

Nuran Wireless Inc.
Condensed Interim Consolidated
Financial Statements
March 31, 2023 and
March 31, 2022

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The condensed interim consolidated financial statements of Nuran Wireless inc. for the first quarter ended March 31, 2023 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 March 31, 2023 and March 31, 2022

(In Canadian dollars)

(Unaudited)

	<i>Three months ended</i>	
	2023-03-31	2022-03-31
	\$	\$
Revenue	671,961	1,881,960
Cost of sales	483,762	1,616,329
Gross profit (loss)	188,199	265,631
Selling expenses	224,263	437,456
Administrative expenses	1,933,198	1,807,188
Employee shared-based compensation	6,264	822,531
Financial expenses	934,671	186,806
Research and development costs, net of \$24,711 in tax credits for the three-month period ended March 31, 2023, (\$51,810 for the three-month period ended March 31, 2022)	108,677	25,415
	3,207,073	3,279,395
Loss before other elements	(3,018,873)	(3,013,764)
Other elements:		
Loss on debt settlement	(346,643)	(235,465)
	(346,643)	(235,465)
Loss before income taxes	(3,365,516)	(3,249,229)
Income tax expense		
Income Tax		
Deferred		
Net loss for the period	(3,365,516)	(3,249,229)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Foreign exchange difference on translation of foreign operations	4,804	
	(3,360,711)	(3,249,229)
Total comprehensive income for the period	(3,360,711)	(3,249,229)
Loss per share (Note 12)		
Basic and diluted loss per share	(0.09)	(0.10)
Weighted average number of outstanding common shares	35,869,864	32,514,801

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

Nuran Wireless Inc.**Condensed Interim Consolidated Statements of Changes in Deficiency**

Periods ended March 31, 2023 and March 31, 2022

(In Canadian dollars)

(Unaudited)

	Share capital		Contributed Surplus	Fair Value of the conversion option	Translation reserve	Deficit	2023-03-31
	Total Equity						
	Number	\$					\$
Balance as at January 1, 2023	35,008,197	46,948,232	9,106,691	20,564	(168,788)	(51,719,508)	4,187,191
Issue of shares (Note 10)	750,000	311,250					311,250
Net loss for the period						(3,365,516)	(3,365,516)
Foreign exchange in translation of foreign operations					4,804		4,804
Debenture conversion in share capital (Note 9 and 10)	1,400,000	588,000					588,000
Convertible debenture (Note 9)		(114,439)		(17,272)			(131,710)
Exercise of warrants (Notes 10 and 11)	250,000	470,000	(470,000)				
Employee shared-based compensation - RSU (Note 9)	50,000		6,264				6,264
Balance as at March 31, 2023	37,458,197	48,203,043	8,642,955	3,292	(163,984)	(55,085,024)	1,600,283
	Share capital		Contributed Surplus	Fair Value of the conversion option	Translation reserve	Deficit	2022-03-31
	Number	\$	\$			\$	\$
Balance as at January 1, 2022	32,420,357	45,139,877	6,734,468			(41,827,394)	10,046,951
Issue of shares (Note 10)	100,000	188,000					188,000
Net loss and total comprehensive income						(3,249,229)	(3,249,229)
Convertible debenture (Note 9)		235,962		48,021			283,983
Exercise of warrants (Notes 10 and 11)			(188,000)				(188,000)
Employee shared-based compensation - Warrants (Note 11)			776,251				776,251
Non-employee shared-based compensation - Warrants (Note 9 and 11)		(295,081)	295,081				0
Employee shared-based compensation - Stock Options (Note 12)			46,346				46,346
Non-employee shared-based compensation - Stock Options (Note 12)			249,054				249,054
Warrants (Note 10)							
Balance as at March 31, 2022	32,520,357	45,268,758	7,913,201	48,021		(45,076,623)	8,153,357

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

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

Periods ended March 31, 2023 and March 31, 2022

(In Canadian dollars)

(Unaudited)

