MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended

October 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 year ended October 31, 2017 has been prepared by management and should be read in conjunction with the condensed interim consolidated financial statements for the year ended October 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 February 26th, 2018

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 wholly 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 Things (IoT), public safety, emergency or crisis communications.

NuRAN's wireless solutions are also capable of supporting mobile payment transactions, a tremendous social and economic benefit for those in the developing world were 95% of all transactions are cash and 60% of adults don't currently have a bank account

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 a key feature 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 ("M2M").

During this twelve 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 NuRAN's wholly owned subsidiary Nutaq Innovation and focus 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;
- Speed up the development and validation of IoT devices by enabling testing directly in the developers' lab with Nutaq's PicoLTE -
- Decrease new product design costs and time to market;
- Decrease product design risks; and
- Offer product differentiation through innovation.

- Engineering Design Services

Also through Nutaq Innovation, we apply our expertise and 30 years of experience in hardware and software for Digital Signal Processing (DSP) and the wireless market place to help our clients convert ideas into products.

GENERAL OBJECTIVES

The Company's mission is to enable our clients to profitably Connect the 4 Billion of people without broadband connectivity and the Next Billion of wireless communication users, those that do not have the benefit of accessing reliable telecommunications and power infrastructures.

The company delivers 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 Telcos to deploy profitably in the least population dense and most remote areas at the lowest Average Revenue Per User (ARPU).

The Company's products continue to be tested by several MNOs and community organizations in many countries around the World, 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 have resulted in multi unit sales in the current year and should NuRAN be able to continue converting into purchase orders its increasing sales pipeline opportunities thousands more units will be deployed over the next few years.

In the current year, the Company's Interoperability Testing (OpTest) was a very successful tool to generate a significant amount of orders with several different Tier One Mobile Operators. The OpTest is currently being deployed in an increasing number of MNOs and NuRAN is confident that this will lead to more purchase orders and increased revenues.

OVERALL PERFORMANCE AND OUTLOOK

Performance

During the year ended October 31, 2017, the Company continued the implementation of its strategy to become the supplier of choice to Mobile Network Operators (MNO) across the World.

Last year's decision to redirect NuRAN's efforts to the MNO market was made with the awareness that this change would require considerable initial investments in marketing, branding, sales, field tests and to prepare for increased production. These investments were planned to be recovered over the next couple of years through increased market visibility, higher sales and better gross margins.

The growing sales pipeline confirm management's expectations.

The Company's ongoing investments in research and development, engineering and manufacturing have been rewarded with the acknowledgment by leading industry organizations and participants that NuRAN's Wireless Infrastructure Solutions are "at the top of its class".

In addition, NuRAN's marketing and branding efforts have significantly increased the market's awareness of its wireless solutions.

Some of the achievements that support this view include:

- Collaborating with Facebook to deliver Open Cellular;
- Completing a successful OpTest for Africa Mobile Networks (AMN) in conjunction with a Tier-One operator, leading to an order of $1M for Africa;
- A partnership with Facebook, Cavium and Keysight on the development of the upcoming LTE Open Cellular version;
- Being selected for Rural Connectivity Project in Mexico; a collaboration with the Government of the State of Jalisco;

- Selected by Globe Telecom for rural mobile deployment in Philippines;
- Receiving a $4M Order for Deployment in Africa for a Tier-One Operator;
- Receiving a $1.2M order from GCES for Nigeria, Africa;
- Introduction of the OC-2G; a new Telecom Infra Project Product;
- Being selected by the US Navy Air Systems Command (NAVAIR) to Supply SDR;
- Obtaining a Commitment from Reanna Group to deploy over 1000 Sites in Nigeria using NuRAN's GSM Solution;
- NASA selecting NuRAN's Pico 4G Lte test platform as one of NASA's development tool;
- Obtaining a commitment from Raeanna Group Committed to deploy over 1000 Sites in Nigeria using NuRAN's GSM;
- NuRAN and U-Blox collaborate on NB-IoT demo with PicoLTE

All of the above, plus the growing sales to Mobile Network Operators, reinforce management's belief on the success of the Company's strategic shift and that NuRAN is positioned to become the market leader in this very important, a growing space and generate strong returns to its shareholders.

Outlook

NuRAN's WIS solutions are currently being tested by MNOs and community organizations in more than 20 countries in South East Asia, Africa, South America and Mexico. These test deployments and the numerous partnerships established with tier-one MNOs have generated over $3.5 million of sales in 2017 and continue to grow our sales pipeline.

Some of the projects underway and expected to translate into future revenues include:

- Approximately 25% of AMN's $1MM order of NuRAN's LiteCell 1.5 systems was delivered during the current year, with the remainder planned to be delivered in 2018;
- In addition, AMN's plans call for the deployment throughout Africa of thousands of additional LiteCell 1.5 units over the next 3 to 4 years. NuRAN's new OC-2G solution that is currently deployed in DRC for Interoperability Operation Test, is also expected to generate a similar amount of unit sales;
- NuRAN's partnership with Facebook, Cavium and Keysight to develop a complete low-cost LTE base station. Such product was announced and launched at the latest TIP summit in Santa Clara last November 2017;
- The recent purchase order of $4MM from Raeanna in Nigeria for deployments for a Tier One Operator;

- At the latest Mobile World Congress (MWC) in Barcelona, NuRAN's products generated exceptional interest leading to new test deployments in Nigeria and in the Middle East. This impressive momentum led to the deployment of further tests in a wide range of global locations including Guinea, Cameroun, Tanzania, South America, Mexico and the Philippines;

- At the same MWC edition, NuRAN showcased an OpenCellular prototype and announced that was retained by Facebook as development partner for the upcoming LTE version.

We continue to develop new technological advanced products, such as the 5G massive MIMO (patent pending) and the PicoLTE, positioning the Company well to service our customers current and future needs.

The quality of our engineering expertise continues to be recognized by our customers, as demonstrated by the number of contracts received during the year.

It is also this engineering expertise that has been recognized with the inclusion of NuRAN in the world class Telecom Infra Project ("TIP"). The company's involvement and contribution to the TIP is now well established and new products developed in the scope of this project added to the Company's portfolio will bring higher recurring revenue.

The following discussion of the Company's financial performance is based on the annual audited financial statements for the years ended October 31, 2017 and 2016.

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

To evaluate the results of the strategic shift, management closely monitors 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 and through 2017 have started to generate sales and should produce increasing revenues.

GPM measures how efficiently and effectively NuRAN delivers its systems and services to its clients. The bench test investments started in 2016 and continuing through 2017 to address increased sales volumes should result in reduced cost of sales and increased GPM.

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

Management believes that Net Income is a measure of how efficiently and effectively the business is running. As the Company is in a period of expansion and growth, selling and general administration cost may increase faster than revenue growth over the next twelve months. To achieve an acceptable net income, management will need to balance the increase in selling and general administration costs with 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 October 31, 2017, October 2016 and October 2015, and for the periods then ended:

	Year ended October 31, 2017	Year ended October 31, 2016	Year ended October 31, 2015
Total revenues	$ 6,019,133	$ 5,123,470	$ 7,807,455
Total loss	$ (2,003,725)	$ (3,195,686)	$ (1,667,862)
Net loss per share – basic	$ (0.02)	$ (0.06)	$ (0.04)
Net loss per share – diluted	$ (0.02)	$ (0.06)	$ (0.04)
	As at October 31, 2017	**As at October 31, 2016**	**As at October 31, 2015**
Total assets	$ 7,520,862	$ 4,577,024	$ 4,003,636
Total non-current financial liabilities	$ 293,639	$ 1,249,588	$ 5,466,702
Distribution or cash dividends	$ -	$ -	$ -

RESULTS OF OPERATIONS

Revenue

The $895,663 increase in revenue for the year ended October 31, 2017 compared to the year ended October 31, 2016 was mainly due to an increase of over $1,207,149 in revenue from engineering services, while the sales to MNOs were $311,486 less than the sales under the "OEM/white label" marketing approach followed in prior years.

Gross Profit

Gross profit for the year ended October 31, 2017 increased by $435,126 compared to the year ended October 31, 2016. This increase was a result of numerous factors including: (a) shift towards higher GSM Products and revenue shift from an OEM (white label) sales model to MNO sales (b) stronger engineering strategic contract with World Class leaders and (c) better production efficiency and a decrease of expenses.

