

**Nuran Wireless inc.**  
**Condensed Interim**  
**Financial Statements**  
**April 30, 2018 and**  
**April 30, 2017**

Financial Statements

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The condensed interim financial statements of Nuran Wireless inc. for the second quarter ended April 30, 2018 as well as the corresponding comparative data were not subject to a review by the Company's auditor.

**Nuran Wireless inc.**  
**Condensed Interim Statements of Comprehensive Income**

Periods ended April 30, 2018 and April 30, 2017

(In Canadian dollars)

(Unaudited)

	<i>3 months ended</i>		<i>6 months ended</i>	
	<u>2018-04-30</u>	<u>2017-04-30</u>	<u>2018-04-30</u>	<u>2017-04-30</u>
	\$	\$	\$	\$
<b>Revenue</b>	<b>1 025 302</b>	1 225 293	<b>2 300 476</b>	2 330 049
Cost of sales	<b>672 254</b>	716 861	<b>1 354 720</b>	1 263 568
<b>Gross profit</b>	<b>353 048</b>	508 432	<b>945 755</b>	1 066 481
Selling expenses	<b>266 482</b>	368 148	<b>603 229</b>	705 012
Administrative expenses	<b>309 699</b>	678 222	<b>539 026</b>	1 331 644
Financial expenses	<b>406 945</b>	151 023	<b>719 817</b>	278 147
Research and development costs, net of \$128,656 in tax credits for the three-month period ended April 30, 2018, \$184,759 for the six-month period ended April 30, 2018 (\$168,671 for the three-month period ended April 30, 2017, \$318,389 for the six-month period ended April 30, 2017)	<b>219 310</b>	247 295	<b>553 442</b>	508 569
	<b>1 202 437</b>	1 444 688	<b>2 415 514</b>	2 823 372
Loss before other gain (loss)	<b>(849 390)</b>	(936 256)	<b>(1 469 759)</b>	(1 756 891)
Other elements:				
Change in fair value of derivative liability (Note 8)	<b>153 000</b>		<b>75 896</b>	
Extraordinary gain (Note 14)	<b>271 610</b>		<b>271 610</b>	
	<b>424 610</b>		<b>347 506</b>	
Loss before income taxes	<b>(424 779)</b>	<b>(936 256)</b>	<b>(1 122 253)</b>	<b>(1 756 891)</b>
<b>Net loss and total comprehensive income</b>	<b>(424 779)</b>	<b>(936 256)</b>	<b>(1 122 253)</b>	<b>(1 756 891)</b>
<b>Loss per share (Note 13)</b>				
Basic and diluted loss per share	<b>(0,00)</b>	(0,01)	<b>(0,01)</b>	(0,02)
Weighted average number of outstanding common shares	<b>106 778 871</b>	106 769 992	<b>106 778 871</b>	105 505 116

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

## Nuran Wireless Inc.

### Condensed Interim Consolidated Statements of Changes in Deficiency

Periods ended April 30, 2018 and April 30, 2017

(In Canadian dollars)

(Unaudited)

	Share capital		Contributed Surplus	Deficit	2018-04-30	
	Number	\$			Total deficiency	
					\$	
<b>Balance as at November 1, 2017</b>	<b>106 778 871</b>	<b>19 439 376</b>	<b>708 989</b>	<b>(19 955 442)</b>	<b>192 923</b>	
Net loss and total comprehensive income				<b>(1 122 253)</b>	<b>(1 122 253)</b>	
Employee shared-based compensation (Note 1)	<b>43 265</b>		<b>6 600</b>		<b>6 600</b>	
Warrants expired (Note 10 and 11)		<b>101 645</b>	<b>(101 645)</b>			
<b>Balance as at April 30, 2018</b>	<b>106 822 136</b>	<b>19 541 021</b>	<b>613 944</b>	<b>(21 077 695)</b>	<b>(922 730)</b>	
					2017-04-30	
	Share capital		Contributed Surplus	Deficit	Total deficiency	
	Number	\$			\$	\$
<b>Balance as at November 1, 2016</b>	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				(1 756 891)	(1 756 891)	
Warrants issued (Notes 10 and 11)			832 486		832 486	
Stock Option (note 12)			33 000		33 000	
<b>Balance as at April 30, 2017</b>	<b>106 778 871</b>	<b>18 720 200</b>	<b>1 433 953</b>	<b>(19 708 608)</b>	<b>445 545</b>	

