

# QUANTUM NUMBERS CORP.

## UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2017

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These condensed interim financial statements for the six-month period ended June 30, 2017 have not been reviewed by the Company's external auditors.

**QUANTUM NUMBERS CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**(Unaudited, in Canadian dollars)**

	Notes	June 30, 2017	December 31, 2016
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		1,474,276	987,978
Taxes receivable		19,128	26,439
Prepaid expenses and other		15,465	11,229
		<u>1,508,869</u>	<u>1,025,646</u>
<b>Non-current</b>			
Deposit		2,650	950
Intellectual Property	4	576,204	446,112
		<u>578,854</u>	<u>447,062</u>
<b>Total assets</b>		<u>2,087,723</u>	<u>1,472,708</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		94,717	106,198
<b>Total liabilities</b>		<u>94,717</u>	<u>106,198</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	5	5,636,871	4,608,618
Options reserve	6	148,976	93,219
Deficit		(3,792,841)	(3,335,327)
<b>Total shareholders' equity</b>		<u>1,993,006</u>	<u>1,366,510</u>
<b>Total liabilities and shareholders' equity</b>		<u>2,087,723</u>	<u>1,472,708</u>

Going concern (Note 1)

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

On the behalf of the Board,

(s) Jean-Charles Phaneuf  
 President and CEO

(s) Pierre Miron  
 CFO

**QUANTUM NUMBERS CORP.**  
**CONDENSED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS (Unaudited,**  
**in Canadian dollars)**

	Three-months ended June 30		Six months ended June 30	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>EXPENSES</b>				
Salaries	85,827	-	142,765	-
Consulting fees	25,300	-	100,091	-
Travel expenses	49,677	-	73,573	-
Share-based payments	65,860	-	65,860	-
Professional fees	21,624	9,887	42,420	19,936
Filing and listing fees	6,481	5,359	16,945	8,505
Rent	3,700	-	6,550	-
Office expenses	2,627	-	5,195	-
Insurance	3,442	-	3,442	-
Telecommunication	1,284	-	1,945	-
Bank charges	157	86	271	117
Tax and permit	120	-	120	-
<b>OPERATING LOSS</b>	<u>(266,099)</u>	<u>(15,332)</u>	<u>(459,177)</u>	<u>(28,558)</u>
Interest income	1,216	-	1,663	-
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u>(264,883)</u>	<u>(15,332)</u>	<u>(457,514)</u>	<u>(28,558)</u>
<b>LOSS PER SHARE</b>				
Basic and diluted loss per share	<u>(0.005)</u>	<u>(0.001)</u>	<u>(0.009)</u>	<u>(0.002)</u>
Weighted average number of common shares outstanding	<u>51,359,865</u>	<u>11,388,338</u>	<u>49,308,388</u>	<u>11,388,338</u>

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

**QUANTUM NUMBERS CORP.****CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (Unaudited, in Canadian dollars)**

For the six-month period ended June 30, 2017

	Notes	Issued capital		Options Reserve	Deficit	Total equity
		Shares	Amount			
			\$			
<b>Balance as at January 1, 2017</b>		43,369,338	4,608,618	93,219	(3,335,327)	1,366,510
Exercise of warrants	7	9,981,500	998,150	-	-	998,150
Exercise of finder warrants		-	557	(557)	-	-
Exercise of options	6	200,000	29,546	(9,546)	-	20,000
Share-based payments	6	-	-	65,860	-	65,860
<b>Transactions with owners</b>		<b>53,550,838</b>	<b>5,636,871</b>	<b>148,976</b>	<b>(3,335,327)</b>	<b>2,450,520</b>
Net loss and comprehensive loss for the period		-	-	-	(457,514)	(457,514)
<b>Balance as at June 30, 2017</b>		<b>53,550,838</b>	<b>5,636,871</b>	<b>148,976</b>	<b>(3,792,841)</b>	<b>1,993,006</b>

	Notes	Issued capital		Options Reserve	Deficit	Total equity
		Shares	Amount			
			\$			
<b>Balance as at January 1, 2016</b>		11,388,338	3,104,748	86,000	(3,059,088)	131,660
<b>Transactions with owners</b>		11,388,338	3,104,748	86,000	(3,059,088)	131,660
Net loss and comprehensive loss for the period		-	-	-	(28,558)	(28,558)
<b>Balance as at June 30, 2016</b>		<b>11,388,338</b>	<b>3,104,748</b>	<b>86,000</b>	<b>(3,087,646)</b>	<b>103,102</b>

