currency risk arises from the fluctuations in foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar.