



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended

January 31, 2017 and 2016

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 three-month ended January 31, 2017 has been prepared by management and should be read in conjunction with the condensed interim consolidated financial statements for the three-month ended January 31, 2017 and 2016 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 March 31, 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.

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 its 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 for developing countries and rural/low population density areas and
- Small footprint, easy to deploy private networks, customizable for specific markets such as defense, utilities, industrial and machine-to-machine ("M 2 M").

During the current three-month period, 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 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 three month period ended January 31, 2017 continued to be an extremely active one for NuRAN with the implementation of a new strategic direction, confirmation of switching from an OEM to an MNO focused supplier, and plenty of operational and financial successes, namely:

- completion of the final tranche of the brokered Private Placement;
- completion of a successful trial in Guinea in record time for a Tier-One Operator;
- announcement of the company collaboration with Facebook at the Telecom Infra Project first summit in Menlo Park for the delivery of the Open Cellular Connect One platform;
- continuing development of our Efficient Massive MIMO technology culminating with the filing of an international patent application under the Patent Cooperation Treaty;
- accepting Facebook's invitation to join the Telecom Infra Project as Original Equipment Manufacturer and distributor of Open Cellular;

When management made the decision to switch its client focus to MNOs it was cognizant of the fact that current financial 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

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.

Moreover, the result of the latest Mobile World Congress in Barcelona showed impressive momentum for NuRAN's products, including new deployments in Nigeria and Middle East.

Also, at the same MWC, NuRAN showcased OpenCellular prototype and announced new initiative such as being retained by Facebook as development partner for the upcoming LTE version.

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 condensed interim consolidated financial statements January 31, 2017 and 2016.

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, Depreciations 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 cost 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.

SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected financial data derived from the condensed interim consolidated financial statements of the Company as at January 31, 2017, October 31, 2016 and October 31, 2015, and for the periods then ended:

	Three-month ended January 31, 2017	Three-month ended January 31, 2016	Three-month ended January 31, 2015
Total revenues	\$ 1,104,756	\$ 1,580,519	\$ 1,974,172
Total loss	\$ (820,630)	\$ (198,799)	\$ (866,670)
Net loss per share – basic	\$ (0.01)	\$ (0.00)	\$ (0.08)
Net loss per share – diluted	\$ (0.01)	\$ (0.00)	\$ (0.08)
	Three-month ended January 31, 2017	Three-month ended January 31, 2016	Three-month ended January 31, 2015
Total assets	\$ 6,393,177	\$ 4,819,604	\$ 4,003,636
Total non-current financial liabilities	\$ 1,339,960	\$ 5,508,597	\$ 5,466,702
Distribution or cash dividends	\$ -	\$ -	\$ -

RESULTS OF OPERATIONS

Revenue

The \$475,763 decrease in revenue for the three-month ended January 31, 2017 compared to the three-month ended January 31, 2016 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 three-month ended January 31, 2017 decreased by \$306,041 compared to the three-month ended January 31, 2016 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.

Gross Margin for the three-month ended January 31, 2017 decreased to 50.51% from 54.67% for the three-month ended January 31, 2016. This decrease 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 expenses during the three-month ended January 31, 2017 total expenses increased by \$285,404 from the three-month ended January 31, 2016 mainly due to a similar increase in selling and marketing expenses and extraordinary expenses related to the final tranche of the private placement.

Net Loss

The net loss for the three-month ended January 31, 2017 increased to \$820,630 from the three-month ended January 31, 2016 (\$198,799). The increase in the loss is primarily due to: (a) the \$0.3MM lower gross profit caused by the lower sales level, (b) the \$0.3MM increase in expenses mainly in selling and marketing costs and extraordinary expenses related to the final tranche of the private placement

Financial Highlights of the three-month ended January 31, 2017

For the three-month ended January 31, 2017, Company's financial performance was the following as compared to the three-month ended January 31, 2016:

- Revenue of \$1,104,756 a decrease of 30.10% compared to the three-month ended January 31, 2016;
- Gross margin of 50.51% compared to 54.67% for to the three-month ended January 31, 2016;
- Gross Profit of \$558,049 compared to a Gross Profit of \$864,090 for the three-month ended January 21, 2016; a decrease of 35.42%;
- Net operating loss of \$820,630 compared to a loss of \$198,799 during the three-month ended January 31, 2016 attributable the decision to switch its client focus to MNOs it was cognizant of the fact that current financial 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.

