

Nuran Wireless Inc.
Condensed Interim Consolidated
Financial Statements
July 31, 2017 and
July 31, 2016

| | |
|---|--------|
| Condensed Interim Consolidated Financial Statements | |
| Condensed Interim Consolidated Statements of Comprehensive Income | 2 |
| Condensed Interim Consolidated Statements of changes in Deficiency | 3 |
| Condensed Interim Consolidated Statements of Cash Flows | 4 |
| Condensed Interim Consolidated Statements of Financial Position | 5 |
| Notes to Condensed Interim Consolidated Financial Statements | 6 - 11 |

The condensed interim consolidated financial statements of Nuran Wireless inc. for the third quarter ended July 31, 2017 as well as the corresponding comparative data were not subject to a review by the Company's auditor.

Nuran Wireless Inc.

Condensed Interim Consolidated Statements of Comprehensive Income

Periods ended July 31, 2017 and July 31, 2016

(In Canadian dollars)

(Unaudited)

| | <i>3 months ended</i> | | <i>9 months ended</i> | |
|---|-----------------------|-------------------|-----------------------|-------------------|
| | <u>2017-07-31</u> | <u>2016-07-31</u> | <u>2017-07-31</u> | <u>2016-07-31</u> |
| | \$ | \$ | \$ | \$ |
| Revenue | 1 909 019 | 1 072 216 | 4 239 068 | 4 163 423 |
| Cost of sales | 683 798 | 452 578 | 1 947 366 | 1 938 641 |
| Gross profit | 1 225 221 | 619 638 | 2 291 702 | 2 224 782 |
| Selling expenses | 409 858 | 273 388 | 1 114 870 | 759 842 |
| Administrative expenses | 449 923 | 683 740 | 1 781 568 | 1 295 424 |
| Financial expenses | 176 419 | 213 554 | 454 566 | 535 740 |
| Research and development costs, net of \$190,013 in tax credits for the three-month period ended July 31, 2017, \$508,402 for the nine-month period ended July 31, 2017 (\$161,092 for the three-month period ended July 31, 2016, \$496,746 for the nine-month period ended July 31, 2016) | 181 990 | 302 254 | 690 559 | 944 113 |
| | 1 218 190 | 1 472 936 | 4 041 564 | 3 535 119 |
| Gain (loss) before other gain (loss) | 7 031 | (853 299) | (1 749 861) | (1 310 337) |
| Other gain (loss) | | | | 30 386 |
| Government assistance | | | | |
| Net loss and total comprehensive income | 7 031 | (853 299) | (1 749 861) | (1 279 951) |
| Loss per share (Note 13) | | | | |
| Basic and diluted loss per share | 0,00 | (0,02) | (0,02) | (0,03) |
| Weighted average number of outstanding common shares | 106 778 871 | 52 835 296 | 105 934 367 | 44 793 718 |

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Nuran Wireless Inc.

Condensed Interim Consolidated Statements of Changes in Deficiency

Periods ended July 31, 2017 and July 31, 2016

(In Canadian dollars)

(Unaudited)