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

**QUANTUM NUMBERS CORP.**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited, in Canadian dollars)**

	Three-months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Operating Activities</b>				
Net loss	(264,883)	(15,332)	(457,514)	(28,558)
Adjustments for :				
Taxes receivable	22,204	(1,512)	7,311	(1,512)
Prepaid expenses	(9,028)	1,300	(4,236)	(2,600)
Other receivables	-	(2,537)	-	(2,537)
Trade and other payables	5,933	1,962	(11,481)	(5,619)
Share-based payments	65,860	-	65,860	-
<b>Cash flows used by operating activities</b>	<u>(179,914)</u>	<u>(16,119)</u>	<u>(400,060)</u>	<u>(40,826)</u>
<b>Investing Activity</b>				
Deposit	(1,700)	-	(1,700)	-
Intellectual property additions	(69,722)	-	(130,092)	-
Addition to exploration and evaluation assets	-	(2,538)	-	(2,538)
<b>Cash flow used by investing activity</b>	<u>(71,422)</u>	<u>(2,538)</u>	<u>(131,792)</u>	<u>(2,538)</u>
<b>Financing Activity</b>				
Exercise of warrants	374,150	-	1,018,150	-
Advance to a related party	-	11,717	-	11,717
<b>Cash flow from financing activities</b>	<u>374,150</u>	<u>11,717</u>	<u>1,018,150</u>	<u>11,717</u>
Net change	122,814	(6,940)	486,298	(31,647)
Cash, beginning of period	<u>1,351,462</u>	<u>12,473</u>	<u>987,978</u>	<u>37,180</u>
Cash, end of period	<u>1,474,276</u>	<u>5,533</u>	<u>1,474,276</u>	<u>5,533</u>

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

## QUANTUM NUMBERS CORP.

### Notes to Condensed Interim Financial Statements (Unaudited, in Canadian dollars)

For the six-month period ended June 30, 2017

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#### 1. INCORPORATION, NATURE OF OPERATIONS AND GOING CONCERN

Quantum Numbers Corp. (the “Company” or “Active Growth”) was incorporated under the *Business Corporations Act* of Ontario on July 19, 2007.

The head office, principal address and records office of the Company are located at 3755 E Blvd Matte, suite 201, Brossard, Québec, J4Y 2P4. The Company is in the business of an advanced developer of a new generation of cryptographic solutions.

The business of technology involves a high degree of risk and there can be no assurance that projects under research and development will proceed through to achieve commercialization. Risks related to the value of the Company's intangible assets, completing proof of concept studies, protecting intellectual property rights, the ability of the Company to raise alternative financing, and risks inherent to new technologies, such as risk of obsolescence, slow adoption and competing technological advances. Changes in future conditions could require material impairment of investments.

The accompanying unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. The Company recorded a net loss and comprehensive loss of \$457,514 for the six-month period ended June 30, 2017, and has an accumulated deficit of \$3,792,841 as at June 30, 2017. These circumstances may cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or obtain profitable operations. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management may be required to curtail certain discretionary expenses. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company's financial year ends on December 31.

## QUANTUM NUMBERS CORP.

### Notes to Condensed Interim Financial Statements (Unaudited, in Canadian dollars)

For the six-month period ended June 30, 2017

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#### 2. BASIS OF PREPARATION AND ADOPTION OF IFRS

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The unaudited condensed interim financial statements should be read in conjunction with the Company’s audited annual financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB.

The interim condensed financial statements must be read in conjunction with the most recent annual financial statements and the accompanying notes as at December 31, 2016 and for the period then ended.

The condensed interim financial statements for the reporting period ended June 30, 2017 (including comparatives) were approved and authorized for issue by the Board of Directors on August 29, 2017.

#### 3. SIGNIFICANT ACCOUNTING POLICES

The accounting policies are presented in the audited financial statements for the year ended December 31, 2016 and have not been modified since that time.

#### 4. INTANGIBLE ASSETS

The carrying amount can be analyzed as follows:

	Balance as at December 31 2016	Additions	Balance as at June 30 2017
	\$	\$	\$
<b>Gross carrying amount</b>	446,112	-	446,112
Additions	-	130,092	130,092
	<u>446,112</u>	<u>130,092</u>	<u>576,204</u>
<b>Accumulated depreciation</b>	-	-	-
Depreciation	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Carrying amount</b>	<u>446,112</u>	<u>130,092</u>	<u>576,204</u>

#### 5. SHARE CAPITAL

During the period, the Company issued 9,981,500 common shares at a price of \$0.10 per share for the exercise of warrants.