	2023-03-31	2022-03-31
	(3 months)	(3 months)
	\$	\$
OPERATING ACTIVITIES		
Net loss	(3,365,516)	(3,249,229)
Non-cash flow adjustments		
Depreciation of property, plant and equipment	19,522	19,036
Depreciation of intangible assets	34,935	38,989
Depreciation of Right-of-use assets	56,585	38,132
Interest on lease liabilities	12,223	14,604
Debenture modification cost		
Gain (loss) on disposal of assets		
Gain (loss) on debt settlement	346,643	235,465
Employee share-based compensation	6,264	249,054
Non-Employee share-based compensation		822,597
Accretion of convertible debentures	147,311	
Change in fair value of derivative liability		
Foreign exchange in translation of foreign operations	4,804	
Net change in working capital items		
Trade and other receivables	122,244	(1,826,684)
Accrued revenues	238	
Scientific research and experimental development tax credits receivable	(24,711)	(51,810)
Work in progress	(242,037)	
Inventories	102,082	1,054,733
Prepaid expenses	(44,253)	(112,646)
Security deposits and deposits on purchase of goods	(374,081)	(32,994)
Trade and other payables	1,279,668	437,889
Deferred revenue	111,808	353,352
Net cash from operating activities	(1,806,269)	(2,009,511)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,832)	(47,389)
Purchase of intangible assets	(100,935)	(195,528)
Purchase of Right-of-use assets	(14,039)	
Placement in subsidiary		
Net cash used in investing activities	(116,805)	(242,917)
FINANCING ACTIVITIES		
Net change in loan payable	1,383,334	
Repayment of long-term debt		
Lease liabilities	16,136	
Repayment of lease liabilities	(65,973)	(46,698)
Repayment Convertible debenture	(2,505,492)	
Convertible débenture and derivative liabilities	2,715,522	2,000,000
Convertible débenture conversion		
Forbearance of convertible debenture		
Issue of common shares	225,000	
Share cost Issue		
Net cash used in financing activities	1,768,527	1,953,302
Net decrease in cash	(154,547)	(299,126)
Cash, beginning of period	183,397	731,191
Cash, end of period	28,850	432,066
Supplementary information		
Interest paid included in operating activities	481,631	13,533.00 \$

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

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

Periods ended on March 31, 2023 and December 31, 2022

(In Canadian dollars)

(Unaudited)

	<u>2023-03-31</u>	<u>2022-12-31</u>
	\$	\$
ASSETS		
Current		
Cash	28,850	183,397
Trade and other receivables	5,532,362	5,654,606
Scientific research and experimental development tax credits receivable	304,522	279,811
Work in progress	242,037	
Accrued Revenues		238
Inventories (Note 4)	4,811,278	4,913,360
Prepaid expenses	83,861	39,608
Security deposits and deposits on purchase of goods	625,920	251,839
Current assets	<u>11,628,829</u>	<u>11,322,859</u>
Non-current		
Property, plant and equipment (Note 5)	285,363	303,186
Intangible assets (Note 6)	6,615,314	6,549,181
Right-of-use assets (Note 7)	519,727	562,273
Non-current assets	<u>7,420,404</u>	<u>7,414,639</u>
Total assets	<u><u>19,049,233</u></u>	<u><u>18,737,500</u></u>
LIABILITIES		
Current		
Trade and other payables	8,009,952	6,730,282
Deferred revenue	1,344,739	1,232,931
Loans payable	3,177,857	1,794,523
Convertible debentures and derivative liability (Note 9)	4,351,431	4,189,988
Current portion of lease liabilities (Note 8)	188,797	197,063
Current liabilities	<u>17,072,776</u>	<u>14,144,787</u>
Non-current		
Lease Liabilities (Note 8)	376,174	405,522
Total liabilities	<u>17,448,950</u>	<u>14,550,309</u>
EQUITY (DEFICIENCY)		
Share capital (Note 10)	48,203,043	46,948,232
Contributed surplus (Notes 11 and 12)	8,642,955	9,106,691
Fair value of conversion option	3,292	20,564
Translation reserves	(163,984)	(168,788)
Deficit	(55,085,024)	(51,719,508)
Total equity (deficiency)	<u>1,600,283</u>	<u>4,187,191</u>
Total deficiency and liabilities	<u><u>19,049,233</u></u>	<u><u>18,737,500</u></u>

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

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Notes to Condensed Interim Consolidated Financial Statements

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(In Canadian dollars)

(Unaudited)

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

Nuran Wireless Inc. is incorporated under the Business Corporations Act (B.C.) and with its subsidiaries (together, the “Company”) operates in the research, development, manufacturing, marketing and operation of digital electronic circuits and wireless telecommunication products and services to the mobile telephony industry.