Expenses

Below is a discussion of the expenses for the three-month ended January 31, 2017:

	January 31, 2017	January 31, 2016	% change from 2016
Selling expenses	336,864	250,589	34.43%
Administrative expenses	653,422	267,132	144.61%
Financial expenses	127,118	245,500	-48.22%
Research and development costs, net of \$149,718 (2016 - \$161,663) in tax credits	261,274	330,054	-20.84%
	1,366,120	1,093,275	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 Africa and Asia.

Administrative expenses

Administrative expenses consist of remuneration, legal fees, audit and accounting fees, insurance, rent, consulting fees and general office expenses. The increase is primarily attributed to extraordinary expenses related to the final tranche of the private placement.

Financial expenses

Financial expenses consist of loan interest, fees on factoring accounts receivable and gain/loss on exchange rate. The decrease is attributed to (a) a better control of receivables resulting in a decrease in factoring fees and (b) negotiating a lower interest rate of the long term debt.

Research and development

The main reasons for the decrease in research and development costs over the three-month ended January, 2017 were: (a) the company eligibility to the VISA Technology 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 (\$)	Basic and Diluted Loss Per Share (\$)
31-Jan-17	1,104,756	(820,630)	(0.01)
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	(279,934)	(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)

FIRST QUARTER

During the three months ended January 31, 2017, the Company earned revenues of \$1,104,756 compared to \$1,580,519 during the three months ended January 31, 2016, a decrease of 30.10%. The main was the impact of the previously mentioned strategic shift from focus on sales to OEMs to sales MNOs.

The Company was also earned a gross profit of \$558,049 (2016 – 864,090\$) a decrease of 35.42%. This is attributed to the lower sales. For the three-month ended January 31, 2017 gross profit margin is 50.51% compared to 54.67% for the same quarter in 2016.

The net loss and comprehensive loss for the quarter was \$820,630 compared to a net loss of \$198,799 for the same quarter in 2016. The main reasons for this decrease in loss were: (a) the reduction in gross profit of \$475,763 due the lower revenues, (b) unusual costs 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 \$55,210 as of January 31, 2017, from \$111,097 as of January 31, 2016. Current assets increased to \$3,195,967 from \$2,887,662 as at January 31, 2016. The small change in cash balance was the result of \$1,947,705 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 \$445,208 and cash used in investing activities of \$1,558,384 (primarily the purchase of equipment and purchase of intangible asset). The increase in the total current assets was due mainly to the purchase of intangible assets.

During the three-month ended January 31, 2017, NuRAN Wireless Inc. issued 9,457,450 class "A" shares, for a cash consideration or conversion of debt for a total amount of \$1,456,080

On November 17, 2016, the Company 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 \$1,058,700.15 (the "Offering") with lead agent First Republic Capital Corporation (the "Agent") 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 \$54,966.01 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 (the "Debt Settlement") with a company jointly controlled by Martin Bedard and Patrice Rainville (each directors and officers of the Corporation) pursuant to which the Corporation 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. All securities issued pursuant to the Debt Settlement are subject to a statutory hold period expiring four months and one day after closing.

Future Financing

Notwithstanding its cash position at January 31, 2017, 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 February 7, 2017, the Company entered into an engagement agreement with First Republic Capital Corporation ("FRC" or the "Agent") whereby FRC has been appointed as the lead agent in connection with a private placement offering of senior secured convertible debentures (each a "Debenture") for gross proceeds of up to \$3,500,000 (the "Offering"). Each Debenture matures 18 months following closing, bears interest at an annual rate of 12% and is convertible, at the option of the Debentureholder, in whole or in part, into common shares in the capital of NuRAN at any time before the maturity date at a price of \$0.25 per common share (the "Conversion Price") subject to adjustment in the event that the Corporation issues common shares at a price below \$0.25 per share while the Debenture is outstanding. For each \$0.25 of Debenture purchased, subscribers will receive (i) one-half of one transferable share purchase warrant (an "A Warrant"), with each whole A Warrant entitling the holder thereof to acquire one common share at a price of \$0.30 per warrant share until the date that is 24 months from the closing date; and (ii) one-half of one transferable share purchase warrant (a "B Warrant"), with each whole B Warrant entitling the holder thereof to acquire one warrant share at a price of \$0.45 per share until the date that is 36 months from the closing date. In the event that the closing price of NuRAN's common shares on the Canadian Securities Exchange is \$0.60 or greater per common share during any twenty (20) consecutive trading day period at any time after 4 months from the Closing Date and within 24 months after the closing date, the B Warrant will expire, at the sole discretion of NuRAN, at 4:00 p.m. (Toronto time) on the 30th day after the date on which NuRAN provides notice of acceleration to the B Warrant holders. The Corporation shall be entitled to prepay the full amount of the Debentures without penalty at any time after 6 months from their issuance date.

