

Nuran Wireless Inc.
Condensed Interim Consolidated
Financial Statements
September 30, 2023 and
September 30, 2022

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The condensed interim consolidated financial statements of Nuran Wireless inc. for the third quarter ended September 30, 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 September 30, 2023 and September 30, 2022

(In Canadian dollars)

(Unaudited)

	<i>3 months ended</i>		<i>9 months ended</i>	
	2023-09-30	2022-09-30	2023-09-30	2022-09-30
	\$	\$	\$	\$
Revenue	797,067	1,625,652	2,068,365	3,730,808
Cost of sales	890,292	411,958	2,131,714	2,149,941
Gross profit	(93,225)	1,213,694	(63,349)	1,580,867
Selling expenses	246,702	329,374	676,442	1,106,125
Administrative expenses	2,148,675	1,537,143	5,523,892	5,037,202
Employee shared-based compensation	645,840	434,614	6,264	1,555,225
Financial expenses	645,840	848,196	2,358,292	1,295,135
Research and development costs, net of \$8,792 in tax credits for the three-month period ended September 30, 2023, \$64,924 for the nine-month period ended September 30, 2023 (\$68,092 for the three-month period ended September 30, 2022, \$165,987 for the nine-month period ended September 30, 2022)	167,721	126,952	424,365	343,787
	3,208,937	3,276,279	8,989,255	9,337,473
Loss before other gain	(3,302,162)	(2,062,586)	(9,052,604)	(7,756,608)
Other elements:				
Gain/Loss write-off acc payables		25,496		25,496
Loss on debt settlement		(587,843)	(349,420)	(823,308)
Gain/Loss on disposal of assets	(155)		5,524	
Gain/Loss on loan			(78,947)	
Gain or Loss Unwind branckruptcy		68,102		185,034
	(155)	(494,245)	(422,844)	(612,778)
Loss before income taxes	(3,302,317)	(2,556,832)	(9,475,448)	(8,369,386)
Net loss for the period	(3,302,317)	(2,556,832)	(9,475,448)	(8,369,386)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Foreign exchange difference on translation of foreign operations	(3,953)		(3,953)	
Total comprehensive income for the period	(3,306,270)	(2,556,832)	(9,479,401)	(8,369,386)
Loss per share (Note 13)				
Basic and diluted loss per share	(0.08)	(0.08)	(0.25)	(0.25)
Weighted average number of outstanding common shares	38,870,339	33,542,523	37,529,578	32,993,028

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

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

Periods ended September 30, 2023 and September 30, 2022

(In Canadian dollars)

(Unaudited)

			2023-09-30				
	Share capital		Contributed surplus	Fair value of the conversion option	Translation reserve	Deficit	Total Surplus (Deficiency)
	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 share capital (Note 11)	3,420,268	931,450					931,450
Net loss for the period						(9,475,448)	(9,475,448)
Foreign exchange in translation of foreign operations					(3,953)		(3,953)
Convertible Debenture (Note 9)		295,529		(9,292)			286,237
Debenture conversion in share capital (Notes 10 and 11)	1,750,000	735,000					735,000
Issue of Warrants (Note 12)		(24,000)					(24,000)
Exercise of Warrants (Note 12)	250,000	470,000	(470,000)				
Employee shared-based compensation - RSU (Note 11)	70,000		6,264				6,264
Non-employee shared-based compensation - Warrants (Note 12)			24,000				24,000
Non-employee shared-based compensation - Stock options (Note 13)			130,000				130,000
Balance as at September 30, 2023	40,498,465	49,356,211	8,796,955	11,272	(172,741)	(61,194,956)	(3,203,258)
							2022-09-30
	Share capital		Contributed surplus	Fair value of the conversion option	Translation reserve	Deficit	Total Surplus (Deficiency)
	Number	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2022	32,420,357	45,139,877	6,734,468				10,046,951
Issue of share capital (Note 10)	1,887,840	319,645					319,645
Net loss and total comprehensive income for the period						(8,369,386)	(8,369,386)
Amendment to the conversion option of the convertible debenture (Note 9)							
Convertible Debenture (Note 9)		882,550		24,581			907,131
Debenture conversion in share capital (Note 10)		705,800					705,800
Exercise of Warrants (Notes 10 and 11)		405,740	(191,240)				214,500
Employee shared-based compensation - Warrants (Note 11)			1,470,178				1,470,178
Non-employee shared-based compensation - Warrants (Note 11)		(1,042,397)	1,042,397				
Employee shared-based compensation - Stock options (Note 12)			83,608				83,608
Non-employee shared-based compensation - Stock options (Note 12)			346,617				346,617
Balance as at September 30, 2022	34,308,197	46,411,215	9,486,028	24,581	-	(50,196,780)	5,725,044