During the period, the Company issued 200,000 common shares at a price of \$0.10 per share for the exercise of options.

**QUANTUM NUMBERS CORP.****Notes to Condensed Interim Financial Statements (Unaudited, in Canadian dollars)**

For the six-month period ended June 30, 2017

**6. STOCK OPTIONS**

The Company's share options are as follows for the reporting periods:

	June 30, 2017		December 31, 2016	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance outstanding, beginning of period	1,430,000	0.10	320,000	0.31
Granted	3,000,000	0.25	1,250,000	0.10
Expired	-	-	(90,000)	0.80
Cancelled	-	-	(50,000)	0.125
Exercised	(200,000)	0.10	-	-
Balance outstanding, end of period	4,230,000	0.21	1,430,000	0.10

The weighted average remaining contractual life for options outstanding at June 30, 2017 is 8.06 (2016 - 4.62) years.

The weighted average fair value of the granted options of \$65,860 (2016 - \$nil) was determined using the Black-Scholes option pricing model and based on the following weighed average assumptions:

	2017	2016
Average share price at date of grant	\$0.15	N/A
Dividends yield	-	N/A
Expected weighted volatility	125%	N/A
Risk-free interest rate	1.39%	N/A
Expected average life	10 years	N/A
Average exercise price at date of grant	\$0.30	N/A

During the period, the Company issued 200,000 common shares at a price of \$0.10 per share for the exercise of options. The fair value for an amount of \$9,546 was transferred to share capital.

**QUANTUM NUMBERS CORP.****Notes to Condensed Interim Financial Statements (Unaudited, in Canadian dollars)**

For the six-month period ended June 30, 2017

**6. STOCK OPTIONS (Continued)**

Outstanding and exercisable options are as follows:

Expiry Date	Exercise Price	Number of shares		Remaining life (years)
		Outstanding	Exercisable	
	\$			
September 30, 2019	0.125	180,000	180,000	2.25
November 22, 2021	0.10	1,050,000	1,250,000	4.40
January 26, 2027	0.30	2,000,000	-	9.58
June 5, 2027	0.15	1,000,000	-	9.93
		<u>4,230,000</u>	<u>1,430,000</u>	

**7. SHARE PURCHASE WARRANTS**

The changes in warrants during the period ended June 30, 2017 are as follows:

	Number of warrants	2017	Number of warrants	2016
		Weighted average exercise price		Weighted average exercise price
		\$		\$
Balance outstanding, beginning of period	30,940,500	0.10	5,000,000	0.10
Exercised	(9,981,500)	0.10	-	0.10
Balance outstanding, end of period	<u>20,959,000</u>	<u>0.10</u>	<u>5,000,000</u>	<u>0.10</u>

During the period, the Company issued 9,981,500 common shares at a price of \$0.10 per share for the exercise of warrants.

Outstanding warrants are as follows:

Expiry date	Exercise price	2017	2016
		Number	Number
	\$		
February 23, 2017	0.10	-	4,840,000
November 23, 2017	0.10	20,204,000	23,845,500
February 3, 2018	0.10	755,000	2,255,000
		<u>20,959,000</u>	<u>30,940,500</u>

The weighted average contractual life of warrants outstanding is 0.41 (2016 - 0.79) years.

## QUANTUM NUMBERS CORP.

### Notes to Condensed Interim Financial Statements (Unaudited, in Canadian dollars)

For the six-month period ended June 30, 2017

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#### 8. RELATED PARTY TRANSACTIONS

The Company's related parties include insiders, companies under common control and joint key management, as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

##### 8.1 Transactions with key management

The key management of the Company are the members of senior management and the Board. The remuneration for the period of key management include the following expenses:

	2017	2016
	\$	\$
Consulting fees	39,900	-
Salaries	142,838	-
Professional fees	21,726	-
	<u>204,464</u>	<u>-</u>

As at June 30, 2017 and 2016, trade and other payables include an amount payable to key management, respectively of \$nil and \$7,683.

An amount of \$1,700 (2016 - \$nil) is due to a director for unpaid consulting fees and is included in accounts payable and accrued liabilities.

#### 9. POST-REPORTING DATE EVENTS

Subsequent to June 30, 2017, a total of 100,000 warrants with an exercise price of \$0.10 per warrant were exercised for gross proceeds of \$10,000.

Subsequent to June 30, 2017, a total of 1,000,000 stock options were issued to a member of key management of the Company. The options expire 10 years from the grant date and have an exercise price of \$0.15 per share. The options are subject to by-annually vesting over a period of 24 months.