Also in connection with the Offering, Finexcorp Inc., a company controlled by insiders of NuRAN and Philip Kirsh, an insider of NuRAN each settled \$375,000 of outstanding loans to Nutaq and released their respective security over the assets of Nutaq in consideration of Debentures in the amount of \$375,000 issued to each of Finexcorp and Mr. Kirsh (collectively the "Debt Settlement").

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 controlled 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 \$21,000 as professional and success fees related to financing. As at January 31, 2017 \$11,591 was owed to Bleu.

Finexcorp Inc, a company controlled 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 January 31, 2017, \$323,357 was owed to Finexcorp Inc. and was included in accounts payable (\$3192) and accrued liabilities (\$24,742) and long-term debt (\$295,423).

Unless otherwise stated, none of the transactions incorporate 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.

Other related party transactions

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

	<u>2017-01-31</u> <u>(3 months)</u>	<u>2016-01-31</u> <u>(3 months)</u>
	\$	\$
Companies under common control		
Administrative expenses	71,662	52,743
Financial expenses	63,062	129,987

PROPOSED TRANSACTIONS

As at the date of this MD&A there are no proposed transactions.

COMMITMENTS

The Company leases office space with a minimum rental payment of \$15,000 per month for a 3 year term.

RECENT EVENTS

On February 7, 2017, the Company entered into an engagement agreement with First Republic Capital Corporation ("FRC" or the "Agent") whereby FRC has been appointed as the lead agent in connection with a private placement offering of senior secured convertible debentures (each a "Debenture") for gross proceeds of up to \$3,500,000 (the "Offering"). Each Debenture matures 18 months following closing, bears interest an annual rate of 12% and is convertible, at the option of the Debentureholder, in whole or in part, into common shares in the capital of NuRAN at any time before the maturity date at a price of \$0.25 per common share (the "Conversion Price") subject to adjustment in the event that the Corporation issues common shares at a price below \$0.25 per share while the Debenture is outstanding. For each \$0.25 of Debenture purchased, subscribers will receive (i) one-half of one transferable share purchase warrant (an "A Warrant"), with each whole A Warrant entitling the holder thereof to acquire one common share at a price of \$0.30 per warrant share until the date that is 24 months from the closing date; and (ii) one-half of one transferable share purchase warrant (a "B Warrant"), with each whole B Warrant entitling the holder thereof to acquire one warrant share at a price of \$0.45 per share until the date that is 36 months from the closing date. In the event that the



closing price of NuRAN's common shares on the Canadian Securities Exchange is \$0.60 or greater per common share during any twenty (20) consecutive trading day period at any time after 4 months from the Closing Date and within 24 months after the closing date, the B Warrant will expire, at the sole discretion of NuRAN, at 4:00 p.m. (Toronto time) on the 30th day after the date on which NuRAN provides notice of acceleration to the B Warrant holders. The Corporation shall be entitled to prepay the full amount of the Debentures without penalty at any time after 6 months from their issuance date

Also in connection with the Offering, Finexcorp Inc., a company controlled by insiders of NuRAN and Philip Kirsh, an insider of NuRAN each settled \$375,000 of outstanding loans to Nutaq and released their respective security over the assets of Nutaq in consideration of Debentures in the amount of \$375,000 issued to each of Finexcorp and Mr. Kirsh (collectively the "Debt Settlement").

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 POLICIESFinancial 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 106,766,869 common shares issued and outstanding as of March 31, 2017. There are no securities of any other class issued and outstanding.

Share Purchase Options

The Company has 4,510,000 stock options at March 31, 2017

Warrants

The Company has 13,447,998 warrant exercisable at \$0.45 as of March 31, 2017.

The Company has 8,500,000 warrant exercisable at \$0.30 as of March 31, 2017.

The Company has 1,451,854 broker warrant exercisable at \$0.15 as of March 31, 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, 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 South African rand, 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;

MANAGEMENT'S DISCUSSION AND ANALYSIS

- 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.