MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended

October 31, 2016 and 2015

GENERAL

The following Management Discussion and Analysis of financial condition and results of operations ("MD&A") of NuRAN Wireless Inc. ("we", "us", "our", the "Company" or "NuRAN") (formerly 1014372 B.C. Ltd.) for the year ended October 31, 2016 has been prepared by management and should be read in conjunction with the audited consolidated financial statements for the years ended October 31, 2016 and 2015 and the related notes thereto. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). References to notes are with reference to the consolidated financial statements. Unless otherwise noted, all currency amounts are in Canadian dollars. These documents, as well as additional information on the Company, are filed electronically through the System for Electronic Document Analysis and Retrieval (SEDAR) and are available online at www.sedar.com.

Unless otherwise stated, this MD&A is prepared as of February 22, 2017

DISCLAIMER FOR FOWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer (as defined herein) or NuRAN (as defined herein) to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include: expectations regarding NuRAN's ability to raise capital, the intention to expand the business and operations of NuRAN and use of working capital and proceeds of capital raises. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of NuRAN to obtain necessary financing; general economic conditions in Canada and globally; competition for, among other things, capital and skilled personnel; our ability to hire and retain qualified employees and key management personnel; possibility that government policies or laws may change; possible disruptive effects of organizational or personnel changes; technological change, new products and standards; risks related to acquisitions and international expansion; reliance on large customers; reliance on a limited number of suppliers; risks related to NuRAN's competition; and NuRAN's failure to adequately protect its intellectual property; interruption or failure of information technology systems. These forward-looking statements should not be relied upon as representing NuRAN's views as of any date subsequent to the date of this MD&A.

Although NuRAN has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect NuRAN. Additional factors are noted under "Risk Factors" in this MD&A. The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A and the Issuer or NuRAN undertakes an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.

CORPORATE STRUCTURE

NuRAN was incorporated under the *Business Corporations Act* (British Columbia) on September 23, 2014. The Company was initially a wholly-owned subsidiary of Bravura Ventures Corp. ("Bravura"). On October 14, 2014, the Company entered into an arrangement agreement with Bravura and 1014379 B.C. Ltd., pursuant to which the shareholders of Bravura exchanged certain common shares of Bravura for common shares of NuRAN by way of a plan of arrangement (the "Arrangement") and NuRAN became a reporting issuer in the provinces of British Columbia and Alberta.

Following completion of the Arrangement, NuRAN entered into an amalgamation agreement dated March 11, 2015 with Nutaq Innovation Inc. ("Nutaq") and 9215174 Canada Inc. ("Newco"), a wholly owned subsidiary of NuRAN formed for the purpose of the amalgamation, pursuant to which Nutaq amalgamated with Newco and NuRAN acquired all of the issued and outstanding shares of the amalgamated company in consideration of 32,999,994 common shares of NuRAN based on a ratio of 2.749 NuRAN common shares for each share of Nutaq issued and outstanding on the closing date. Nutaq and Newco completed the amalgamation on June 2, 2015 and the amalgamated company was named "Nutaq Innovation Inc.". Following the closing of the transaction, NuRAN had 40,471,869 common shares issued and outstanding and former shareholders of Nutaq acquired 81.5% of the issued and outstanding common shares of NuRAN. Following closing of the Amalgamation, Nutaq Innovation Inc. is a wholly owned subsidiary of NuRAN and NuRAN operates the business of Nutaq. On September 22nd 2015, NuRAN was approved for listing and commences trading on the CSE under the symbol NUR

Nutaq was incorporated under the laws of Canada on May 30, 2005 under the name "Lyrtech RD Inc.". Nutaq changed its name to "Nutaq Innovation Inc." on August 31, 2012. Nutaq's registered and head office is located at 2150 Cyrille-Duquet Street, Quebec, Quebec G1N 2G3. Nutaq does not have any subsidiaries.

DESCRIPTION OF BUSINESS

NuRAN Wireless, with is only owned subsidiary Nutaq Innovation inc., is a leading supplier of mobile and broadband wireless solutions. Its innovative GSM, LTE, and White Space radio access network (RAN) and related backhaul products dramatically reduce the total cost of ownership, giving mobile network operators (MNO) the ability to profitably serve remote, low income and low population density locations, an unfeasible proposition with existing systems, thereby creating new opportunities for mobile network operators and internet service providers.