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

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

Periods ended September 30, 2023 and September 30, 2022

(In Canadian dollars)

(Unaudited)

	2023-09-30	2022-09-30
	(9 months)	(9 months)
	\$	\$
OPERATING ACTIVITIES		
Net loss	(9,475,448)	(8,369,386)
Non-cash flow adjustments		
Depreciation of property, plant and equipment	59,544	57,290
Depreciation of intangible assets	106,325	116,967
Depreciation of Right-of-use assets	170,248	115,613
Interest on lease liabilities	34,261	34,549
Gain (loss) on disposal of assets	(5,524)	
Gain (loss) on debt settlement		638,274
Gain (loss) write-off of assets	428,367	(25,496)
Non-employee share-based transaction	130,000	346,617
Employee share-based transaction	6,264	1,553,787
Accretion of convertible debentures	437,908	177,627
Accretion of unsecured debentures	4,765	
Foreign exchange in translation of foreign operations	(3,953)	
Net change in working capital items		
Trade and other receivables	(409,928)	(1,022,185)
Accrued revenues	238	(2,070,023)
Scientific research and experimental development tax credits receivable	193,644	(3,087)
Work in progress	(308,033)	
Inventories	380,523	(174,271)
Prepaid expenses	(64,883)	(40,627)
Security deposits and deposits on purchase of goods	(594,547)	(336,805)
Trade and other payables	1,861,564	3,432,558
Deferred revenue	322,956	(292,281)
Net cash used in operating activities	(6,725,707)	(5,860,879)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	2,418	(59,904)
Purchase of intangible assets	(331,393)	(473,281)
Right-of-use assets	(153,732)	3,943
Net cash generated in investing activities	(482,706)	(529,243)
FINANCING ACTIVITIES		
Net change in loan payable	5,557,282	200,000
Lease liabilities	158,454	
Repayment of Lease liabilities	(210,823)	(139,339)
Repayment of convertible debenture	(4,746,407)	(2,235,465)
Convertible debentures and derivative liability	5,508,332	7,504,516
Unsecured Debenture	72,223	
Issue of common shares	845,201	402,500
Net cash generated in financing activities	7,184,262	5,732,212
Net decrease in cash	(24,152)	(657,910)
Cash, beginning of period	183,397	731,191
Cash, end of period	159,245	73,282
Supplementary information		
Interest paid included in operating activities	1,453,889	398,619

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

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

Periods ended on September 30, 2023 and December 31, 2022

(In Canadian dollars)

(Unaudited)

	2023-09-30	2022-12-31
	\$	\$
ASSETS		
Current		
Cash	159,246	183,397
Trade and other receivables	1,998,498	5,654,606
Scientific research and experimental development tax credits receivable	86,167	279,811
Work in progress	308,033	
Accrued Revenues	4,066,036	238
Inventories (Note 4)	4,532,837	4,913,360
Prepaid expenses	104,491	39,608
Security deposits and deposits on purchase of goods	846,386	251,839
Current assets	<u>12,101,694</u>	<u>11,322,859</u>
Non-current		
Property, plant and equipment (Note 5)	246,747	303,186
Intangible assets (Note 6)	6,774,250	6,549,181
Right-of-use assets (Note 7)	545,756	562,273
Non-current assets	<u>7,566,753</u>	<u>7,414,639</u>
Total assets	<u><u>19,668,447</u></u>	<u><u>18,737,500</u></u>
LIABILITIES		
Current		
Trade and other payables	8,591,848	6,730,282
Deferred revenue	1,555,887	1,232,931
Loans payable (Note 9)	7,430,752	1,794,523
Convertible debentures and derivative liability (Note 10)	4,634,733	4,189,988
Unsecured Debenture (Note 10)	74,008	
Current portion of lease liabilities (Note 8)	229,275	197,063
Current liabilities	<u>22,516,503</u>	<u>14,144,787</u>
Non-current		
Lease Liabilities (Note 8)	355,203	405,522
Total liabilities	<u>22,871,705</u>	<u>14,550,309</u>
EQUITY (DEFICIENCY)		
Share capital (Note 11)	49,356,211	46,948,232
Contributed surplus (Notes 12 and 13)	8,796,955	9,106,691
Fair value of conversion option	11,272	20,564
Translation reserves	(172,741)	(168,788)
Deficit	(61,194,956)	(51,719,508)
Total equity (deficiency)	<u>(3,203,259)</u>	<u>4,187,191</u>
Total deficiency and liabilities	<u><u>19,668,447</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