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

**Nuran Wireless inc.****Condensed Interim Statements of Cash Flows**

Periods ended April 30, 2018 and April 30, 2017

(In Canadian dollars)

(Unaudited)

	<b>2018-04-30</b>	2017-04-30
	<b>(6 months)</b>	(6 months)
	<u>\$</u>	<u>\$</u>
<b>OPERATING ACTIVITIES</b>		
Net loss	(1 122 253)	(1 756 891)
Non-cash flow adjustments		
Depreciation of property, plant and equipment	64 627	57 012
Depreciation of intangible assets	11 173	47 613
Non-employee share-based transaction		723 819
Employee share-based transaction	6 600	
Accretion of convertible debentures	366 911	
Change in fair value of derivative liability	(75 896)	
Net change in working capital items		
Trade and other receivables	28 549	(456 067)
Scientific research and experimental development tax credits receivable	(456 369)	(318 389)
Work in progress		211 742
Inventories	271 748	(496 602)
Prepaid expenses	(36 688)	(93 213)
Security deposits and deposits on purchase of goods	2 040	125 711
Trade and other payables	(160 359)	214 437
Deferred revenue	157 032	(327 282)
Net cash from operating activities	<u>(942 885)</u>	<u>(2 068 110)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(14 201)	(104 165)
Purchase of intangible assets	<u>(103 257)</u>	<u>(1 687 057)</u>
Net cash used in investing activities	<u>(117 457)</u>	<u>(1 791 222)</u>
<b>FINANCING ACTIVITIES</b>		
Net change in loan payable	137 980	59 267
Long-term debt	861 730	4 368 466
Repayment of long-term debt	(29 108)	(874 577)
Issue of class "A" shares		833 294
Share cost issue		(54 966)
Net cash used in financing activities	<u>970 602</u>	<u>4 331 484</u>
<b>Net decrease in cash</b>	<b>(89 741)</b>	472 152
Cash, beginning of period	<u>154 752</u>	<u>111 097</u>
Cash, end of period	<u>65 011</u>	<u>583 249</u>
<b>Supplementary information</b>		
Interest paid included in operating activities	753 171	44 786

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

**Nuran Wireless inc.****Condensed Interim Statements of Financial Position**

Periods ended April 30, 2018 and April 30, 2017

(In Canadian dollars)

(Unaudited)

	<u>2018-04-30</u>	<u>2017-10-31</u>
	\$	\$
<b>ASSETS</b>		
Current		
Cash	65 011	154 752
Trade and other receivables	1 057 544	1 086 092
Subscriptions receivable		
Scientific research and experimental development tax credits receivable	897 837	441 468
Inventories (Note 4)	1 533 484	1 805 232
Prepaid expenses	60 480	23 792
Security deposits and deposits on purchase of goods	29 039	31 079
Current assets	<u>3 643 396</u>	<u>3 542 415</u>
Non-current		
Property, plant and equipment (Note 5)	552 798	603 226
Intangible assets (Note 6)	3 467 304	3 375 221
Non-current assets	<u>4 020 102</u>	<u>3 978 447</u>
Total assets	<u><u>7 663 498</u></u>	<u><u>7 520 862</u></u>
<b>LIABILITIES</b>		
Current		
Trade and other payables	2 543 778	2 704 137
Deferred revenue	330 536	173 504
Loans payable (Note 7)	452 409	314 430
Convertible debentures and derivative liability (Note 8)	4 006 857	3 715 842
Current portion of long-term debt	142 829	126 387
Current liabilities	<u>7 476 409</u>	<u>7 034 300</u>
Non-current		
Long-term debt (Note 9)	1 109 819	293 639
Total liabilities	<u><u>8 586 228</u></u>	<u><u>7 327 939</u></u>
<b>DEFICIENCY</b>		
Share capital (Note 10)	19 541 021	19 439 376
Contributed Surplus	613 944	708 989
Deficit	<u>(21 077 695)</u>	<u>(19 955 442)</u>
Total deficiency	<u>(922 730)</u>	<u>192 923</u>
Total deficiency and liabilities	<u><u>7 663 498</u></u>	<u><u>7 520 862</u></u>