The Company provides a variety of specialized systems for indoor coverage, rural connectivity in emerging markets, connectivity to offshore platforms and ships, private mobile networks or custom solutions for specific markets such as Internet of Thing (IoT), public safety, emergency or crisis communications.

The Company generates revenue from three sources:

- Sale of Wireless Infrastructure Solutions ("WIS")

NuRAN's (WIS) solutions are infrastructure wireless devices (e.g. base station radios) that use our proprietary breakthrough small cell solution to offer better coverage, the lowest installed cost and the most efficient power consumption currently available in the global marketplace. Our design provides two key competitive advantages:

- low TCO, ideal for developing countries and rural/low density areas and
- small footprint, easy to deploy wireless network , customizable for specific markets such as defense, utilities, industrial and machine-to-machine ("M2M").

During the current fiscal year, this stream includes revenues from sales of WIS to Original Equipment Manufacturers (OEM'S).

- Advanced Development Platforms ("ADP") services

ADP's services are provided by Nutaq and focuses primarily on the wireless, scientific/medical and defense markets providing its customers with the prototyping tools needed to:

- Execute on increasingly complex designs addressing the growing sophistication of markets such as 4G and 5G;
- Decrease new product design costs and time to market;
- Decrease product design risks; and
- Offer product differentiation through innovation.

- Engineering Services

NuRAN, through its wholly owned subsidiary Nutaq Innovation, offers engineering design services. From hardware to software we apply our 30 years of experience in the Digital Signal Processing (DSP) and wireless market place to help our client base convert ideas into products.

GENERAL OBJECTIVES

The Company's mission is to Connect the Next Billion. The company deliver the world's most affordable, lowest power consumption and easiest to deploy wireless solutions. NuRAN deploys its own breakthrough small cell solution in traditionally underserved and emerging markets, addressing the CapEx and OpEx challenges of operators, allowing the Telco's to deploy in the least population dense and most remote areas at the lowest Average Revenue Per User (ARPU)

The Company's products continued to be tested by a number of operators and community organizations in many countries over five continents providing voice coverage to villages in rural areas not covered by any kind of voice or data networks as well as in urban areas where there are still opportunities to provide an affordable service. Successful trials could be converted into thousands of units.

The Company continues to expand its customer base and is converting into purchase orders is ever increasing sales pipeline of opportunities

OVERALL PERFORMANCE AND OUTLOOK

Performance

The year ended October 31, 2016 was an extremely active year for NuRAN with the implementation of a new strategic direction, switching from an OEM to an MNO focused supplier, and plenty of operational and financial successes, namely:

- completion and launch, in February 2016, of its new Litecell 1.5 providing higher capacity and extended coverage range (up to 22km);
- acquisition and integration of software assets to complete its carrier grade solution to connect to MNOs core network allowing NuRAN to control its offer and move away from the OEM business model and control the entire sales process;
- execution of a licensing agreement for a disruptive satellite bandwidth optimization software and integrating into NuRAN's WIS position it as the lowest backhaul OPEX solution on the market;
- continuing development of our Efficient Massive Mimo technology culminating with the filing of an international patent application under the Patent Cooperation Treaty. We are extremely pleased to have now received a very favorable opinion that we will be able to provide to the patent Examiners of the countries where we decide to pursue a patent application;
- accepting Facebook's invitation to join the Telecom Infra Project as Original Equipment Manufacturer and distributor of Open Cellular;
- the strengthening of the Company's balance sheet through the issue of more than $3MM of common shares through a private placement and the conversion by the management group and insiders of $5MM of debt into equity.

When management made the decision to switch its client focus to MNOs it was cognizant of the fact that current year's performance would be negatively affected by a combination of reduction in revenues and increased costs of additional investments in marketing , sales and the costs associated with the bench testing to prepare for the increased production.

However, the long-term benefit of a closer connection with the ultimate user, higher gross margins and the creation of stable revenues through annual service and maintenance fees, is expected to provide the NuRAN with stronger returns than those from the prior strategy.

Outlook

Management believes that 2016 was a transition year where decisions and investments were made to create the foundation for a strong, sustainable and profitable growth. The early indications of 2017 are encouraging.

NuRAN's WIS solutions are currently being tested by MNOs and community organizations in more than 20 countries in South East Asia, Africa as well as Mexico. These test deployments and the numerous partnerships established with tier-one MNOs continue to grow our sales pipeline and are starting to generate sales.