Along with its subsidiaries, Nuran Wireless Cameroon Ltd., Nuran Wireless DRC S.A.R.L.U., NuRAN Wireless (Africa) Holding and Innovation Nutaq Inc., the Company provides products and services that help mobile network operators profitably serve off-grid markets that are currently not served. The strategy is to build and operate rural cellular infrastructure, monetizing the assets through a Network as a Service (NaaS) business model that has been developed by the Company and is seeing growing interest in a number of markets globally.

In 2021, Nuran Wireless Inc. (“NuRAN”) modified its by laws to change its financial year-end from October 31 to December 31.

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

The Company's registered office is at 1000 – 595 Burrard Street, Vancouver BC V7X 1S8 and its place of business is at 2150, Cyrille-Duquet, suite 100, Québec (Québec) 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 2022 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.

During the three-month period ended March 31, 2023, the Company incurred a net loss of \$3,365,516 which includes \$6,264 of non-cash costs which was determined to be the value of stock options, RSUs and performance warrants issued to key management personnel as part of their employment agreements entered into during 2021 and has a deficit of \$55,085,024 as at March 31, 2023. This reflects the significant and upfront nature of capital and operating expenditures in network infrastructure required of the NaaS model and operating losses for the business prior to the repositioning into NaaS. In parallel to

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deploying this model the Company has taken significant steps forward in restructuring and repositioning its operations however there is uncertainty that may cast doubts as to whether the Company will have the ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its capacity to continue to reposition its operations in line with the NaaS model and to obtain additional financing and execute the NaaS contracts for the deployment of over 4,600 rural mobile sites signed from September 2020 to January 2023.

As at the date of these financial statements, the Company is negotiating financing contracts with two Development Finance Institutions (DFIs). These represent a combined US\$ 27 million in available credit facilities for the deployment of a total of 850 and 242 rural mobile sites in the DRC and Cameroon respectively. In addition, NuRAN completed a non-brokered private placement of convertible debentures in 2022, successfully restructured and extended a previous convertible debenture financing during the year and obtained loan financing to help bridge the Company to obtaining the DFI financing. The Company has also initiated discussions with providers of equity finance to support the drawdown of further amounts under these agreements and has launched a second tranche of loan financing to support the rollout of additional mobile sites under its NaaS agreements. There are however operational risks resulting in uncertainties that this plan will be implemented successfully. If the Company is unable to continue to successfully implement the above, there is a possibility that the Company may be unable to continue to realize on its assets and to discharge its liabilities in the normal course of operations.

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on May 30, 2023.

3 - SUMMARY OF ACCOUNTING POLICIES

Overall considerations

The accounting policies are in accordance with those used in the preparation of the 2022 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

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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 December 31, 2022.

4 - INVENTORIES

	<u>2023-03-31</u>	<u>2022-12-31</u>
	\$	\$
Raw materials	998,387	942,450
Finished goods	<u>3,812,891</u>	<u>3,970,910</u>
	<u>4,811,278</u>	<u>4,913,360</u>

For the three-month period ended March 31, 2023, \$0 (\$0 for the three-month period ended March 31, 2022) of inventories was included in profit or loss as an expense resulting from the write-down of inventories.