| | Share capital | | Warrants and contributed surplus | 2017-07-31 | |
|--|--------------------|-------------------|----------------------------------|---------------------|------------------|
| | | | | Deficit | Total deficiency |
| | Number | \$ | \$ | \$ | \$ |
| Balance as at November 1, 2016 | 97 134 420 | 18 083 539 | 568 467 | (17 951 717) | 700 289 |
| Issue of share capital (Note 10) | 9 644 451 | 691 627 | | | 691 627 |
| Share issue cost | | (54 966) | | | (54 966) |
| Net loss and total comprehensive income for the period | | | | (1 749 861) | (1 749 861) |
| Warrants issued (Notes 8 and 11) | | | 832 486 | | 832 486 |
| Employee shared-based compensation (Note 12) | | | | | |
| Stock Options issued (Note 12) | | | 33 000 | | 33 000 |
| Balance as at July 31, 2017 | 106 778 871 | 18 720 200 | 1 433 953 | (19 701 578) | 452 574 |
| | | | | | 2015-07-31 |
| | Share capital | | Warrants and contributed surplus | Deficit | Total deficiency |
| | Number | \$ | \$ | \$ | \$ |
| Balance as at November 1, 2015 | 40 471 869 | 9 519 073 | | (14 756 031) | (5 236 958) |
| Issue of share capital - Acquisition key technology | 1 948 350 | 487 088 | | | 487 088 |
| Issue of Company shares (Notes 3 and 10) | 50 430 417 | 7 564 563 | | | 7 564 563 |
| Net loss and total comprehensive income for the period | | | | (1 279 951) | (1 279 951) |
| Warrants issued (Notes 8 and 11) | | | 240 100 | | 240 100 |
| Stock Options issued (Note 12) | | | | | |
| Balance as at July 31, 2016 | 92 850 636 | 17 570 723 | 240 100 | (16 035 982) | 1 774 841 |

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Nuran Wireless Inc.**Condensed Interim Consolidated Statements of Cash Flows**

Periods ended July 31, 2017 and July 31, 2016

(In Canadian dollars)

(Unaudited)

| | 2017-07-31 | 2016-07-31 |
|--|--------------------|-------------|
| | (9 months) | (9 months) |
| | <u>\$</u> | <u>\$</u> |
| OPERATING ACTIVITIES | | |
| Net loss | (1 749 861) | (1 279 951) |
| Non-cash flow adjustments | | |
| Depreciation of property, plant and equipment | 89 470 | 87 463 |
| Depreciation of intangible assets | 77 219 | 46 475 |
| Exchange difference on long-term debt | | (138 375) |
| Issue of class "A" shares for a non-cash consideration | | |
| Fair value adjustment - Warrant liability | | 240 100 |
| Non-employee share-based transaction | 865 486 | |
| Stock Based Compensation | | |
| Net change in working capital items | | |
| Trade and other receivables | (1 099 738) | 72 852 |
| Subscription receivable | | |
| Scientific research and experimental development | | |
| tax credits receivable | (508 402) | (156 983) |
| Work in progress | 211 742 | |
| Inventories | (919 221) | 252 320 |
| Prepaid expenses | (41 424) | (28 369) |
| Security deposits and deposits on purchase of goods | 125 711 | (121 720) |
| Trade and other payables | 587 916 | (1 074 038) |
| Deferred revenue | (327 282) | (393 051) |
| Net cash from operating activities | (2 688 384) | (2 493 278) |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (204 454) | (109 465) |
| Purchase of intangible assets | (1 833 264) | (802 054) |
| Net cash acquired from reverse acquisition | | |
| Net cash used in investing activities | (2 037 718) | (911 518) |
| FINANCING ACTIVITIES | | |
| Net change in loan payable | 486 487 | (349 282) |
| Long-term debt | 4 443 340 | 812 034 |
| Repayment of long-term debt | (897 187) | (24 056) |
| Issue of class "A" shares | 691 627 | 3 188 000 |
| Share issue cost | (54 966) | |
| Net cash used in financing activities | 4 669 301 | 3 626 696 |
| Net decrease in cash | (56 801) | 221 899 |
| Cash, beginning of period | 111 097 | 147 448 |
| Cash, end of period | 54 296 | 369 347 |
| Supplementary information | | |
| Interest paid included in operating activities | 59 661 | 486 270 |

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Nuran Wireless Inc.**Condensed Interim Consolidated Statements of Financial Position**

As at July 31, 2017 and October 31, 2016

(In Canadian dollars)