An example is the recent order from Africa Mobile Networks (AMN) of $1MM of NuRAN's LiteCell 1.5 systems, which are expected to be delivered in the first half of 2017.

In addition, AMN's plans call for the deployment throughout Africa of thousands of units over the next 3 to 4 years

We continue to develop new technological advanced products, as the above mentioned MIMO patent demonstrate, positioning the Company well to service our customers future needs.

The quality of our engineering expertise continues to be recognized by our customers, as demonstrated by the $1MM of contracts received in first quarter of this current fiscal year.

The following discussion of the Company's financial performance is based on the annual audited financial statements for the years ended October 31, 2016 and 2015.

Factors Concerning the Company's Financial Performance and Results of Operations

To evaluate the results of the strategic shift management will closely monitor four key measures of the Company's performance: Revenue, Gross Profit Margins (GPM), Earning Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Net Income.

Revenue growth measures the success of our marketing and sales efforts. It will be dependent on the Company's ability to penetrate new markets and gain new customers for existing and new products and services. The investments in marketing and sales and the new products launched during 2016 should result in increasing revenues.

GPM measures how efficient and effectively NuRAN delivers its systems and services to its clients. The bench test investments made in 2016 and the expected increased sales volumes should reduce our GPM.

EBITDA measures the entire operations by including selling and administrative costs. It is expected to increase as sales grow.

Management believes that Net Income is a measure of how efficiently and effectively the business is running. The Company is in a period of expansion and growth and selling and general administration costs will increase over the next twelve months. To achieve an acceptable net income, management will need to balance the increase in selling and general administration costs and revenue growth.

Net income is also an important measure for determining the value created for shareholders.

SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected financial data derived from the audited financial statements of the Company as at October 31, 2016, October 31, 2015 and October 31, 2014, and for the periods then ended:

	Year ended October 31, 2016	Year ended October 31, 2015	Year ended October 31, 2014
Revenue	$ 5,123,470	$ 7,807,455	$ 5,593,430
Gross Profit	$ 2,425,347	$ 3,089,987	$ 1,759,792
Expenses	$ 5,621,033	$ 4,757,849	$ 5,248,431
Total loss	$ (3,195,686)	$ (1,667,862)	$ (3,488,639)
Net loss per share – basic	$ (0.06)	$ (0.04)	$ (0.19)
Net loss per share – diluted	$ (0.06)	$ (0.04)	$ (0.19)
	As at October 31, 2016	**As at October 31, 2014**	**As at October 31, 2013**
Total assets	$ 4,577,024	$ 4,003,636	$ 4,685,502
Total non-current financial liabilities	$ 1,249,588	$ 5,466,702	$ 5,344,578
Distribution or cash dividends	$ -	$ -	$ -

Revenue

The $2.6 MM decrease in revenue for the year ended October 31, 2016 compared to the year ended October 31, 2015 was mainly due to the previously mentioned strategic shift, with a decline in revenue from OEM sales not being offset by an increase in sales to MNOs.

Gross Profit

Gross profit for the year ended October 31, 2016 decreased by $0.7MM compared to year ended October 31, 2015 as a result of numerous factors, including: (a) shift towards GSM

Products and revenue shift from an OEM (white label) sales model to a production TCO sales model (b) longer than expected sales cycle with Tier-one operators and telecommunications companies.

However, Gross Margin for the year ended October 31, 2016 increased to 47.3% from 39.6% in the year ended October 31, 2015 this increase was a result of: (a) improvement in operations and control of costs and (b) increase in Nutaq's revenues with stability in weekly production.

Expenses

The During the year ended October 31, 2016 total expenses increased by $0.9MM from the prior year mainly due to a similar increase in Research and Development expenses that did not qualify for tax credits.