Gross Margin for the year ended October 31, 2017 increased to 47.52% from 47.34% for the year ended October 31, 2016. This increase was a result of: (a) a better efficiency and control in the Company's expenses and (b) stronger engineering contract with higher margin.

Expenses

During the year ended October 31, 2017 total expenses increased by $101,691 from the year ended October 31, 2016. This increase was mainly due to higher selling expenses and interest costs offset by lower research and development and administrative expenses.

Net Loss Before Other Elements and Income Taxes

The net loss Before Other Elements and Income Taxes for the year ended October 31, 2017 decreased to $2,710,869 from the year ended October 31, 2016 loss of $3,044,305. The increase in profit is primarily due to higher gross profit from engineering contracts with world class leaders.

Other Elements and Income Taxes

Other Elements and Income Taxes for the year ended October 31, 2017 generated a net gain of $707,144 compared with a loss of $181,767 in the year ended October 31, 2016. The 2017 net gain was mainly due to accounting rules that required a reduction of $719,895 in the book value of the convertible debentures, creating an equivalent accounting gain. The 2016 loss was the result of a debt settlement.

Net Loss and Total Comprehensive Income

Net Loss and Total Comprehensive Income for the year ended October 31, 2017 decreased to ($2,003,725) from the year ended October 31, 2016 loss of ($3,195,686).

Financial Highlights of the year ended October 31, 2017

For the year ended October 31, 2017, Company's financial performance was the following as compared to the year ended October 31, 2016:

- Revenue of $6,019,133 compared to $5,123,470 for the twelve months ended October 31, 2016, an increase of 17,48%;
- Gross margin of 47.52% compared to 47.34% for to the twelve months ended October 31, 2016;
- Gross Profit of $2,860,473 compared to a Gross Profit of $2,425,347 for the twelve months ended October 31, 2016;
- Net Loss Before Other Elements and Income Taxes of $2,003,725 compared to a $3,044,305 during the twelve months ended October 31, 2016
- Net Loss of $253,864 in the fourth quarter of 2017 compared to a Net Loss of $1,915,735 for the same quarter of 2016

Expenses

Below is a discussion of the expenses for the year ended October 31, 2017

	2017	2016	% change from 2016
Selling expenses	1,496,902	1,035,154	45%
Administrative expenses	2,016,149	2,185,112	-8%
Financial expenses	1,146,346	1,063,271	8%
Research and development costs, net of $446,935 (2016 - $443,455) in tax credits	911,945	1,186,115	-23%
	5,571,342	5,469,652	2%

Selling expenses

Selling expenses consist of salaries to sales staff, commissions on sales, travel expenses, trade shows and presentations. The increase from 2016 is due to higher volume of OpTests as the number of sales opportunities increased and to 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 primarily attributed to the fact that there were no extraordinary expenses related to a financing in 2017

Financial expenses

Financial expenses consist of loan interest, fees on factoring accounts receivable and gain/loss on exchange rate. The increase is attributed to interest costs on the secured convertible debenture partially offset by a reduction in factoring fees, foreign exchange loss and other financing costs.

Research and development

The main reasons for the decrease in research and development costs over the year ended October 31st 2017 was that the most intensive research work on the 5G Massive MIMO was undertaken in 2016.

SUMMARY OF QUARTERLY RESULTS

Three Months Ended	Net Revenues ($)	Net Gain (Loss)	
		Total ($)	Basic and Diluted Loss Per Share ($)
31-oct-17	1,780,065	(253,864)	(0.00)
31-jul-17	1,909,019	7,031	(0.00)
30-Apr-17	1,225,293	(936,256)	(0.01)
31-Jan-17	1,104,756	(820,636	(0.01)
31-Oct-16	960,047	(1,915,735)	(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	(200,824)	(0.00)
31-Oct-15	1,973,307	(279,934)	(0.01)

FOURTH QUARTER

During the three months ended October 31, 2017, the Company earned revenues of $1,780,065 compared to $960,047 during the three months ended October 31, 2016, an increase of 85.4%. The main reason of this growth was the higher revenue from engineering services.

For the three months ended October 31, 2017, the Company earned a gross profit of $568,771 compared to $200,565 for the same period of 2016. This improvement is attributed to higher sales and a better gross margin. For the three-month ended October 31, 2017 gross profit margin is 32% compared to 20.9% for the same quarter in 2016.