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

# **Nuran Wireless Inc.**

## **Notes to Condensed Interim Consolidated Financial Statements**

As at April 30, 2018 and April 30, 2017

(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 2017 audited annual financial statements. 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 six-month period ended April 30, 2018 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. Adding to the above, the Company currently has a financing agreement in place for financing the invoices and purchase orders to a maximum of \$2,500,000 (Note 7). 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 June 29, 2018.

# Nuran Wireless Inc.

## Notes to Condensed Interim Consolidated Financial Statements

As at April 30, 2018 and April 30, 2017

(In Canadian dollars)

(Unaudited)

### 3 - SUMMARY OF ACCOUNTING POLICIES

#### Overall considerations

The accounting policies are in accordance with those used in the preparation of the 2017 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, 2017.

### 4 - INVENTORIES

	<u>2018-04-30</u>	<u>2017-10-31</u>
	\$	\$
Raw materials	<b>934 346</b>	991 678
Finished goods	<b>599 138</b>	813 554
	<u><b>1 533 484</b></u>	<u>1 805 232</u>

For the six-month period ended April 30, 2018, \$61,044 and \$29,904 for the three-month period ended April 30, 2018 (\$39,079 for the six-month period ended April 30, 2017, \$21,903 for the three-month period ended April 30, 2017) of inventories was included in profit or loss as an expense resulting from the write-down of inventories.

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**Statements**

As at April 30, 2018 and April 30, 2017

(In Canadian dollars)

(Unaudited)

**5 - PROPERTY, PLANT AND EQUIPMENT**

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

	<b>2018-04-30</b>			
	<b>Leasehold improvements</b>	<b>Equipment and furniture, tele- communication system, furniture and fixtures</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Gross carrying amount</b>				
Balance as at November 1, 2017	11 414	756 995	344 605	1 113 014
Additions		14 200		14 200
Balance as at April 30, 2018	<u>11 414</u>	<u>771 195</u>	<u>344 605</u>	<u>1 127 214</u>
<b>Depreciation</b>				
Balance as at November 1, 2017	9 990	282 121	217 677	509 788
Depreciation	368	47 982	16 278	64 628
Balance as at April 30, 2018	<u>10 358</u>	<u>330 103</u>	<u>233 955</u>	<u>574 416</u>
<b>Carrying amount as at April 30, 2018</b>	<u><u>1 056</u></u>	<u><u>441 092</u></u>	<u><u>110 650</u></u>	<u><u>552 798</u></u>



# Nuran Wireless Inc.

## Notes to Condensed Interim Consolidated Financial Statements

As at April 30, 2018 and April 30, 2017

(In Canadian dollars)

(Unaudited)

### 6 – INTANGIBLE ASSETS

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

	<b>2018-04-30</b>		
	<u>Acquisition software</u>	<u>Trademarks</u>	<u>Total</u>
	\$	\$	\$
<b>Gross carrying amount</b>			
Balance as at November 1, 2017	3 572 136	61 796	3 633 932
Additions	<u>95 683</u>	<u>7 573</u>	<u>103 256</u>
Balance as at April 30, 2018	<u>3 667 819</u>	<u>69 369</u>	<u>3 737 188</u>
<b>Depreciation</b>			
Balance as at November 1, 2017	258 711		258 711
Depreciation	<u>11 173</u>		<u>11 173</u>
Balance as at April 30, 2018	<u>269 884</u>		<u>269 884</u>
<b>Carrying amount as at April 30, 2018</b>	<u><u>3 397 935</u></u>	<u><u>69 370</u></u>	<u><u>3 467 304</u></u>