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5 - PROPERTY, PLANT AND EQUIPMENT

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

				2023-03-31
	Leasehold improvements	Equipment and furniture, tele- communication system, furniture and fixtures	Computer equipment	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance as at January 1, 2023	7,727	717,625	344,445	1,069,797
Additions	-	-	1,832	1,832
Disposal	-	-	-	-
Balance as at March 31, 2023	<u>7,727</u>	<u>717,625</u>	<u>346,277</u>	<u>1,071,629</u>
Depreciation				
Balance as at January 1, 2023	2,229	488,970	275,412	766,611
Disposal	-	-	-	-
Depreciation	386	13,503	5,634	19,523
Balance as at March 31, 2023	<u>2,615</u>	<u>502,473</u>	<u>281,046</u>	<u>786,134</u>
Carrying amount as at March 31, 2023	<u><u>5,112</u></u>	<u><u>215,152</u></u>	<u><u>65,231</u></u>	<u><u>285,495</u></u>

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Notes to Condensed Interim Consolidated Financial Statements

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6 – INTANGIBLE ASSETS

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

	2023-03-31		
	Acquisition software	Trademarks	Total
	\$	\$	\$
Gross carrying amount			
Balance as at January 1, 2023	7,317,016	44,244	7,361,260
Additions	100,936		100,936
Disposal	-	-	-
Balance as at March 31, 2023	<u>7,417,952</u>	<u>44,244</u>	<u>7,462,196</u>
Amortization			
Balance as at January 1, 2023	812,079	-	812,079
Amortization	34,935	-	34,935
Balance as at March 31, 2023	<u>847,014</u>	<u>-</u>	<u>847,014</u>
Carrying amount as at March 31, 2023	<u><u>6,579,938</u></u>	<u><u>44,244</u></u>	<u><u>6,615,182</u></u>

7 – RIGHT-OF-USE ASSETS

The Company's right-of-use assets and their carrying amounts are detailed as follows:

	2023-03-31
	Total
	\$
Gross carrying amount	
Balance as at January 1, 2023	887,776
Additions	14,039
Balance as at March 31, 2023	<u>901,815</u>
Depreciation	
Balance as at January 1, 2023	325,503
Depreciation	56,585
Balance as at March 31, 2023	<u>382,088</u>
Carrying amount as at March 31, 2023	<u><u>519,727</u></u>

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Notes to Condensed Interim Consolidated Financial Statements

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8 – LEASE LIABILITIES

The Company's lease liabilities and their carrying amounts are detailed as follows:

	<u>2023-03-31</u>
	<u>Total</u>
	\$
Gross carrying amount	
Balance as at January 1, 2023	602,585
Additions	16,136
Lease payments	(65,973)
Lease interest	12,223
Balance as at March 31, 2023	<u>564,971</u>
Current portion	<u>188,797</u>
Non-current portion	<u>376,174</u>

9 - CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY

As at March 31, 2023, the convertible debentures and derivative liability consists of:

	<u>Convertible debentures</u>
	\$
Opening Balance as at January 1, 2023	4,189,988
Issuance of convertible debenture	2,975,914
Cancellation of debenture	(2,505,492)
Conversion of convertible debenture	(588,000)
Accretion of convertible debenture	147,311
Fair Value of the debenture	131,710
Closing balance, as at March 31, 2023	<u>4,351,431</u>

As at March 17, 2022, the Company issued secured convertible debentures in the principal amount of \$2,235,465 with an original issue discount equal to 10% of the Purchase Price.

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Each debenture was to mature on March 17, 2023 with interest accrued until the Maturity date, early repayment by the Company or any event of default. After either event if any amount remained unpaid, the remaining balance would accrue interest at a rate of 22% per annum. The debenture value determined using the current value method was \$1,951,481. These debentures were subsequently settled on August 19, 2022.

The principal amount was convertible, at the option of the debenture holder, into common shares of NuRAN at any time before the maturity date at a price of \$1.35 per common share.

The debenture holders also received 1,490,309 share purchase warrants at a price of \$2,00 for a term of two years. The fair value of \$284,649 assigned to the warrants issued was established using a Black-Scholes pricing model.

The Black-Scholes pricing model used for the warrants and the conversion options used the following assumptions:

Share price	\$1,04
Exercise price	\$2,00
Time to maturity	2 years
Risk-free rate	1,89%
Expected volatility	94.99%
Dividend yield	Nil
Dilution factor	30.25%

The debentures could be prepaid by the Company at any time prior to the Maturity Date, upon ten business days' notice to the debenture holder, subject to the Company paying a price equal to 103% of the principal amount of the Debentures then outstanding plus accrued and unpaid interest thereon;

The debentures were to rank pari passu in right of payment of principal and interest, the holders would all enter into an interlender agreement appointing a collateral agent;

The debentures were subject to accelerated repayment (subject to a prepayment penalty amount) at the option of the Company or the debenture holder if the Company completed an equity or debt financing for gross proceeds of \$3,000,000 or more.