Net Loss

The net loss for the twelve months ended October 31, 2016 increased to $3.2MM from the prior year's $1.7MM. The increase in the loss is primarily due to: (a) the $0.7MM lower gross profit caused by the lower sales level, (b) the $0.9MM increase in Research and Development costs that did not qualify for tax credits and (c) non recurring adjustment and provision, exchange rate and non recurring charge on a share-based compensation for a total amount of $1,0MM

Financial Highlights of the year ended October 31, 2016

For the year ended October 31, 2016, Company's financial performance was the following as compared to the year ended October 31, 2015:

- Revenue of $5,123,470 compared to $7,807,455 for the twelve months ended October 31, 2015; a decrease of 34.4%;

- Gross margin of 47.3% compared to 39.6% for the twelve month period ended October 31, 2015; an increase of 7.7%;

- Gross Profit of $2,425,347 compared to a Gross Profit of $3,089,987 for the twelve months ended October 31, 2015; a decrease of 21.5%;

- Net loss of $3,195,686 compared to a net loss of $1,667,862 for the twelve months ended October 31, 2015; the net loss for the year ending October 31 2016 includes legal and accounting fees directly related to the private placement of 2016, non recurring adjustment and provision, non capitalized R&D expenses, exchange rate and non recurring charges on a share-based compensation for a total amount of $1,908,297;

Expenses

Below is a discussion of the expenses for the year ended October 31, 2016:

	2016	2015	% change from 2015
Selling expenses	1,035,154	954,158	8%
Administrative expenses	2,185,112	2,637,319	-17%
Financial expenses	1,063,271	946,144	12%
Research and development costs, net of $443,455 (2015 - $1,318,945) in tax credits	1,186,115	220,228	438%
	5,469,652	4,757,849	15%

Selling expenses

Selling expenses consist of salaries to sales staff, commissions on sales, travel expenses, trade shows and presentations. The increase in selling expenses is due to the increased volume of customer trials and the expansion of the Company's operations in Africa, Mexico, South America and Asia.

Administrative expenses

Administrative expenses consist of remuneration, legal fees, audit and accounting fees, insurance, rent, consulting fees and general office expenses. The decrease is primarily attributed to fact that last year's costs included $1.1MM of costs related to the process of becoming a public company finalisation of Arrangement and the process of getting listed on a public stock exchange. However, there is a non recurring adjustment and expenses related to the financing process of the private placement, non-employee share-based transaction and employee share-based compensation for a total amount of $995,732.

Financial expenses

Financial expenses consist of loan interest, fees on factoring accounts receivable and gain/loss on exchange rate. The small increase is attributed mainly to an exchange rate adjustment .

Research and development

The main reasons for the increase in research and development costs over the prior year were: (a) the 2015 costs were reduced by app. $500,000 of tax credits were earned in 2014 but only credited in 2015 and (b) services outsourced to an Asian based group related to the integration of key technology hardware and software that did not qualify for government tax credits.

SUMMARY OF QUARTERLY RESULTS

Three Months Ended	Net Revenues ($)	Net Loss Total ($)	Net Loss Basic and Diluted Loss Per Share ($)
31-Oct-16	960,047	(1,894,716)	(0.02)
31-Jul-16	1,072,216	(853,299)	(0.02)
30-Apr-16	1,519,688	(225,828)	(0.01)
31-Jan-16	1,580,519	(198,799)	(0.00)
31-Oct-15	1,973,307	(230,821)	(0.01)
31-Jul-15	1,792,380	(113,347)	(0.00)
30-April-15	2,067,596	(407,911)	(0.04)
31-Jan-15	1,974,172	(866,670)	(0.08)
31-Oct-14	1,096,688	(1,206,404)	(0.12)

FOURTH QUARTER

During the three months ended October 31, 2016, the Company earned revenues of $960,047 compared to $1,973,307 during the three months ended October 31, 2015, a decrease of 51%. The main reason was the impact of the previously mentioned strategic shift from focus on sales to OEMs to sales to MNOs.

For the three-month ended October 31, 2016, the Company earned a gross profit of $200,565 (2015 – $663,770) a decrease of 69% which was a result of the lower sales. During this same period the adjusted gross profit margin was 20.9% compared to 33.6% for the same quarter in 2015. This improvement is attributed to a revenue mix shift towards GSM Products and revenue shift from an OEM (white label) sales model to a production TCO sales model

The net loss and comprehensive loss for the quarter was $1,894,716 compared to a net loss of $230,821 for the same quarter in 2015. The main reasons for this increase in loss were: (a) the reduction in gross profit of $461,028 due the lower revenues, (b) unusual costs of $1,397,109 for legal and accounting fees related to the private placement, non capitalized R&D expenses, exchange rate impact and non recurring charge on share-based transactions and compensation

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash decreased to $111,097 at October 31, 2016, from $147,448 at October 31, 2015. The Company's working capital was $260,515 compared with a deficiency of $550,062 at October 31, 2015. Current assets decreased to $2,887,662 from $3,223,830 as at October 31, 2015. The small change in cash balance was the result of $2,627,724 of cash generated from financing activities (cash received on issuance of equity less repayment of debts) being offset by cash used by operating activities of $2,020,685 and cash used in investing activities of $643,390 (primarily the purchase of equipment and purchase of intangible asset). The decrease in the total current assets was due mainly to the ability to receive payment of Company's receivables and better efficiency in the rolling inventory.