### 7 - LOANS PAYABLE

	<u>2018-04-30</u>	2017-10-31
	\$	\$
Loan from companies under common control (a)	264,409	314,430
Loan from a share holder	<u>190, 000</u>	
	<u>454,409</u>	<u>314,430</u>

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

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

## Nuran Wireless Inc.

### Notes to Condensed Interim Consolidated Financial Statements

As at April 30, 2018 and April 30, 2017

(In Canadian dollars)

(Unaudited)

The loan from companies under common control relates to a factoring agreement for a maximum of \$2,500,000. As at April 30, 2018, the Company has \$436,622 (\$570,727 as at October 31, 2017) 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 \$174,212 (\$256,297 as at October 31, 2017) 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 April 30, 2018, these terms are not respected.

#### 8 - CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY

As at April 30, 2018, the convertible debentures and derivative liability consists of:

	Convertible debentures	Derivative liability	Total
	\$	\$	\$
<b>Balance as at October 31, 2017</b>	<b>3 622 946</b>	<b>92 896</b>	<b>3 715 842</b>
<b>Accretion</b>	<b>366 911</b>		<b>366 911</b>
<b>Change in fair value of the derivative liability</b>		<b>(75 896)</b>	<b>(75 896)</b>
<b>Closing balance, as at April 30, 2018</b>	<b>3 989 857</b>	<b>17 000</b>	<b>4 006 857</b>

The fair value of the derivative liability as of April 30, 2018 was estimated at \$17 000, which was derived using a Black-Scholes option pricing model with the following assumptions: risk free interest rate 1,30%; expected volatility 75%; dilution factor of 23.70%; expected dividend yield of 0%; expected life of 0.33 year and an exercise price of \$0.25. Expected volatility was based on the historical volatility of other comparable listed companies.

#### 9 - LONG-TERM DEBT

Using discount rates of 9% and 12%, 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 \$1,056,305 (\$239,891 as at October 31, 2017).

**Nuran Wireless Inc.**  
**Notes to Condensed Interim Consolidated Financial**  
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As at April 30, 2018 and April 30, 2017

(In Canadian dollars)

(Unaudited)

**10 - SHARE CAPITAL**

	<u>2018-04-30</u>	<u>2017-10-31</u>
	<u>\$</u>	<u>\$</u>
Class "A" shares (a)	<u>19,541,071</u>	<u>19,439,376</u>
	<u>19,541,071</u>	<u>19,439,376</u>

- a) The number of issued common shares totals 106,778,871 as at April 30, 2018 (106,778,871 as at October 31, 2017)

4,995,998 warrants at an exercise price of \$0.45 per common share were expired during the six-month period ended April 30, 2018.

**11 – WARRANTS**

The following is a summary of the activity of warrants:

	<u>Six months ended April 30, 2018</u>	
	Number of warrants	Weighted average exercise price
Opening balance, as at November 1, 2017	24,078,652	\$ 0.37
Expired during the period	4,947,998	\$ 0.45
Closing balance, as at April 30, 2018	19,130,654	\$ 0.36

**Nuran Wireless Inc.**  
**Notes to Condensed Interim Consolidated Financial**  
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(Unaudited)

The following is a summary of warrants outstanding, all of which are exercisable, as at April 30, 2018

Exercise Price	Quantity	Weighted average contractual life (years)
\$0.15	1,389,854	0.78
\$0.25	740,800	0.83
\$0.30	8,500,000	0.83
\$0.45	<u>8,500,000</u>	1.83
	<u>19,130,654</u>	

**12-OPTIONS**

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

	<u>Six months ended April 30, 2018</u>	
	Number of options	Weighted average exercise price
Opening balance, as at November 1, 2017	5,310,000	\$ 0.22
Granted during the period		
Forfeited		
Closing balance, as at January 31, 2018	<u>5,310,000</u>	<u>\$ 0.22</u>

**Nuran Wireless Inc.**  
**Notes to Condensed Interim Consolidated Financial**  
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(In Canadian dollars)

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The following is a summary of stock options outstanding and exercisable as at:

