

QUANTUM NUMBERS CORP.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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These condensed interim financial statements for the three-month period ended March 31, 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	March 31, 2017	December 31, 2016
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		1,351,462	987,978
Taxes receivable		41,332	26,439
Prepaid expenses and other		6,437	11,229
		<u>1,399,231</u>	<u>1,025,646</u>
Non-current			
Deposit		950	950
Intellectual Property	4	506,482	446,112
		<u>507,432</u>	<u>447,062</u>
Total assets		<u><u>1,906,663</u></u>	<u><u>1,472,708</u></u>
LIABILITIES			
Current			
Trade and other payables		88,784	106,198
Total liabilities		<u>88,784</u>	<u>106,198</u>
SHAREHOLDERS' EQUITY			
Share Capital	5	5,252,618	4,608,618
Options reserve		93,219	93,219
Deficit		(3,527,958)	(3,335,327)
Total shareholders' equity		<u>1,817,879</u>	<u>1,366,510</u>
Total liabilities and shareholders' equity		<u><u>1,906,663</u></u>	<u><u>1,472,708</u></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 March 31	
	2017	2016
	\$	\$
EXPENSES		
Consulting fees	74,791	-
Salaries	56,938	-
Travel expenses	23,896	-
Professional fees	20,796	10,049
Filing and listing fees	10,464	3,146
Rent	2,850	-
Office expenses	2,568	-
Telecommunication	661	-
Bank charges	114	31
OPERATING LOSS	<u>(193,078)</u>	<u>(13,226)</u>
Interest income	447	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	<u>(192,631)</u>	<u>(13,226)</u>
LOSS PER SHARE		
Basic and diluted loss per share	<u>(0.004)</u>	<u>(0.001)</u>
Weighted average number of common shares outstanding	<u>47,234,116</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 three-month period ended March 31, 2017

	Notes	Issued capital		Options Reserve	Deficit	Total equity
		Shares	Amount			
			\$	\$	\$	\$
Balance as at January 1, 2017		43,369,338	4,608,618	93,219	(3,335,327)	1,366,510
Exercise of warrants	6	6,440,000	644,000	-	-	644,000
Transactions with owners		49,809,338	5,252,618	93,219	(3,335,327)	2,010,510
Net loss and comprehensive loss for the period		-	-	-	(192,631)	(192,631)
Balance as at March 31, 2017		<u>49,809,338</u>	<u>5,252,618</u>	<u>93,219</u>	<u>(3,527,958)</u>	<u>1,817,879</u>

	Notes	Issued capital		Options Reserve	Deficit	Total equity
		Shares	Amount			
			\$	\$	\$	\$
Balance as at January 1, 2016		<u>11,388,338</u>	<u>3,104,748</u>	<u>86,000</u>	<u>(3,059,088)</u>	<u>131,660</u>
Transactions with owners		11,388,338	3,104,748	86,000	(3,059,088)	131,660
Net loss and comprehensive loss for the period		-	-	-	(13,226)	(13,226)
Balance as at March 31, 2016		<u>11,388,338</u>	<u>3,104,748</u>	<u>86,000</u>	<u>(3,072,314)</u>	<u>118,434</u>

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	
	March 31	
	2017	2016
	\$	\$
Operating Activities		
Net loss	(192,631)	(13,226)
Adjustments for :		
Taxes receivable	(14,893)	-
Prepaid expenses and other	4,792	(3,900)
Accounts payable and accrued liabilities	(17,414)	(7,581)
Net operating cash flows	<u>(220,146)</u>	<u>(24,707)</u>
Investing Activity		
Intellectual property additions	<u>(60,370)</u>	<u>-</u>
Net investing cash flows	<u>(60,370)</u>	<u>-</u>
Financing Activities		
Exercise of warrants	<u>644,000</u>	<u>-</u>
Net financing cash flows	<u>644,000</u>	<u>-</u>
Increase (decrease) in cash	363,484	(24,707)
Cash, beginning of period	<u>987,978</u>	<u>37,180</u>
Cash, end of period	<u>1,351,462</u>	<u>12,473</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 three-month period ended March 31, 2017

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 \$192,631 for the three-month period ended March 31, 2017, and has an accumulated deficit of \$3,527,958 as at March 31, 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 three-month period ended March 31, 2017

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 March 31, 2017 (including comparatives) were approved and authorized for issue by the Board of Directors on May 30, 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 March 31 2017
	\$	\$	\$
Gross carrying amount	446,112	-	446,112
Additions	-	60,370	60,370
	<u>446,112</u>	<u>60,370</u>	<u>506,482</u>
Accumulated depreciation	-	-	-
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>446,112</u>	<u>60,370</u>	<u>506,482</u>

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

For the three-month period ended March 31, 2017

5. STOCK OPTIONS

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

	March 31, 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	-	-	1,250,000	0.10
Expired	-	-	(90,000)	0.80
Cancelled	-	-	(50,000)	0.125
Balance outstanding, end of period	<u>1,430,000</u>	0.10	<u>1,430,000</u>	0.10

The weighted average remaining contractual life for options outstanding at March 31, 2017 is 4.25 (2016 - 4.62) years.

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	1.50
November 22, 2021	0.10	1,250,000	1,250,000	4.65
		<u>1,430,000</u>	<u>1,430,000</u>	

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

For the three-month period ended March 31, 2017

6. SHARE PURCHASE WARRANTS

The changes in warrants during the period ended March 31, 2017 are as follows:

		2017		2016
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance outstanding, beginning of period	30,940,500	0.10	5,000,000	0.10
Exercised	(6,440,000)	0.10	-	0.10
Balance outstanding, end of period	24,500,500	0.10	5,000,000	0.10

Outstanding warrants are as follows:

<u>Expiry date</u>	<u>Exercise price</u>	<u>2017</u>	<u>2016</u>
	\$	Number	Number
February 23, 2017	0.10	-	4,840,000
November 22, 2017	0.10	23,345,500	23,845,500
February 3, 2018	0.10	1,155,000	2,255,000
		<u>24,500,500</u>	<u>30,940,500</u>

The weighted average contractual life of warrants outstanding is 0.67 (2016 - 0.79) years.

QUANTUM NUMBERS CORP.

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

For the three-month period ended March 31, 2017

7. 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.

7.1 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	35,600	-
Salaries	57,011	-
Professional fees	12,826	-
	<u>105,437</u>	<u>-</u>

As at March 31, 2017 and 2016, trade and other payables include an amount payable to key management, respectively of \$nil and \$7,683.

An amount of \$7,600 (2016 - \$nil) is due to a director for unpaid consulting fees and is included in accounts payable and accrued liabilities.

8. POST-REPORTING DATE EVENTS

Subsequent to March 31, 2017, a total of 431,500 warrants with an exercise price of \$0.10 per warrant were exercised for gross proceeds of \$43,150.

Subsequent to March 31, 2017, a total of 2,000,000 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 \$0.30 per share. The options are subject to semesterly vesting over a period of 24 months.

Subsequent to March 31, 2017, the Company issued 200,000 common shares at an exercise price of \$0.10 per share for the exercise of stock options.