As at September 30, 2023 and September 30, 2022

(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 nine-month period ended September 30, 2023, the Company incurred a net loss of \$9,475,448 which includes over \$2 million of non-cash financial expenses and has a deficit of \$61,194,956 as at September 30, 2023. This reflects the significant and upfront nature of capital and operating expenditures in network infrastructure required of the NaaS model as well as historical operating losses for the business prior to the repositioning into

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NaaS. In parallel to 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 including a factoring agreement and obtained loan financing to fund the Company's operations. The Company has also progressed discussions with providers of equity and hybrid finance and is pursuing other loan financing to support the rollout of 2,400 additional mobile sites in countries not covered by the above DFI Loans. 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 November 29, 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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Notes to Condensed Interim Consolidated Financial Statements

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(In Canadian dollars)

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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>2023-09-30</u>	<u>2022-12-31</u>
	\$	\$
Raw materials	995,788	942,450
Finished goods	<u>3,537,049</u>	<u>3,970,910</u>
	<u>4,532,837</u>	<u>4,913,360</u>

For the nine-month period ended September 30, 2023, \$0 (\$89,180 for the nine-month period ended September 30, 2022) of inventories was included in profit or loss as an expense resulting from the write-down of inventories.

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Notes to Condensed Interim Consolidated Financial Statements

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(In Canadian dollars)

(Unaudited)

5 - PROPERTY, PLANT AND EQUIPMENT

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

	2023-09-30			
	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	-	1,558	3,598	5,156
Disposal	-	(2,279)	-	(2,279)
Balance as at September 30, 2023	<u>7,727</u>	<u>716,904</u>	<u>348,043</u>	<u>1,072,674</u>
Depreciation				
Balance as at January 1, 2023	2,229	488,970	275,412	766,611
Disposal	-	(228)	-	(228)
Depreciation	1,159	41,283	17,102	59,544
Balance as at September 30, 2023	<u>3,388</u>	<u>530,025</u>	<u>292,514</u>	<u>825,927</u>
Carrying amount as at September 30, 2023	<u><u>4,339</u></u>	<u><u>186,879</u></u>	<u><u>55,529</u></u>	<u><u>246,747</u></u>

NuRAN Wireless Inc.

Notes to Condensed Interim Consolidated Financial Statements

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(In Canadian dollars)

(Unaudited)

6 – INTANGIBLE ASSETS

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

	2023-09-30		
	Acquisition software	Trademarks	Total
	\$	\$	\$
Gross carrying amount			
Balance as at January 1, 2023	7,317,016	44,244	7,361,260
Additions	331,392		331,392
Disposal	-	-	-
Balance as at September 30, 2023	<u>7,648,408</u>	<u>44,244</u>	<u>7,692,652</u>
Amortization			
Balance as at January 1, 2023	812,079	-	812,079
Amortization	106,323	-	106,323
Balance as at September 30, 2023	<u>918,402</u>	<u>-</u>	<u>918,402</u>
Carrying amount as at September 30, 2023	<u><u>6,730,006</u></u>	<u><u>44,244</u></u>	<u><u>6,774,250</u></u>