(Unaudited)

| | <u>2017-07-31</u> | <u>2016-10-31</u> |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash | 54 297 | 111 097 |
| Trade and other receivable: | 1 668 004 | 568 266 |
| Scientific research and experimental developmen | | |
| tax credits receivable | 1 011 264 | 502 862 |
| Work in progress | | 211 742 |
| Inventories (Note 5) | 2 226 257 | 1 307 036 |
| Prepaid expense: | 73 300 | 31 876 |
| Security deposits and deposits on purchase of good | 29 072 | 154 783 |
| Current assets | <u>5 062 194</u> | <u>2 887 662</u> |
| Non-current | | |
| Property, plant and equipment (Note 6) | 588 615 | 473 632 |
| Intangible assets (Note 7) | <u>2 971 774</u> | <u>1 215 730</u> |
| Non-current assets | <u>3 560 389</u> | <u>1 689 362</u> |
| Total assets | <u><u>8 622 583</u></u> | <u><u>4 577 024</u></u> |
| LIABILITIES | | |
| Current | | |
| Trade and other payable: | 2 422 874 | 1 834 958 |
| Deferred revenue | | 327 282 |
| Loans payable (Note 8) | 891 807 | 405 320 |
| Current portion of long-term deb | <u>38 065</u> | <u>59 587</u> |
| Current liabilities | <u>3 352 746</u> | 2 627 147 |
| Non-current | | |
| Long-term debt (Note 9) | <u>4 817 263</u> | 1 249 588 |
| Total liabilities | <u><u>8 170 009</u></u> | <u><u>3 876 735</u></u> |
| DEFICIENCY | | |
| Share capital (Note 10) | 18 720 200 | 18 083 539 |
| Warrant | 1 433 953 | 568 467 |
| Deficit | <u>(19 701 578)</u> | <u>(17 951 717)</u> |
| Total deficiency | <u>452 574</u> | 700 289 |
| Total deficiency and liabilities | <u><u>8 622 583</u></u> | <u><u>4 577 024</u></u> |

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July, 2017 and July 31, 2016

(In Canadian dollars)

(Unaudited)

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The Company is incorporated under the Business Corporations Act (B.C.) and operates in the research, development, manufacturing and marketing of digital electronic circuits and wireless telecommunication products.

2 - GENERAL INFORMATION, STATEMENT OF COMPLIANCE WITH IFRSs AND GOING CONCERN ASSUMPTION

The Company's registered office is at 2150 Cyrille-Duquet Street, Québec, Quebec G1N 2G3.

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. Accordingly, they do not include all the disclosures required under IFRS for annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the 2014 audited annual financial statements of Nutaq Innovation Inc included in the Listing Form 2A dated September 16, 2015 as completed and published on the CSE. They are based on the assumption that the Company is a going concern, meaning it will be able to realize its assets and discharge its liabilities in the normal course of its operations.

In light of operating losses incurred during the nine-month period ended July 31, 2017 and the past years there is significant doubt about the Company's ability to continue as a going concern. The Company'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 the obtaining of additional financing. However, the Company has completed the development of its main products, which are distributed in many countries. In addition, the Company has concluded a private financing agreement on a voluntary basis and has a cash flow managing plan to deal with the situation. If necessary, the Company may review the prioritization and, if needed, defer some of its research and development projects.

The carrying amounts of assets, liabilities, revenues and expenses presented in the condensed interim consolidated financial statements and the condensed interim consolidated statements of financial position's classification have not been adjusted as would be required if the going concern assumption were not appropriate.

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on September 13, 2017.

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July, 2017 and July 31, 2016

(In Canadian dollars)

(Unaudited)

3 - THE ARRANGEMENT AND AMALGAMATION AGREEMENT

Nuran Wireless Inc. (the "Company") was incorporated under the *Business Corporations Act* (B.C.) on September 23, 2014 under the name "1014372 B.C. Ltd." The Company was formed in connection with the plan of arrangement (the "Arrangement") between 1014379 B.C. Ltd and Bravura Ventures Corp. ("Bravura") dated October 14, 2014. The purpose of the Arrangement was to restructure Bravura by creating two companies, which would become reporting issuers in the provinces of British Columbia and Alberta and pursue different lines of business than Bravura.