The fair value of the conversion option on March 31, 2022, was estimated at \$43,053, which was derived using a Black-Scholes option pricing model:

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Share price	\$1,04
Exercise price	\$1,35
Time to maturity	1 year
Risk-free rate	1,89%
Expected volatility	49.80%
Dividend yield	Nil
Dilution factor	30.25%

As at July 12, 2022, the Company issued secured convertible debentures in the principal amount of \$2,222,222 with an original issue discount equal to 10% of the Purchase Price. The debenture matures on July 12, 2023. Interest is accrued until the Maturity date, early repayment by the Company or any event of default, after either event if any amount remains unpaid, the remaining balance shall accrue interest at a rate of 22% per annum. The debenture value determined using the current value method was \$1,927,728.

The principal amount is convertible, at the option of the debenture holder, into common shares of NuRAN at any time before the maturity date at a price of \$1.35 per common share.

The debenture holder also received 1,481,481 share purchase warrants at a price of \$2,00 for a term of two years. The fair value of \$108,148 assigned to the warrants issued was established using a Black-Scholes pricing model.

The Black-Scholes pricing model used for the warrants and the conversion options used the following assumptions:

Share price	\$0.73
Exercise price	\$2.00
Time to maturity	2 years
Risk-free rate	3.19%
Expected volatility	89.22%
Dividend yield	Nil
Dilution factor	35.11%

The debentures may be prepaid by the Company at any time prior to the Maturity Date, upon ten business days' notice to the debenture holder, subject to the Company paying a price equal to 103% of the principal amount of the Debentures then outstanding plus accrued and unpaid interest thereon.

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The fair value of the conversion option on September, 2022, was estimated at \$3,292, which was derived using a Black-Scholes option pricing model:

Share price	\$0.73
Exercise price	\$1.35
Time to maturity	1 year
Risk-free rate	3.19%
Expected volatility	45.72%
Dividend yield	Nil
Dilution factor	35.11%

As at August 19, 2022, the Company announced that it has restructured the terms of the secured convertible debenture financing closed on March 17, 2022 in the principal amount of \$2,235,465.

The Company entered into debt settlement agreements with each of the secured lenders pursuant to which the prior secured debentures, related security agreements and previously issued warrants from the March Debenture Offering were cancelled and the Company agreed to issue the following to the secured lenders:

- (i) secured convertible debentures in the aggregate principal amount of \$3,517,512 (inclusive of all advances, accrued interest and default fees) with a blended conversion price of approximately \$0.905 representing a 25% premium to the 5 day volume weighted average price of NuRAN's common shares with \$1,951,804 of the principal amount convertible at \$0.95 at the option of the debenture holder and the remaining principal amount convertible at a price of \$0.85, provided that if at any time while the debentures remain outstanding, the volume weighted average price of the common shares does not exceed \$0.85 for a period of 50 consecutive trading days, the Conversion Price will be reduced to \$0.73. \$1,398,278 of the principal amount of the debentures bears interest at a rate of 12% until maturity and the remaining principal amount does not bear interest until maturity;
- (ii) 2,899,999 share purchase warrants, with each warrant exercisable to acquire one common share of NuRAN at an exercise price of \$1.10 for a term of three years replacing the previous share purchase warrants issued;
- (iii) 182,840 bonus common shares of the NuRAN.

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In connection with the debt restructuring the secured lenders also agreed to forbear their right to enforce their security and accelerate payment of the debenture amounts under the terms of their security agreements and debentures issued pursuant to the March Debenture Offering relating to any technical default under the debentures due to the cease trade order issued in May 2022.

The debentures may be prepaid by the Company at any time prior to the Maturity Date, upon ten business days' notice to the debenture holder, subject to the Company paying a price equal to 103% of the principal amount of the Debentures then outstanding plus accrued and unpaid interest thereon.