7 – RIGHT-OF-USE ASSETS

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

	2023-09-30
	Total
	\$
Gross carrying amount	
Balance as at January 1, 2023	887,776
Additions	153,732
Balance as at September 30, 2023	<u>1,041,508</u>
Depreciation	
Balance as at January 1, 2023	325,503
Depreciation	170,249
Balance as at September 30, 2023	<u>495,752</u>
Carrying amount as at September 30, 2023	<u><u>545,756</u></u>

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Notes to Condensed Interim Consolidated Financial
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(In Canadian dollars)

(Unaudited)

8 – LEASE LIABILITIES

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

	<u>2023-09-30</u>
	<u>Total</u>
	\$
Gross carrying amount	
Balance as at January 1, 2023	602,585
Additions	158,454
Lease payments	(210,823)
Lease interest	34,261
Balance as at September 30, 2023	<u>584,477</u>
Current portion	<u>229,274</u>
Non-current portion	<u>355,203</u>

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Notes to Condensed Interim Consolidated Financial Statements

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(In Canadian dollars)

(Unaudited)

9 – LOANS PAYABLE

	<u>2023-09-30</u>	<u>2022-12-31</u>
	\$	\$
Loan from non-related company (a)	-	294,523
Loan from non-related company (b)	2,295,411	-
Loan from non-related company (c)	5,135,341	-
Loan from non-related company (d)	-	400,000
Loan from individual (e)	-	1,000,000
	<u>7,430,752</u>	<u>1,794,523</u>

- a) The loan from non-related company is secured by a chattel mortgage on the universality of the Company's assets.

The loan from non-related company relates to a factoring agreement for a maximum of \$2,500,000. As at September 30, the Company has \$0 (\$731,859 as at December 31, 2022) in accounts receivable that have been transferred in factoring to Finexcorp Inc., for which an amount of \$0 (\$437,336 as at December 31, 2022) has been retained as a factoring reserve.

These factoring agreements stipulate that the Company shall repay the loans received related to invoices that are past due over 90 days. As at September, 2023 these terms are respected.

- b) The loan from a company is a secured promissory note of USD \$1,653,947, dated April 24, 2023. This note bears interest at 10% per annum and the maturity date is the day which is six months from the issue date which is currently being extended and terms for this being finalised.
- c) The loan from non-related company relates to a factoring agreement with a factoring company dated as of August 28, 2023, for the sale of up to \$15 million of receivables owed to the Company by its operating subsidiaries in Africa. Pursuant to the factoring facility, the Company has sold Receivables valued at \$8.65 million for gross proceeds of \$5,438,340 consisting of:

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- (i) a cash payment of \$4,638,340 were used to settle outstanding loans advanced by short term lenders, who are affiliates of the Factor (d);
- (ii) a cash payment \$800,000 on or before September 30, 2023 for the purpose of funding working capital requirements leading up to the finalisation of DFI loans.

Under the terms of the Factoring Agreement, the Factor will have recourse against NuRAN for any Sold Receivables, in certain circumstances. If the Factor delivers a recourse notice, the Company will have the option of satisfying any repurchase request of the Recourse Account in cash at 107% the price originally paid by the factoring company for the Recourse Account or by issuing units of the Company (each a "Unit") at \$0.35 per Unit for the amount of the Recourse Account. Each Unit will be comprised of (i) one share in the capital of the Company; and (ii) three quarters (3/4) of one warrant exercisable into one additional share of the Company at \$0.40 for a period of 3 years from entering into of the factoring facility. The Sold Receivables will bear interest until the Factor has received payment, at a rate of 15% per annum. If the Company does complete a subsequent sale of Receivables, the pricing on the Units will be set in compliance with applicable policies of the Canadian Securities Exchange.

In connection with the factoring facility, the Company agreed to pay an arrangement fee to the Factor consisting of 3,800,000 common shares (having a deemed value of \$0.23 based on closing price of the common shares of NuRAN on the closing) representing approximately 5% of the total factoring facility. 2,500,000 of these Fee Shares were issued at the initial closing and the remainder will be issued on January 2, 2024. The Fee Shares will be subject to a statutory hold period in Canada of four months and a day.

- d) From September 19, 2022, the loan is secured by promissory notes of \$2,475,587, bears interest equal to the Bank of Canada overnight rate plus 11,75%, is payable on demand.