The final court order approving the Arrangement was received on December 10, 2014 and the Arrangement was closed effective March 11, 2015. Following completion of the Arrangement, the Company became a reporting issuer in Alberta and British Columbia and existing Bravura shareholders received 2,121,875 common shares of the Company pursuant to the terms of the Arrangement and a further 5,350,000 common shares were issued to subscribers of a private placement of the Company completed in connection with the Arrangement for gross proceeds of \$107,000.

The Company entered into an amalgamation agreement dated as of March 11, 2015 with Nutaq Innovation Inc. ("Nutaq"), and 9215174 Canada Inc. ("Newco"), a wholly owned subsidiary of the Company formed for the purpose of the amalgamation, (the "Amalgamation Agreement") pursuant to which the Company acquired all of the issued and outstanding shares of Nutaq in consideration of an aggregate 32,999,994 common shares of the Company based on a ratio of 2.749 common shares of the Company for each share of Nutaq issued and outstanding at the closing date. Following the closing of the transaction, the Company 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 the Company. Following closing of the Amalgamation Agreement the Company operates the prior business of Nutaq through its sole operating subsidiary, Nutaq.

Amalgamation transaction:

For accounting purposes, Nutaq is the acquirer and the transaction will be accounted for as a reverse takeover. Considering that the Company does not meet the definition of a business, the transaction will be considered a capital transaction in substance. Accordingly, the transaction is equivalent to the issuance of shares by Nutaq for the net assets of the Company.

The fair value of the consideration is as follows:

| | |
|---|----------------|
| | \$ |
| 7,471,875 shares issued and outstanding | 107,000 |
| One share issued and outstanding | 1 |
| | <u>107,001</u> |

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July, 2017 and July 31, 2016

(In Canadian dollars)

(Unaudited)

The allocation of consideration is as follows:

| | |
|--------------------------|----------------|
| | \$ |
| Cash | 171 |
| Trade and other payables | (34,132) |
| Listing fees expensed | 140,962 |
| | <u>107,001</u> |

For the year ended October 31, 2015, the Company incurred legal and accounting fees directly related to the transaction in the amount of \$1,119,018, which are included in the administrative expenses in the consolidated statements of comprehensive income

4 - SUMMARY OF ACCOUNTING POLICIES

Overall considerations

The accounting policies are in accordance with those used in the preparation of the 2016 annual financial statements.

Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the condensed interim financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the condensed interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual financial statements for the year ended October 31, 2016.

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July, 2017 and July 31, 2016

(In Canadian dollars)

(Unaudited)

5 - INVENTORIES

| | <u>2017-07-31</u> | <u>2016-07-31</u> |
|----------------|-------------------------|-------------------------|
| | \$ | \$ |
| Raw materials | 1 195 529 | 613 496 |
| Finished goods | 1 030 728 | 563 139 |
| | <u>2 226 257</u> | <u>1 176 635</u> |

For the nine-month period ended July 31, 2017, \$85 428 and \$46 349 for the three-month period ended July 31, 2017 (\$59 608 for the nine-month period ended July 31, 2016, \$26 347 for the three-month period ended July 31, 2016) of inventories was included in profit or loss as an expense resulting from the write-down of inventories.

6 - PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment and their carrying amounts are detailed as follows:

| | <u>2017-07-31</u> | | | |
|--|-------------------------------|---|---------------------------|-----------------------|
| | <u>Leasehold improvements</u> | <u>Equipment and furniture, tele-communication system, furniture and fixtures</u> | <u>Computer equipment</u> | <u>Total</u> |
| | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| Gross carrying amount | | | | |
| Balance as at November 1, 2016 | 9 945 | 524 439 | 315 094 | 849 478 |
| Additions | | 183 443 | 21 011 | 204 454 |
| Balance as at July 31, 2017 | 9 945 | 707 882 | 336 105 | 1 053 932 |
| Depreciation | | | | |
| Balance as at November 1, 2016 | 6 835 | 192 472 | 176 539 | 375 846 |
| Depreciation | 3 110 | 58 945 | 27 416 | 89 471 |
| Balance as at July 31, 2017 | 9 945 | 251 417 | 203 955 | 465 317 |
| Carrying amount as at July 31, 2017 | | <u>456 465</u> | <u>132 150</u> | <u>588 615</u> |