During the year ended October 31, 2016, NuRAN Wireless Inc. issued 56,662,551 class "A" shares, for a cash consideration or conversion of debt for a total amount of $8,811,040

Future Financing

Notwithstanding its cash position at October 31, 2016, the Company will need additional financing for costs related to operations and its growth strategy (including the purchase of new equipment, continuous development of the 4G LTE wireless solutions and 5G Massive Mimo). Management recognizes the need for improved cash flow and liquidity for future operations and growth. Management closely monitors the Company's current cash position and the short-term and long-term cash requirements.

The Company's operations currently generate negative cash flow and will depend on increase of the sales, converting the sales pipeline of opportunities into purchase orders and future equity issuances or other means of financing to assist in financing its operations, cover administrative costs and finance growth.

The ability of the Company to continue operations will be dependent upon obtaining additional financing as required. The timing and ability to do so will depend on the liquidity of the financial markets as well as the acceptance of investors to small cap companies, in addition to the results of the Company's operation. There can be no guarantee that the Company will be able to secure any required financing.

On November 17, 2016, NuRAN Wireless has closed an additional tranche of its previously announced brokered private placement of 7,058,000 at a price of $0.15 for aggregate gross proceeds of $1,058,700 in accordance with the terms of the agency agreement dated effective as of July 12, 2016 with the Agent.

In connection with the closing of the Offering the Agent and certain sub agents received aggregate cash commission of $54,966 and an aggregate of 366,440 warrants, with each warrant entitling the holder to acquire an additional common share at an exercise price of $0.15 per common share for a period of twenty four (24) months following the closing date.

On December 2, 2016, the Company has completed a debt settlement agreement with a company controlled by Directors pursuant to which the Company settled $262,500 of outstanding shareholder loans in consideration of the issuance of 1,750,000 common shares of the Corporation at a deemed price of $0.15 per share.

On February 7, 2017, the company announced a brokered private placement financing of up to $3,500,000.

The Company is currently in discussions with various groups for additional financings.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties include companies under common control as well as key management personnel.

Bleu, Gestion & Investissements inc., ("Bleu") a company control by Martin Bédard and Patrice Rainville, both Co-President and Co-CEO, is under a services agreement with the Company for a monthly fee amount of $12,500. Bleu also received $60,900 as professional and success fees related to financing. As at October 31, 2016 $0 was owed to Bleu.

Finexcorp Inc, a company control by Martin Bédard and Patrice Rainville, both Co-President and Co-CEO, is under an account receivables factoring and financing agreement with the Company and also the long term of the Company. Finexcorp received factoring fees under this agreement. As at October 31, 2016, $529,802 was owed to Finexcorp Inc. and was included in accounts payable ($10,608) and accrued liabilities ($24,353) and long-term debt ($494,846).

Unless otherwise stated, none of the transactions incorporates special terms and conditions and no guarantees were given or received.

The transactions with related parties are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to between the Company and the related parties and did not differ from the arm's length equivalent value for these services.

Transactions with key management personnel

The Company's key management consists of the directors and executives. The key management personnel remuneration totals $473,450 for the year ended October 31, 2016 (2015 - $389,543).

Other related party transactions

During the period, the Company entered into the following transactions with related parties:

	2016	2015
	$	$
Companies under common control		
Administrative expenses	**226,872**	816,012
Financial expenses	**461,940**	538,944

PROPOSED TRANSACTIONS

On February 7, 2017 the Company announced its intention to issue up to $3,500,000 of senior secured convertible debentures through a private placement. The debentures will mature in 18 months, bear an annual interest rate of 12%, and be convertible at $0.25 per common share at any time prior to maturity with an half-warrant at 0,30$ for a period of 24 months and an half-warrant at 0,45$ for a period of 36 months.

The Company is actively working on the closing of this transaction.

COMMITMENTS

The Company leases office space with a minimum rental payment of $15,000 per month for a remaining 2 year term.

