

QUANTUM NUMBERS CORP.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018

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These condensed interim financial statements for the nine-month period ended September 30, 2018 have not been reviewed by the Company's external auditors.

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

	Notes	September 30, 2018	December 31, 2017
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		1,110,809	1,189,371
Taxes receivable		44,428	14,236
Prepaid expenses		10,003	3,622
Advance to related party		1,070	1,070
		<u>1,166,310</u>	<u>1,208,299</u>
Non-current			
Deposits		950	2,303
Investments		-	170,000
Intellectual Property	6	620,489	592,489
		<u>621,439</u>	<u>764,792</u>
Total assets		<u><u>1,787,749</u></u>	<u><u>1,973,091</u></u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities		<u>54,435</u>	<u>157,487</u>
Total liabilities		<u>54,435</u>	<u>157,487</u>
SHAREHOLDERS' EQUITY			
Share Capital	7	6,334,571	5,837,871
Reserves	8	782,409	682,769
Deficit		<u>(5,383,666)</u>	<u>(4,705,036)</u>
Total shareholders' equity		<u>1,733,314</u>	<u>1,815,604</u>
Total liabilities and shareholders' equity		<u><u>1,787,749</u></u>	<u><u>1,973,091</u></u>

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 September 30		Nine months ended September 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
EXPENSES				
Salaries	87,347	161,699	254,537	304,464
Share-based payments	25,442	108,739	121,345	174,599
Travel expenses	23,640	17,831	81,293	91,404
Development costs	24,675	-	75,686	-
Professional fees	23,903	29,074	63,123	71,494
Filing and listing fees	10,151	10,144	22,971	27,089
Insurance	3,508	3,443	10,374	6,885
Rent	3,600	6,848	10,050	13,398
Consulting fees	1,600	40,409	8,193	140,500
Office expenses	1,477	2,089	4,362	7,284
Telecommunication	658	1,007	2,569	2,952
Bank charges	141	207	481	478
Taxes and permits	87	(34)	87	86
	<u>(206,229)</u>	<u>(381,456)</u>	<u>(655,071)</u>	<u>(840,633)</u>
Other Expenses				
Impairment of exploration and evaluation assets	-	-	3,120	-
Change in fair value of financial assets and liabilities at fair value through profit or loss	-	-	48,155	-
	<u>-</u>	<u>-</u>	<u>(51,275)</u>	<u>-</u>
Other income	<u>2,158</u>	<u>1,439</u>	<u>6,011</u>	<u>3,102</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(204,071)</u></u>	<u><u>(380,017)</u></u>	<u><u>(700,335)</u></u>	<u><u>(837,531)</u></u>
LOSS PER SHARE				
Basic and diluted loss per share	<u>(0.003)</u>	<u>(0.007)</u>	<u>(0.012)</u>	<u>(0.016)</u>
Weighted average number of common shares outstanding	<u>60,527,838</u>	<u>53,650,838</u>	<u>60,293,699</u>	<u>50,762,986</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 nine-month period ended September 30, 2018

	Notes	Issued capital		Options Reserve	Deficit	Total equity
		Shares	Amount			
			\$	\$	\$	\$
Balance as at January 1, 2018		55,560,838	5,837,871	682,769	(4,705,036)	1,815,604
Exercise of warrants	9	4,967,000	496,700	-	-	496,700
Expiry of options	8	-	-	(21,705)	21,705	-
Share-based payments	8	-	-	121,345	-	121,345
Net loss and comprehensive loss for the period		-	-	-	(700,335)	(700,335)
Balance as at September 30, 2018		<u>60,527,838</u>	<u>6,334,571</u>	<u>782,409</u>	<u>(5,383,666)</u>	<u>1,733,314</u>