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July, 2017 and July 31, 2016

(In Canadian dollars)

(Unaudited)

7 – INTANGIBLE ASSETS

The Company's intangible assets and their carrying amounts are detailed as follows:

| | 2017-07-31 | | |
|--|---------------------------------|----------------------|-------------------------|
| | <u>Acquisition software</u> | <u>Trademarks</u> | <u>Total</u> |
| | \$ | \$ | \$ |
| Gross carrying amount | | | |
| Balance as at November 1, 2016 | 1 395 654 | 53 375 | 1 449 029 |
| Additions | 1 829 935 | 3 328 | 1 833 264 |
| Balance as at July 31 2017 | <u>3 225 589</u> | <u>56 703</u> | <u>3 282 292</u> |
| Depreciation | | | |
| Balance as at November 1, 2016 | 233 299 | | 233 299 |
| Depreciation | 77 219 | | 77 219 |
| Balance as at July 31, 2017 | <u>310 518</u> | | <u>310 518</u> |
| Carrying amount as at July 31, 2017 | <u><u>2 915 072</u></u> | <u><u>56 703</u></u> | <u><u>2 971 774</u></u> |

8 - LOANS PAYABLE

| | <u>2017-07-31</u> | 2016-10-31 |
|--|-------------------|----------------|
| | \$ | \$ |
| Loan from companies under common control (a) | 591 017 | 597,316 |
| Unsecured debentures | | 735,000 |
| Secured debentures (b) | 4 250 000 | |
| Valuation of warrants issued with debentures (c) | (805 003) | (124,950) |
| Cost of issuing debentures | (217 730) | (39,150) |
| | <u>3 818 284</u> | <u>544,157</u> |

Given their short-term maturity, the carrying amount of loans receivable is considered a reasonable approximation of their fair value.

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July, 2017 and July 31, 2016

(In Canadian dollars)

(Unaudited)

- a) The loan from companies under common control is secured by a chattel mortgage on the universality of the Company's assets.

The loan from companies under common control relates to a factoring agreement for a maximum of \$2,500,000. As at July 31, 2017, the Company has \$891 807 (\$802 093 as at October 31, 2016) in accounts receivable and scientific research and experimental development tax credits receivable that have been transferred in factoring to Finexcorp Inc. and 9134-8169 Québec inc., companies under common control, for which an amount of \$300 790 (\$396 773 as at October 31, 2016) has been retained as a factoring reserve.

These factoring agreements stipulate that the Company shall pay on time the government remittances and shall repay the loans received related to invoices that are past due over 105 days and 120 days, respectively. As at July 31, 2016, these terms are not respected.

- b) On February 27, 2017, the Company closed a fully subscribed brokered private placement of senior secured convertible debentures (each a "Debenture") for gross proceeds of \$3,500,000 (the "Offering") previously announced on February 7, 2017. 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 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 days 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.

A commission was paid to the selling agents in connection with the private placement consisting of a cash payment in the aggregate amount of \$185,200 and the issuance of broker warrants entitling the agents to purchase up to 740,800 broker warrants. Each Broker Warrant is exercisable into (a) one common share; (b) one half of one A Warrant; and (c) one half of one B Warrant, at an exercise price of \$0.25 per Broker Warrant, for a period of 24 months from the closing date. All securities issued

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July, 2017 and July 31, 2016

(In Canadian dollars)

(Unaudited)

pursuant to the Offering are subject to a statutory hold period expiring four months and one day after closing. Garfinkle Biderman LLP acted as counsel for the Agent in connection with the Offering.