On August 28, 2023, the Company has reimbursed \$2,717,352, including interest, when it has entered into the factoring agreement (c)

- e) From September 20, 2022, the loan is secured by promissory notes of \$1,625,000, bears interest equal to the Bank of Canada overnight rate plus 11,75%, is payable on demand.

On August 28, 2023, the Company has reimbursed \$1,920,989, including interest, when it has entered into the factoring agreement (c)

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10 – UNSECURED DEBENTURE, CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY

As at September 30, 2023, the debenture and convertible debentures and derivative liability consists of:

	\$	Convertible debentures	\$	Unsecured Debenture
Opening Balance as at January 1, 2023		4,189,988		-
Issuance of unsecured debenture				75,000
Issuance of convertible debenture		5,768,724		-
Cancellation of debenture		(4,746,407)		-
Conversion of convertible debenture		(735,000)		-
Accretion of convertible debenture		437,908		4,765
Fair Value of the debenture		(280,480)		(5,757)
Closing balance, as at September 30, 2023		4,634,733		74,008

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. 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.

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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:

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%

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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.

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%

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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.

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

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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:

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%

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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.

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

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Dilution factor	42.82%
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As at April 24, 2023, the Company issued an unsecured convertible debenture in the principal amount of \$75,000. The debenture was to mature on October 24, 2023 with interest accrued until the Maturity date. The debenture value determined using the current value method was \$69,243.

As at August 29, 2023, the Company announced that it has restructured its convertible secured debentures issued in February, 2023. The debenture holders have agreed to extend the maturity for a further 12 months to August, 2024 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 and agreed to pay a 5% extension fee pursuant to which the prior secured debentures and related security agreements from February 2023 were cancelled and the Company agreed to issue the following: (i) secured convertible debentures in the new aggregate principal amount of \$2,792,810 (inclusive of accrued interest and fees) with a new conversion price of \$0.35 per unit, with each unit comprised of one common share and three quarters of one warrant, with each whole warrant exercisable to acquire an additional common share at a price of \$0.40 until August 28, 2026. The New Debentures will bear interest until at a rate of 15% per annum.

The debenture value determined using the current value method was \$2,792,810.

The fair value of the conversion option on August 28, 2023 was estimated at \$7,979, which was derived using a Black-Scholes option pricing model.

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

Share price	\$0.23
Exercise price	\$0.35
Time to maturity	12 months
Risk-free rate	4.78%
Expected volatility	39.54%
Dividend yield	Nil
Dilution factor	36.04%

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During the nine-months period ended September 30, 2023, the debenture holders requested the conversion of debentures totalling a par value of \$735,000 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.

11- SHARE CAPITAL

	<u>2023-09-30</u>	<u>2022-12-31</u>
	\$	\$
Common Shares	49,356,211	46,948,232

The number of issued common shares totals 40,498,465 as at September 30, 2023 (35,008,197 as at December, 2022)

As stated in Note 10, on February 22, 2023, the debenture holders received 750,000 bonus shares at a price of \$0.

As stated in Note 9, on August 28, 2023, in connection with the factoring facility, the Company agreed to pay an arrangement fee to the Factor consisting of 3,800,000 common shares, at a deemed value of \$0.23.

During the nine-month period ended September 30, 2023, 1,750,000 shares were issued following the conversion of debentures (Note 10), 250,000 shares were issued pursuant to the exercise of special warrants (Note 12), 70,000 shares were issued pursuant to the exercise of RSUs, 170,268 shares were issued as of shares for services and 2,500,000 shares were issued under a factoring agreement.