RECENT EVENTS

On November 17, 2016, NuRAN Wireless has closed an additional tranche of its previously announced brokered private placement of 7,058,000 at a price of $0.15 for aggregate gross proceeds of $1,058,700 in accordance with the terms of the agency agreement dated effective as of July 12, 2016 with the Agent.

In connection with the closing of the Offering the Agent and certain sub agents received aggregate cash commission of $54,966 and an aggregate of 366,440 warrants, with each warrant entitling the holder to acquire an additional common share at an exercise price of $0.15 per common share for a period of twenty four (24) months following the closing date.

On December 2, 2016, the Company has completed a debt settlement agreement with a company controlled by Directors pursuant to which the Company settled $262,500 of outstanding shareholder loans in consideration of the issuance of 1,750,000 common shares of the Corporation at a deemed price of $0.15 per share.

On December 20, 2016, the Company issued 649,450 common shares as the last milestone payment following an intangible asset purchase agreement already disclosed in April 2016

On December 29, 2016, the Company entered into a buy-out licence agreement with a global leader in IP-based satellite communications in the amount of $900,000 USD.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The consolidated financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Allowance for Bad Debts

The Company establishes an appropriate provision for uncollectible or doubtful accounts. Estimates of recoverable amounts are based on management's best estimate of a customer's ability to settle its obligations, and actual amounts received may be affected by various factors, including industry conditions and changes in individual customer financial conditions. To the extent that actual losses on uncollectible accounts differ from those estimated in the Company's provision, both accounts receivable and net earnings will be affected.

Functional Currency

In concluding on the functional currency of the parent and its subsidiary company, management considered the currency that mainly influences sales and the cost of providing goods and services in each jurisdiction in which the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained and whether the activities of the subsidiaries are carried out as an extension of the Company or if they are carried out with a degree of autonomy.

Provisions for Inventory

Management makes estimates of the future customer demand for the Company's products when establishing appropriate provisions for inventory. In making these estimates, management considers product life of inventory and the profitability of recent sales of inventory. In many cases, product sold by the Company turns over quickly and inventory on-hand values are lower, thus reducing the risk of material misstatement. Management ensures that systems are in place to highlight and properly value inventory that may be approaching "best before" dates. To the extent that actual losses on inventory differ from those estimated, both inventory and net earnings will be affected.

CRITICAL ACCOUNTING POLICIES

Financial Instruments

The Company classifies its financial assets as fair value through profit or loss ("FVTPL"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash is included in this category of financial assets.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

SHARE CAPITAL

Issued

The company has 106,591,869 common shares issued and outstanding as of February 22, 2017. There are no securities of any other class issued and outstanding.

Share Purchase Options

On, July 12, 2016, under the terms of the stock option agreement, the Company agreed to grant 4,510,000 options at an exercise price of $0.20 per options shares.

Warrants

The Company has 4,800,000 warrant exercisable at $0.45 as of February 22, 2017.

The Company has 1,500,000 broker warrant exercisable at $0.15 as of February 22, 2017

RISKS

Additional Financing Requirements and Access to Capital

NuRAN's ability to realize its assets and discharge its liabilities depends on the continued financial support of its shareholders, the growth and profitability of the future sales of its products that are now marketed and obtaining additional financing.

NuRAN has completed the development of one of its main products and has begun its marketing. An attempt may be made to raise additional funds for the aforementioned purposes through public or private equity or debt financing, and collaborations with other companies or financing from other sources may be undertaken. There can be no assurance that additional funding will be available when required or at all.

Sales Risks

NuRAN's sales efforts target large corporations that require sophisticated data capture and production execution systems to collect and analyze data relating to various operational activities. NuRAN spends significant time and resources educating prospective customers about the features and benefits of its solutions. NuRAN's sales cycle usually ranges from 3 to 18 months and sales delays could cause its operating results to vary. NuRAN balances this risk by continuously assessing the condition of its sales pipeline and making the appropriate adjustments as far in advance as possible. NuRAN's strategy also includes a comprehensive program to build and improve relationships with our long-standing customers to better understand needs and proactively manage incoming business levels effectively.

Foreign Exchange Risk

NuRAN's sales are mainly outside Canada and are generally conducted in currencies other than the Canadian dollar, while a majority of our product research and development expenses, integration services, customer support costs and administrative expenses are in Canadian dollars. Fluctuations in the value of foreign currencies relative to the Canadian dollar can negatively, or positively, impact NuRAN's financial results.