The fair value of the conversion option on September, 2022, was estimated at \$10,273 and \$16,816, which was derived using a Black-Scholes option pricing model:

Share price	\$0.72
Exercise price	\$0.95
Time to maturity	1 year
Risk-free rate	3.43%
Expected volatility	43.57%
Dividend yield	Nil
Dilution factor	39.57%

Share price	\$0.72
Exercise price	\$0.55
Time to maturity	1 year
Risk-free rate	3.43%
Expected volatility	43.57%
Dividend yield	Nil
Dilution factor	39.57%

The fair value of \$649,600 assigned to the warrants issued was established using a Black-Scholes pricing model.

The Black-Scholes pricing model used for the warrants and the conversion options used the following assumptions:

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Share price	\$0.72
Exercise price	\$1.10
Time to maturity	3 years
Risk-free rate	3.43%
Expected volatility	111.04%
Dividend yield	Nil
Dilution factor	39.57%

The Company also agreed to settle outstanding fees of \$220,979 by issuing a New Debenture in the same principal amount, 205,333 New Warrants, and 28,886 bonus common shares of the Company.

During the twelve-months period ended December 31, 2022, the debenture holders requested the conversion of debentures totalling a par value of \$1,233,000 in common shares of NuRAN. Taking into account the book value of the debentures converted, as well as the value of the conversion option, the carrying value recorded for these shares was \$1,242,817.

As at February 21, 2023, the Company announced that the debenture holders have agreed to extend the maturity for a further 6 months to August 2023 and waive certain rights pursuant to the debentures, including relating to events of default in favour of EIB and the other DFI. As consideration to these debenture holders, the Company has entered into debt settlement agreements pursuant to which the prior secured debentures and related security agreements from August 2022 were cancelled and the Company agreed to issue the following:

- (i) secured convertible debentures in the aggregate principal amount of \$2,975,914 (inclusive of all advances, accrued interest and fees) with a conversion price of \$0.42 per common share; and
- (ii) an aggregate of 750,000 bonus shares, which are subject to a 4-month hold.

The New Debentures mature on August 23, 2023 and do not bear interest until maturity. There is no change to the warrants issued in August 2022.

The debenture value determined using the current value method was \$2,789,883.

The fair value of the conversion option on March 31, 2023 was estimated at \$0, which was derived using a Black-Scholes option pricing model.

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(In Canadian dollars)

(Unaudited)

The Black-Scholes pricing model used for the conversion options used the following assumptions:

Share price	\$0.42
Exercise price	\$0.42
Time to maturity	6 months
Risk-free rate	4.23%
Expected volatility	30.91%
Dividend yield	Nil
Dilution factor	42.82%

During the three-months period ended March 31, 2023, the debenture holders requested the conversion of debentures totalling a par value of \$588,000 in common shares of NuRAN. Taking into account the book value of the debentures converted, as well as the value of the conversion option, the carrying value recorded for these shares was \$588,000.

10- SHARE CAPITAL

	<u>2023-03-31</u>	<u>2022-12-31</u>
	\$	\$
Common Shares	48,203,043	46,948,232

- a) The number of issued common shares totals 37,458,197 as at March 31 2023 (35,008,197 as at December, 2022)

As stated in Note 9, on February 22, 2023, the debenture holders received 750,000 bonus shares at a price of \$0.

During the three-month period ended March 31, 2023, 1,400,000 shares were issued following the conversion of debentures (Note 9), 250,000 shares were issued pursuant to the exercise of special warrants (Note 11) and 50,000 shares were issued pursuant to the exercise of RSUs.