	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	9	10,050,000	1,005,000	-	-	1,005,000
Exercise of finder warrants	8	31,500	3,707	(557)	-	3,150
Exercise of options	8	200,000	29,546	(9,546)	-	20,000
Expiry of options	8	-	-	(33,761)	33,761	-
Share-based payments	8	-	-	174,599	-	174,599
Transactions with owners		<u>53,650,838</u>	<u>5,646,871</u>	<u>223,954</u>	<u>(3,301,566)</u>	<u>2,569,259</u>
Net loss and comprehensive loss for the period		-	-	-	(837,531)	(837,531)
Balance as at September 30, 2017		<u>53,650,838</u>	<u>5,646,871</u>	<u>223,954</u>	<u>(4,139,097)</u>	<u>1,731,728</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 September 30		Nine-months ended September 30	
	2018 \$	2017 \$	2018 \$	2017 \$
Operating Activities				
Net loss	(204,071)	(380,017)	(700,335)	(837,531)
Adjustments to net loss for non-cash items				
Share-based payments	25,442	108,739	121,345	174,599
Change in fair value of financial assets	-	-	48,155	-
Net changes in non-cash working capital items				
Accounts receivable	-	-	-	-
Taxes receivable	4,722	(11,317)	(30,192)	(4,006)
Prepaid expenses	5,570	4,743	(6,381)	507
Accounts payable and accrued liabilities	(37,116)	34,053	(103,052)	22,572
Net operating cash flows	(205,453)	(243,799)	(670,460)	(643,859)
Investing Activity				
Intellectual property acquisition	-	(30,921)	(28,000)	(161,013)
Deposits	-	-	1,353	(1,700)
Net investing cash flows	-	(30,921)	(26,647)	(162,713)
Financing Activity				
Exercise of warrants	-	10,000	496,700	1,005,000
Exercise of finder warrants	-	-	-	3,150
Exercise of options	-	-	-	20,000
Proceeds from sale of investments	-	-	121,845	-
Net financing cash flows	-	10,000	618,545	1,028,150
Net change	(205,453)	(264,720)	(78,562)	221,578
Cash, beginning of period	1,316,262	1,474,276	1,189,371	987,978
Cash, end of period	1,110,809	1,209,556	1,110,809	1,209,556

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 nine-month period ended September 30, 2018

1. INCORPORATION, NATURE OF OPERATIONS AND GOING CONCERN

Quantum Numbers Corp. (Formerly Active Growth Capital Inc). (the “Company” or “Quantum”) was incorporated under the *Business Corporations Act* of Ontario on July 19, 2007. The Company’s name was changed from Active Growth Capital Inc. on December 6, 2016.

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 a developer of a new generation of cryptographic solutions pursuant to the acquisition of intellectual property.

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.

These 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.

Management routinely plans future activities including forecasting cash flows. Management has reviewed their plan with the Directors and has collectively formed a judgment that the Company has adequate resources to continue as a going concern for the foreseeable future, which Management and the Directors have defined as being at least the next 12 months.

The Company’s financial year ends on December 31.

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, 2017, 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, 2017 and for the period then ended.

The condensed interim financial statements for the reporting period ended September 30, 2018 (including comparatives) were approved and authorized for issue by the Board of Directors on November 29, 2018.

QUANTUM NUMBERS CORP.

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

For the nine-month period ended September 30, 2018

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICES

These interim condensed financial statements were prepared in accordance with standard IAS 34 – Interim Financial Reporting and do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). They, however, include specific complimentary notes in order to provide information necessary to assess the financial situation of the Company at period end since its last annual financial statements dated December 31, 2017.

Except for the changes below, the accounting policies used to prepare these interim unaudited condensed financial statements are those described in the last annual financial statements of the Company and have been applied throughout the period unless otherwise stated. Changes to significant accounting policies are described hereinafter.

Financial instruments

On January 1, 2018, the Company adopted IFRS 9 - Financial instruments. The adoption of IFRS 9 did not have an impact to the comparative figures presented in these interim condensed financial statements.

The following table below presents the new measurement categories under IFRS 9 compared to the original measurement categories as at December 31, 2017 for each class of the Company’s financial assets and financial liabilities.

Description	New classification as of January 1, 2018	Original classification as of December 31, 2017
Cash, advance to a related party and deposits	Financial assets at amortized cost	Loans and receivables
Short-term investments	Financial assets at Fair Value Through Profit or Loss (“FVTPL”)	Fair Value Through Profit or Loss (“FVTPL”)
Accounts payable and accrued liabilities (except salaries and benefits)	Financial liabilities at amortized cost	Amortized cost

The Company aggregates its financial instruments into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized, which is normally on the date of the transaction. Transaction costs related to financial instruments are measured initially at fair value except for transaction costs related to FVTPL financial assets which are expensed as incurred and added to the carrying value of the asset or netted against the carrying value of the liability.

The following is a description of the policies for subsequent measurement of financial assets and financial liabilities.

QUANTUM NUMBERS CORP.

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

For the nine-month period ended September 30, 2018

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICES (Continued)

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit and loss.