- c) The A warrants were assigned a value of \$402 502 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.73%; expected volatility 75%; expected dividend yield of 0% and an expected life of two years. Expected volatility was based on the historical volatility of other comparable listed companies.

The B warrants were assigned a value of \$402 502 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.73%; expected volatility 75%; expected dividend yield of 0% and an expected life of three years. Expected volatility was based on the historical volatility of other comparable listed companies.

9 - LONG-TERM DEBT

Using discount rates of 7% and 10%, based on the Company's estimated incremental borrowing rates for secured and unsecured loans at the reporting date, respectively, and therefore reflecting the Company's credit position, the fair value of the long-term debt is estimated by discounting the estimated future cash outflows and totals \$4 675 565.

10 - SHARE CAPITAL

| | <u>2017-07-31</u> | <u>2016-10-31</u> |
|----------------------|--------------------------|-------------------|
| | <u>\$</u> | <u>\$</u> |
| Class "A" shares (a) | <u>18,720,200</u> | <u>18,083,539</u> |
| | <u>18,720,200</u> | <u>18,083,539</u> |

- (a) The number of issued class "A" shares totals 106,778,871 at July 31, 2017 (97,134,420 as at October 31, 2016).

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

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July, 2017 and July 31, 2016

(In Canadian dollars)

(Unaudited)

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.

On February 28, 2017, 50 000 Broker warrants were exercised at the exercise price of 0.15\$

On March, 2017, 12 000 Broker warrants were exercised at the exercise price of 0.15\$

11 – WARRANTS

The following is a summary of the activity of warrants:

| | Nine-month ended July 31, 2017 | |
|------------------------------|--------------------------------|---------------------------------|
| | Number of warrants | Weighted average exercise price |
| Balance, beginning of period | 6,033,412 | \$ 0.40 |
| Granted during the period | 18,107,240 | \$ 0.37 |
| Balance, end of period | 24,140,652 | \$ 0.38 |

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July, 2017 and July 31, 2016

(In Canadian dollars)

(Unaudited)

The following is a summary of warrants outstanding at July 31, 2017:

| | Number outstanding | Value |
|---|--------------------|--------------|
| Issued December 22, 2015 Exercise price of \$0.45 expiring December 22, 2017 | 2,497,999 | \$ 49,755 |
| Issued April 19, 2016 Exercise price of \$0.45 expiring April 19, 2018 | 2,449,999 | \$ 51,890 |
| Issued July 12, 2016 Exercise price of \$0.15 expiring July 12, 2018 | 864,667 | \$ 64,592 |
| Issued September 20, 2016 Exercise price of \$0.15 expiring September 20, 2018 | 220,747 | \$ 19,331 |
| Issued November 17, 2016 Exercise price of \$0.15 expiring November 17, 2018 | 366,440 | \$ 27,483 |
| Issued February 27, 2017 Exercise price of \$0.30 expiring February 27, 2019 | 8,500,000 | \$ 382,500 |
| Issued February 27, 2017 Exercise price of \$0.25 expiring February 27, 2019 | 370,400 | \$ 20,002 |
| Issued February 27, 2017 Exercise price of \$0.45 expiring February 27, 2020 | 8,500,000 | \$ 382,500 |
| Issued February 27, 2017 Exercise price of \$0.25 expiring February 27, 2020 | 370,400 | \$ 20,002 |
| | 24,140,652 | \$ 1,018,054 |

- (a) On February 27, 2017, the Company closed a fully subscribed brokered private placement of senior secured convertible debentures (each a "Debenture") for gross proceeds of \$3,500,000 (the "Offering") previously announced on February 7, 2017. 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 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

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July, 2017 and July 31, 2016

(In Canadian dollars)

(Unaudited)

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 days 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.