The net loss for the quarter was $253,864 compared to a net loss of $1,915,735 for the same quarter in 2016. The main reasons for this decrease in loss were: (a) the stronger engineering revenue from higher margin contracts with world-class leader and partner, (b) a better control in expenses and efficiency.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash increased to $154,750 at October 31, 2017, from $111,097 at October 31, 2016. Current assets increased to $3,542,415 from $2,887,662 as at October 31, 2016.

The change in cash balance was the result of cash generated from financing activities in the past 12 months (cash received on issuance of equity and debenture, less repayment of debts) being offset by cash used by operating activities and cash used in investing activities (primarily the purchase of equipment and purchase of intangible asset). The increase in the total current assets was due mainly to an increase in receivables and inventories.

During the year ended October 31, 2017, NuRAN Wireless Inc. issued 9,644,451 Class "A" common shares for cash consideration of $1,068,000, the conversion of $262,500 of debt and the purchase of intangible asset of $113,654. NuRAN also issued convertible debenture for a cash consideration of $3,500,000 and the conversion of $750,000 of debt.

Future Financing

Management closely monitors the Company's current cash position and the short-term and long-term cash requirements and recognizes the need for improved cash flow and liquidity for future operations and growth. Notwithstanding its cash position at October 31, 2017, the Company will look for 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).

NuRAN has a strong sales pipeline of over 50 opportunities totalling over US$100 million of possible revenue. While monitoring the progress of the sales process management assigns each opportunity a probability of success that depends on the pace and stage of each negotiation. Based on that assessment the weighted average value of the sales pipeline is in excess of US$20 million.

Although the Company's operations currently generate positive cash flow, these are not sufficient cover its administrative costs and finance its sales growth and the Company will continue to depend on its ability to convert its sales opportunities into purchase orders as well as on future equity issuances or other means of financing to finance its operations.

The ability of the Company to continue operating will therefore 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.

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 from November 2017 to July 31 2017 and $10,000 from August 2017. As at October 31 2017, $30,056 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 receivable factoring and financing agreement with the Company. Finexcorp received factoring fees under this agreement. As at October 31, 2017, $45,970 was owed to Finexcorp Inc.

As of October 6th 2017, Mr. Rainville is no longer involved with Bleu and Finexcorp and those entities are controlled by Mr. Bédard

Unless otherwise stated, none of the transactions incorporated 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:

	2017	2016
	$	$
Companies under common control		
Administrative expenses	**247,476**	226,872
Financial expenses	**234,480**	461,940

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 $18,000 per month for a 3 years term.

RECENT EVENTS

In the fourth quarter of 2017, NuRAN Wireless was selected for many rural connectivity projects in countries such as in Mexico, Nigeria, Cameroon, Zambia, DRC, Philippines and other areas in Africa. Recently, at the second TIP Open Celullar Workshop in Kenya, NuRAN introduced the OC-2G; a new Telecom Infra Project Product.

The Company announced on August 24, 2017 the hosting of its first Symposium on 5G research that took place on September 26th to 29th 2017 in Quebec City

On September 6th, 2017, the Company announced a collaboration with u-blox, a global leader in wireless and positioning modules and chips for the automotive, industrial and consumer markets on a joint NB-IoT demo to be presented at the Mobile World Congress Americas

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 and liabilities are classified as FVTPL when the financial asset or liability 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 106,778,871 common shares issued and outstanding as of February 26, 2018. There are no securities of any other class issued and outstanding.

Share Purchase Options

The Company has 5,310,000 stock options at February 26, 2018.

Warrants

The following is a summary of warrants outstanding, all of which are exercisable, as at October 31, 2017

Exercise Price	Quantiy	Weighted average contactual life (years)
$0.15	1,389,854	0.82
$0.25	740,800	0.81
$0.30	8,500,000	1.32
$0.45	13,447,998	1.57
	24,078,652	**1.42**

CONVERTIBLE DEBENTURE

The Company has a secured convertible debenture of $4,250,000 outstanding. It matures on August 23, 2018 and is convertible, at any time before the maturity date, at the option of the holder, at a price of $0.25 per common share

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, 2017, 2016, 2015 and 2014, approximately 40% 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 between the Canadian dollar and the US dollar;
- 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;
- uncertainties arising from local business practices and cultural considerations;
- customs matter 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.