

QUANTUM NUMBERS CORP.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2018

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These condensed interim financial statements for the six-month period ended June 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	June 30, 2018	December 31, 2017
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		1,316,262	1,189,371
Taxes receivable		49,150	14,236
Prepaid expenses		15,573	3,622
Advance to related party		1,070	1,070
		<u>1,382,055</u>	<u>1,208,299</u>
Non-current			
Deposits		950	2,303
Investments		-	170,000
Intellectual Property	5	<u>620,489</u>	<u>592,489</u>
		<u>621,439</u>	<u>764,792</u>
Total assets		<u><u>2,003,494</u></u>	<u><u>1,973,091</u></u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities		<u>91,551</u>	<u>157,487</u>
Total liabilities		<u>91,551</u>	<u>157,487</u>
SHAREHOLDERS' EQUITY			
Share Capital	6	6,334,571	5,837,871
Reserves	7	769,126	682,769
Deficit		<u>(5,191,754)</u>	<u>(4,705,036)</u>
Total shareholders' equity		<u>1,911,943</u>	<u>1,815,604</u>
Total liabilities and shareholders' equity		<u><u>2,003,494</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 June 30		Six months ended June 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
EXPENSES				
Salaries	81,495	85,827	167,190	142,765
Share-based payments	43,115	65,860	95,903	65,860
Travel expenses	29,089	49,677	57,653	73,573
Development costs	32,569	-	51,011	-
Professional fees	12,172	21,624	39,220	42,420
Filing and listing fees	6,914	6,481	12,820	16,945
Insurance	3,470	3,442	6,866	3,442
Consulting fees	4,000	25,300	6,593	100,091
Rent	3,600	3,700	6,450	6,550
Office expenses	1,487	2,627	2,885	5,195
Telecommunication	1,078	1,284	1,911	1,945
Bank charges	122	157	340	271
Tax and permit	-	120	-	120
	<u>(219,111)</u>	<u>(266,099)</u>	<u>(448,842)</u>	<u>(459,177)</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	5,655	-	48,155	-
	<u>(5,655)</u>	<u>-</u>	<u>(51,275)</u>	<u>-</u>
Other income	<u>1,972</u>	<u>1,216</u>	<u>3,853</u>	<u>1,663</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(222,794)</u></u>	<u><u>(264,883)</u></u>	<u><u>(496,264)</u></u>	<u><u>(457,514)</u></u>
LOSS PER SHARE				
Basic and diluted loss per share	<u>(0.003)</u>	<u>(0.005)</u>	<u>(0.008)</u>	<u>(0.009)</u>
Weighted average number of common shares outstanding	<u>60,527,838</u>	<u>51,359,865</u>	<u>60,174,689</u>	<u>49,308,388</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, 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	8	4,967,000	496,700	-	-	496,700
Expiry of options	7	-	-	(9,546)	9,546	-
Share-based payments	7	-	-	95,903	-	95,903
Net loss and comprehensive loss for the period		-	-	-	(496,264)	(496,264)
Balance as at June 30, 2018		<u>60,527,838</u>	<u>6,334,571</u>	<u>769,126</u>	<u>(5,191,754)</u>	<u>1,911,943</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	8	9,981,500	998,150	-	-	998,150
Exercise of finder warrants		-	557	(557)	-	-
Exercise of options	7	200,000	29,546	(9,546)	-	20,000
Share-based payments	7	-	-	65,860	-	65,860
Transactions with owners		<u>53,550,838</u>	<u>5,636,871</u>	<u>148,976</u>	<u>(3,335,327)</u>	<u>2,450,520</u>
Net loss and comprehensive loss for the period		-	-	-	(457,514)	(457,514)
Balance as at June 30, 2017		<u>53,550,838</u>	<u>5,636,871</u>	<u>148,976</u>	<u>(3,792,841)</u>	<u>1,993,006</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 June 30		Six-months ended June 30	
	2018 \$	2017 \$	2018 \$	2017 \$
Operating Activities				
Net loss	(222,794)	(264,883)	(496,264)	(457,514)
Adjustments to net loss for non-cash items				
Share-based payments	43,115	65,860	95,903	65,860
Change in fair value of financial assets	5,655	-	48,155	-
Net changes in non-cash working capital items				
Accounts receivable	234	-	-	-
Taxes receivable	(43,353)	22,204	(34,914)	7,311
Prepaid expenses	(8,031)	(9,028)	(11,951)	(4,236)
Accounts payable and accrued liabilities	(7,417)	5,933	(65,936)	(11,481)
Net operating cash flows	(232,591)	(179,914)	(465,007)	(400,060)
Investing Activity				
Intellectual property acquisition	(13,000)	(69,722)	(28,000)	(130,092)
Deposits	197	(1,700)	1,353	(1,700)
Net investing cash flows	(12,803)	(71,422)	(26,647)	(131,792)
Financing Activity				
Exercise of warrants	-	374,150	496,700	1,018,150
Proceeds from sale of investments	121,845	-	121,845	-
Net financing cash flows	121,845	374,150	618,545	1,018,150
Net change	(123,549)	122,814	126,891	486,298
Cash, beginning of period	1,439,811	1,351,462	1,189,371	987,978
Cash, end of period	<u>1,316,262</u>	<u>1,474,276</u>	<u>1,316,262</u>	<u>1,474,276</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, 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 June 30, 2018 (including comparatives) were approved and authorized for issue by the Board of Directors on August 24, 2018.

QUANTUM NUMBERS CORP.

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

For the six-month period ended June 30, 2018

3. SIGNIFICANT ACCOUNTING POLICES

The accounting policies are presented in the audited financial statements for the year ended December 31, 2017 and have not been modified since that time.

4. INVESTMENTS

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

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

5. INTELLECTUAL PROPERTY

The carrying amount can be analyzed as follows:

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

6. 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 six-month period ended June 30, 2018

7. STOCK OPTIONS

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

	June 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	-	-	(1,000,000)	0.15
Cancelled	-	-	-	-
Balance outstanding, end of period	4,880,000	0.19	4,880,000	0.19
Balance exercisable, end of period	3,880,000	0.16	3,380,000	0.14

The weighted average remaining contractual life for options outstanding at June 30, 2018 is 6.29 (2017 - 8.06) years.

The Company recognized an amount of \$43,115 (2017 - \$65,860) for the three-month period ended June 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	\$0.25
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 six-month period ended June 30, 2018

7. 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	1.25
November 22, 2021	0.10	1,050,000	1,050,000	3.39
December 18, 2022	0.12	1,650,000	1,650,000	4.44
January 26, 2027	0.30	2,000,000	1,000,000	8.57
		<u>4,880,000</u>	<u>3,880,000</u>	

8. SHARE PURCHASE WARRANTS

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

	June 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

9. 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 six-month period ended June 30, 2018

9. RELATED PARTY TRANSACTIONS (Continued)

9.1 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:

	2018	2017
	\$	\$
Consulting fees	5,600	39,900
Salaries	167,190	142,838
Professional fees	2,745	21,726
Share-based payments	95,903	-
	<u>271,438</u>	<u>204,464</u>

An amount of \$1,070 (2017 - \$nil) is due from a former director 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.

10. POST-REPORTING DATE EVENT

On August 8, 2018, the Company was granted its first patent by the United States Patent and Trademark Office (USPTO): US Patent No. 10042609. This first patent covers the "System" aspect which had initially been presented in International Application number PCT/CA2015/050408, entitled: Method for generating random numbers and associated random number generator.