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12 – WARRANTS

The following is a summary of the activity of warrants:

	<u>Nine months ended September 30, 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	2,000,000	\$ 0.40
Exercised during the period	(250,000)	\$ 0.00
Expired during the period	(5,116,415)	\$ 2.34
Closing balance, as at September 30, 2023	8,931,480	\$ 0.78

The following is a summary of warrants outstanding and exercisable, as at September 30, 2023

	Warrants outstanding		Warrants exercisable	
	Number	Weighted average contractual life (years)	Number	Weighted average contractual life (years)
September 30, 2023				
Exercise price				
\$0.00	1,250,000	0.93	-	-
\$0.00	1,300,000	0.50	-	-
\$0.40	2,000,000	1.57	2,000,000	1.57
\$1.10	2,899,999	1.89	2,899,999	1.89
\$2.00	1,481,481	0.78	1,481,481	0.78
	<u>8,931,480</u>		<u>6,381,480</u>	

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As at April 25th, 2023, the Company announced that it has closed non-convertible bridge loan from a US based institution. The Company also agreed to issue to the Lender 2,000,000 share purchase warrants with each warrant exercisable to acquire a share of the Company at an exercise price of \$0.40 for a period of two years from the closing date.

The fair value of the warrants on April 25th, 2023 was estimated at \$24,000, which was derived using a Black-Scholes option pricing model.

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

Share price	\$0.30
Exercise price	\$0.40
Time to maturity	2 years
Risk-free rate	3.73%
Expected volatility	50.21%
Dividend yield	Nil
Dilution factor	42.35%

13 - OPTIONS

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

	Nine months ended September 30, 2023	
	Number of options	Weighted average exercise price
Opening balance, as at January 1, 2023	2,404,000	\$ 1.94
Granted during the period	1,250,000	\$ 0.43
Exercised during the period	-	\$ -
Forfeited	(329,000)	\$ 1.44
Closing balance, as at September 30, 2023	3,325,000	\$ 1.41

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The following is a summary of stock options outstanding and exercisable as at September 30, 2023:

	<u>Options outstanding</u>		<u>Options exercisable</u>	
	<u>Number</u>	<u>Weighted average contractual life (years)</u>	<u>Number</u>	<u>Weighted average contractual life (years)</u>
September 30, 2023				
Exercise price				
\$0.43	1,250,000	2.51	1,250,000	2.51
\$1.34	250,000	3.33	250,000	3.33
\$1.50	20,000	0.22	20,000	0.22
\$1.60	310,000	1.12	310,000	1.12
\$1.67	100,000	3.07	100,000	3.07
\$1.70	250,000	3.06	250,000	3.06
\$2.35	1,145,000	2.23	1,145,000	2.23
	<u>3,325,000</u>		<u>3,325,000</u>	

As at April 4th, 2023, the Company granted an aggregate of 1,250,000 stock options to a consultant of the Company to purchase 1,250,000 common shares of the Company pursuant to the Company's stock option plan. The Options, which vest immediately, are exercisable at an exercise price of \$0.425 per Option Share for a period of five years from the date of grant.

The fair value of the warrants on June 30, 2023 was estimated at \$130,000, which was derived using a Black-Scholes option pricing model.

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

Share price	\$0.415
Exercise price	\$0.425
Time to maturity	5 years
Risk-free rate	4.23%
Expected volatility	84.56%
Dividend yield	Nil
Dilution factor	40.57%

14 - 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 12 and 13.

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.

16 – POST REPORTING DATE EVENTS

On October 4, 2023 the Company entered into a factoring agreement with a factoring company (the "Factor") (the "Factoring Agreement") for the sale of receivables owed to the Company by its operating subsidiaries in Africa (the "Receivables"). Pursuant to the factoring facility the Company sold Receivables valued at \$276,262.71 (the "Sold Receivables") for gross proceeds of a cash payment of \$173,686.37 used to settle

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outstanding loans advanced by short term lenders. Under the terms of the Factoring Agreement, the Factor will have recourse against NuRAN for any Sold Receivables whereby, if the Factor delivers a recourse notice for a specific Sold Receivable, the Company will have the option of satisfying any repurchase request in cash at 107% the price originally paid by the factoring company or by issuing units of the Company (each a "Unit") at \$0.35 per Unit. Each Unit will be comprised of (i) one share in the capital of the Company; and (ii) three quarters (3/4) of one warrant exercisable into one additional share of the Company at \$0.40 for a period of 3 years from entering into of the Factoring Agreement. The Sold Receivables will bear interest at a rate of 15% per annum. If the Company does complete a subsequent sale of Receivables, the pricing on the Units will be set in compliance with applicable policies of the Canadian Securities Exchange