Financial liabilities at amortized cost

These liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Impairment of financial assets

The Company uses the expected credit losses impairment model with respect to its financial assets carried at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument. The Company accounts for expected credit losses over the life of financial assets measured at amortized cost. Expected credit losses over the life of the asset are expected credit losses for all of the default events that a financial instrument may experience over its expected life. The assessment of expected credit losses reflects reasonable and justifiable information about past events, current circumstances and forecasts of events and economic conditions and takes into account the factors specific to the accounts receivable, the general condition of the economy and a current as well as expected appreciation of the conditions prevailing at the balance sheet date, including the time value of the money, if any.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these interim condensed financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgments and key sources of estimation uncertainty related to the application of IFRS 9, which are described above.

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

For the nine-month period ended September 30, 2018

5. INVESTMENTS

	September 30 2018	December 31, 2017
	\$	\$
- (500,000 on December 31, 2017) common shares of St- Georges Eco-Mining Corp.	-	170,000

In April, 2018, the Company sold 500,000 common shares of St-Georges Eco-mining Corp. for a total amount of \$121,845.

6. INTELLECTUAL PROPERTY

The carrying amount can be analyzed as follows:

	Balance as at December 31 2017	Additions	Balance as at September 30 2018
	\$	\$	\$
Cost			
Acquisition of SOCPRA license	446,112	-	446,112
Development costs	146,377	28,000	174,377
	592,489	28,000	620,489
Accumulated amortization			
Amortization	-	-	-
	-	-	-
Carrying amount	592,489	28,000	620,489

7. SHARE CAPITAL

During the period, the Company issued 4,967,000 common shares at a price of \$0.10 per share for the exercise of warrants.

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

For the nine-month period ended September 30, 2018

8. STOCK OPTIONS

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

	September 30, 2018		December 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance outstanding, beginning of period	4,880,000	0.19	1,430,000	0.10
Granted	-	-	4,650,000	0.20
Exercised	-	-	(200,000)	0.10
Expired	(200,000)	-	(1,000,000)	0.15
Cancelled	-	-	-	-
Balance outstanding, end of period	4,680,000	0.19	4,880,000	0.19
Balance exercisable, end of period	4,180,000	0.18	3,380,000	0.14

The weighted average remaining contractual life for options outstanding at September 30, 2018 is 5.54 (2017 – 7.23) years.

The Company recognized an amount of \$25,442 (2017 - \$108,739) for the three-month period ended September 30, 2018.

The weighted average fair value of the granted options was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

	2018	2017
Average share price at date of grant	\$0.30	\$0.15
Dividends yield	-	-
Expected weighted volatility	125%	125%
Risk-free interest rate	1.39%	1.39%
Expected average life	10 years	10 years
Average exercise price at date of grant	\$0.30	\$0.25

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

For the nine-month period ended September 30, 2018

8. 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	130,000	130,000	1.00
November 22, 2021	0.10	900,000	900,000	3.14
December 8, 2022	0.12	1,650,000	1,650,000	4.19
January 26, 2027	0.30	2,000,000	1,500,000	8.32
		<u>4,680,000</u>	<u>4,180,000</u>	

9. SHARE PURCHASE WARRANTS

The changes in warrants during the period ended September 30, 2018 are as follows:

	September 30, 2018		December 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance outstanding, beginning of period	18,101,000	0.10	30,940,500	0.10
Expired	(13,134,000)	0.10	(848,000)	0.10
Exercised	<u>(4,967,000)</u>	0.10	<u>(11,991,500)</u>	0.10
Balance outstanding, end of period	<u>-</u>	-	<u>18,101,000</u>	0.10

10. 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.

QUANTUM NUMBERS CORP.**Notes to Condensed Interim Financial Statements** (Unaudited, in Canadian dollars)For the nine-month period ended September 30, 2018

10. RELATED PARTY TRANSACTIONS (Continued)**10.1 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:

	<u>2018</u>	<u>2017</u>
	\$	\$
Consulting fees	7,200	22,350
Salaries	216,000	304,370
Professional fees	2,745	37,434
Share-based payments	<u>121,345</u>	<u>-</u>
	<u>347,290</u>	<u>364,154</u>

An amount of \$1,070 (2017 - \$nil) is due from a former director (Ted Colivas) for expense advances and is included in advance to related party.

An amount of \$12,000 (2017 - \$nil) is due to directors for unpaid salaries and is included in accounts payable and accrued liabilities.

11. POST-REPORTING DATE EVENT

There are no subsequent events.