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(In Canadian dollars)

(Unaudited)

11 – WARRANTS

The following is a summary of the activity of warrants:

	<u>Three months ended March 31, 2023</u>	
	Number of warrants	Weighted average exercise price
Opening balance, as at January 1, 2023	12,297,895	\$ 1.47
Granted during the period	-	\$ 0.00
Exercised during the period	(250,000)	\$ 0.00
Expired during the period	(168,400)	\$ 1.25
Closing balance, as at March 31, 2023	11,879,495	\$ 1.51

The following is a summary of warrants outstanding and exercisable, as at March 31, 2023

	Warrants outstanding		Warrants exercisable	
	Number	Weighted average contractual life (years)	Number	Weighted average contractual life (years)
March 31, 2023				
Exercise price				
\$0.00	1,250,000	1.43	-	-
\$0.00	1,300,000	1.00	-	-
\$0.50	50,000	0.00	50,000	0.00
\$1.10	2,899,999	2.39	2,899,999	2.39
\$1.53	28,550	0.27	28,550	0.27
\$2.00	1,481,481	1.28	1,481,481	1.28
\$2.40	4,869,465	0.27	4,869,465	0.27
	<u>11,879,495</u>		<u>9,329,495</u>	

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12 - OPTIONS

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

	<u>Three months ended March 31, 2023</u>	
	Number of options	Weighted average exercise price
Opening balance, as at January 1, 2023	2,404,000	\$ 1.94
Granted during the period	-	\$ -
Exercised during the period	-	\$ -
Forfeited	(309,000)	\$ 1.47
Closing balance, as at March 31, 2023	<u>2,095,000</u>	<u>\$ 1.99</u>

The following is a summary of stock options outstanding and exercisable as at March 31, 2023:

	<u>Options outstanding</u>		<u>Options exercisable</u>	
	Number	Weighted average contractual life (years)	Number	Weighted average contractual life (years)
March 31, 2023				
Exercise price				
\$1.34	250,000	3.83	250,000	3.83
\$1.50	20,000	0.72	20,000	0.72
\$1.60	330,000	1.62	330,000	1.62
\$1.67	100,000	3.58	100,000	3.58
\$1.70	250,000	3.56	250,000	3.56
\$2.35	1,145,000	2.73	1,145,000	2.73
	<u>2,095,000</u>		<u>2,095,000</u>	

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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.

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.

15 - POST-REPORTING DATE EVENTS

On April 25, 2023, the Company announced the closing of a nonconvertible bridge loan from a US based institution for gross proceeds of US\$1,500,000.

The Loan proceeds are intended to provide NuRAN with sufficient capital to continue its site installations under its existing Network as a Services (NaaS) contracts, accelerating the Company's rollout, which was previously delayed awaiting the initial DFI drawdown. The NuRAN operations team is currently resuming the rollout of new sites and is upgrading site capacity in Cameroon to meet higher than expected demand from increased traffic levels and improve the overall technical performance of the network.

The Loan is for a term of six months and is subject to a number of terms and conditions including the following: (i) the principal amount to be repaid is US\$1,653,947 (including a 5% original issuance discount and a 5% lending fee) (ii) 10% interest per annum, paid on maturity, (iii) the Loan will be senior to all existing and future debt and secured by all the assets of the Company and its subsidiaries excluding the shares in its African subsidiaries and any other assets which are expected to be pledged as part of the security to DFI lenders, (iv) a right of participation in future debt offerings during the term of the Loan; and (v) customary information rights and default provisions for a loan of this nature. In the event of a default, interest will accrue at the lesser of: (i) 24% and (ii) the maximum legal

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rate. The Loan may be prepaid by the Company at any time prior to the maturity date, without penalty.

On April 28, 2023, NuRAN announced that it changed its auditor from Mallette S.E.N.C.R.L. (the "Former Auditor") to Jeremy Levi, CPA (the "Successor Auditor"). The Former Auditor resigned as the auditor of the Company and the board of directors of the Company have appointed the Successor Auditor as the new auditor until the next Annual General Meeting of the Company. The Successor Auditor is a Montreal-based firm with extensive tax and global company experience and is part of the Ecovis International global network. In Mauritius, the Company engaged Ecovis (Mauritius) Ltd to audit NuRAN Wireless (Africa) Holding including the consolidation of its underlying entities in Cameroon and the DRC. The local offices of PricewaterhouseCoopers International Limited (PWC) in Cameroon and the DRC were engaged to audit NuRAN Wireless Cameroon Ltd and NuRAN Wireless DRC SARLU respectively. The Company's board of directors approved the resignation of the Former Auditor and the appointment of the Successor Auditor. There were no reportable events (as defined in NI 51-102) between the Company and the Former Auditor.