Outsourcing Risk

NuRAN outsources the manufacture of our products to third parties. If they do not properly manufacture our products or cannot meet our needs in a timely manner, we may be unable to fulfill our product delivery obligations and our costs may increase, and our revenue and margins could be negatively impacted. Our reliance on third-party manufacturers subjects us to a number of risks, including the absence of guaranteed manufacturing capacity and the inability to control the amount of time and resources devoted to the manufacture of our products. To mitigate this dependency, we have relationships with two separate manufacturing service providers and maintain contact with additional alternative suppliers in case our primary manufacturing sources should be disrupted.

Competition

NuRAN must contend with strong international competition. Therefore, there are no guarantees that NuRAN can maintain its competitive position. However, its unique services and products, and skilled human resources give it a competitive edge in several markets.

Availability and Cost of Qualified Professionals

The high-technology industry's strong growth increased the demand for qualified staff. So far, NuRAN has successfully met its needs for personnel. NuRAN benefits from its location in Quebec City, which gives it access to a large pool of engineering resources. Aware that the satisfaction of its customers is directly tied to the quality of its employees, NuRAN continues to take measures to attract and retain well-qualified professionals.

Ability to Develop and Expand Mix of Products and Services to Keep Pace with Demand and Technological Trends

NuRAN uses several means to remain on the cutting edge and to meet its customers' changing needs—steady investments in product development and improvements, business alliances with major industry suppliers and partners, ongoing training of its personnel and occasional business acquisitions that provide it with specific know-how.

Protection of Intellectual Property

To protect its intellectual property, NuRAN relies on a series of patent and trademark laws, provisions respecting trade secrets, confidentiality protection measures, and various contracts. Regardless of all the efforts made to retain and protect its exclusive rights, third parties could attempt to copy aspects of its products or obtain information regarded as exclusive without authorization. There can be no assurance that the measures taken by NuRAN to protect its exclusive rights will be sufficient.

Dependence on Customers

NuRAN is currently dependent on a limited number of customers for the sale of its products and services. If one or several of these customers should cease doing business with Nutaq for any reason, or should reduce or defer their current or planned product purchases, NuRAN's operating results and financial position could be adversely affected.

International Operations Risk

Our international operations are subject to various economic, political and other uncertainties that could adversely affect our business. In fiscal year 2016, 2015, 2014, 2013 and 2012, approximately 40%, respectively, of our sales were derived from sales outside the United States, and economic conditions in the countries and regions in which we operate significantly affect our profitability and growth prospects. The following risks, associated with doing business internationally, could adversely affect our business, financial condition and results of operations:

- regional or country specific economic downturns;
- fluctuations in currency exchange rates, particularly the US dollar, Canadian dollar, and British pound sterling;
- complications in complying with a variety of foreign laws and regulations, including with respect to environmental matters, which may adversely affect our operations and ability to compete effectively in certain jurisdictions or regions;
- international political and trade issues and tensions;
- unexpected changes in regulatory requirements, up to and including the risk of nationalization or expropriation by foreign governments;
- higher tax rates and potentially adverse tax consequences including restrictions on repatriating earnings, adverse tax withholding requirements and double taxation;
- greater difficulties protecting our intellectual property;
- increased risk of litigation and other disputes with customers;
- fluctuations in our operating performance based on our geographic mix of sales;
- longer payment cycles and difficulty in collecting accounts receivable;
- costs and difficulties in integrating, staffing and managing international operations, especially in rapidly growing economies;
- transportation delays and interruptions;

• natural disasters and the greater difficulty in recovering from them in some of the foreign countries in which we operate, especially in countries prone to earthquakes, such as Africa;

• uncertainties arising from local business practices and cultural considerations;

• customs matters and changes in trade policy, tariff regulations or other trade restrictions; and

• national and international conflicts, including terrorist acts.

We expect that the percentage of our sales occurring outside the United States will increase over time largely due to increased activity in Africa, Central and South America and other emerging markets. The foregoing risks may be particularly acute in emerging markets, where our operations are subject to greater uncertainty due to increased volatility associated with the developing nature of the economic, legal and governmental systems of these countries. If we are unable to successfully manage the risks associated with expanding our global business or to adequately manage operational fluctuations, it could adversely affect our business, financial condition or results of operations.