A commission was paid to the selling agents in connection with the private placement consisting of a cash payment in the aggregate amount of \$185,200 and the issuance of broker warrants entitling the agents to purchase up to 740,800 broker warrants. Each Broker Warrant is exercisable into (a) one common share; (b) one half of one A Warrant; and (c) one half of one B Warrant, at an exercise price of \$0.25 per Broker Warrant, for a period of 24 months from the closing date. All securities issued pursuant to the Offering are subject to a statutory hold period expiring four months and one day after closing. Garfinkle Biderman LLP acted as counsel for the Agent in connection with the Offering.

- (b) The warrants were assigned a value of \$883,054 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.48% to 0.73%; expected volatility 75%; expected dividend yield of 0%; expected life of two to three years and an exercise price of \$0.38. Expected volatility was based on the historical volatility of other comparable listed companies. As of July 31, 2017, the broker warrants have a value of \$156,988.

12-Options

The following is a summary of the activity of stock options:

| | Nine-month ended July 31, 2017 | |
|------------------------------|--------------------------------|---------------------------------|
| | Number of options | Weighted average exercise price |
| Balance, beginning of period | 4,510,000 | \$ 0.20 |
| Granted during the period | 825,000 | \$ 0.30 |
| Balance, end of period | 5,335,000 | \$ 0.25 |

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July, 2017 and July 31, 2016

(In Canadian dollars)

(Unaudited)

The following is a summary of stock options outstanding at July 31, 2017:

| | Number outstanding | Value |
|--|--------------------|------------|
| Issued July 12, 2016 | | |
| Exercise price of \$0.20 expiring July 12, 2021 | 4,510,000 | \$ 382,899 |
| Issued April 13, 2017 | | |
| Exercise price of \$0.30 expiring October 13, 2019 | 600,000 | \$ 33,000 |
| Issued April 13, 2017 | | |
| Exercise price of \$0.30 expiring April 13, 2022 | 225,000 | \$ |
| | 5,335,000 | \$ 415,899 |

- a) On April 13, 2017, the Company granted options to acquire an aggregate of 825,000 common shares of the Corporation to consultants and employees with an exercise price of \$0.30 per common share.

600,000 options were granted to consultants for a period of 30 months and will vest immediately. Each option entitles the holder thereof to purchase one common share in the capital of the Company at a price of \$0.30 per share until October 14, 2018.

225,000 options were granted to employees for a period of 60 months. 112,500 options will vest on the first anniversary of the date of grant and 112,500 options will vest on the second anniversary of the date of grant. Each option entitles the holder thereof to purchase one common share in the capital of the Company at a price of \$0.30 per share until April 14, 2022.

- b) The stock option were assigned a value of \$415,899 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.60% to 0.73%; expected volatility 75%; expected dividend yield of 0%; expected life of two and a half years to five years and an exercise price of \$0.25. Expected volatility was based on the historical volatility of other comparable listed companies.

13 - LOSS PER SHARE

Basic and diluted losses per share have been calculated based on the net loss available for common shareholders by the weighted average number of common shares outstanding during the period. There were no adjustments to the numerator and denominator of basic earnings used in calculating diluted earnings.

Nuran Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

As at July, 2017 and July 31, 2016

(In Canadian dollars)

(Unaudited)

14 - RELATED PARTY TRANSACTIONS

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

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

Other related party transactions

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

| | 2017-07-31 (3 months) | 2016-07-31 (3 months) | 2017-07-31 (9 months) | 2016-07-31 (9 months) |
|--------------------------------|--|--------------------------|--|--------------------------|
| | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| Companies under common control | | | | |
| Administrative expenses | 57,932 | 87,662 | 217,418 | 755,243 |
| Financial expenses | 53,383 | 129,090 | 180,239 | 371,183 |

15 – POST-REPORTING DATE EVENTS

The company announced on August 24 the hosting of its first Symposium on 5G research and on September 6th, 2017, the Company announced a collaboration with u-blox on a NB-IoT demo for Mobile World Congress Americas.