	Options outstanding		Options exercisable	
	Number	Weighted average contractual life (years)	Number	Weighted average contractual life (years)
April 30, 2018				
Exercise price				
\$0.20	4,510,000	3.16	4,510,000	3.16
\$0.30	800,000	2.00	800,000	1.50
	<u>5,310,000</u>		<u>5,310,000</u>	

For the six-month period ended April 30, 2018, \$6,600 and \$3,300 for the three-month period ended April 30, 2018 (\$0 for the six-month and the three-month period ended April 30, 2017) employee remuneration expense (all of which related to equity-settled share-based payment transactions) has been included in profit or loss and credited to contributed surplus.

### 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.

Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 11 and 12.

# Nuran Wireless Inc.

## Notes to Condensed Interim Consolidated Financial Statements

As at April 30, 2018 and April 30, 2017

(In Canadian dollars)

(Unaudited)

### 14 – EXTRAORDINARY GAIN

Extraordinary gain comes from the 2017 research and development credit adjustment following the qualification for Technological visa R&D

### 15 - 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:

	<b>2018-04-30</b> <b>(3 months)</b>	2017-04-30 (3 months)	<b>2018-04-30</b> <b>(6 months)</b>	2017-04-30 (6 months)
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Companies under common control				
Administrative expenses	<b>35,247</b>	107,824	<b>60,494</b>	179,486
Financial expenses	<b>50,349</b>	39,824	<b>81,168</b>	120,696

### 15 – POST-REPORTING DATE EVENTS

In the first quarter of 2018, NuRAN Wireless was selected for many rural connectivity projects in Africa, Asia and South America. Recently, at the second TIP Summit in Santa Clara, NuRAN, in collaboration with Facebook and TIP member, introduced the OC-2G and OC-LTE; a new Telecom Infra Project Product.

The Company announced the first Blockchain Mobile transaction enabling mobile transaction for Billions of unbanked people.

## **Nuran Wireless Inc.**

# **Notes to Condensed Interim Consolidated Financial Statements**

As at April 30, 2018 and April 30, 2017

(In Canadian dollars)

(Unaudited)

On January 2018, NuRAN launched its complete turnkey cellular Site solutions and the selection by GSMA, alongside with Google, Nokia and Ericsson, to present at Mobile World Congress.

On April 2018, NuRAN Received 400K Purchase Orders to Connect remote Africa and Canada.

On April 2018, NuRAN was granted 5G Canadian patent.

On April 2018, NuRAN Earns Frost and Sullivan Enabling Technology Leadership Award.

On June 2018, NuRAN announce it has closed its previously announced non-brokered private placement of units of the Company ("Units") at a price of \$0.12 per Unit, each Unit consisting of one common share (a "Share") and one share purchase warrant (a "Warrant") for aggregate gross proceeds of \$2,519,600 (the "Offering"). In connection with the Offering the Company also settled \$809,700 of debt owed to various insiders, employees and consultants of the Company in consideration of an aggregate of 6,747,500 Units (the "Debt Settlement").

The Company issued an aggregate of 27,744,168 pursuant to the Offering and Debt Settlement. Each Warrant issued entitles the holder to acquire one additional Share at a price of \$0.20 per Share for a period of 24 months from closing. In connection with the Offering the Company paid finder's fees consisting of cash fees totalling \$144,382 and issued an aggregate of 1,203,182 finder's warrants exercisable at a price of \$0.12 per Share for a period of 24 months from closing. All securities issued are subject to a hold period expiring four months and one day from closing in accordance with applicable securities laws.

The Private Placement was oversubscribed and due to a high level of investor interest the Company intends to close a second tranche for additional gross proceeds of up to \$500,000. The Company intends to use the net proceeds from the Offering to continue advancing its expansion into major foreign markets such as Africa, Mexico, Latin America and South East Asia by bringing mobile connectivity to the unconnected.

On June 2018, Nuran was selected by Africa Mobile Networks for multiple African countries.

On June 2018, NuRAN Wireless and Avanti Coomunications signed a partnership agreement.