

# QUANTUM NUMBERS CORP.

## UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2018

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These condensed interim financial statements for the three-month period ended March 31, 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 | <b>March 31,<br/>2018</b> | <b>December 31,<br/>2017</b> |
|---|-------|---------------------------|------------------------------|
|   |       | \$                        | \$                           |
| <b>ASSETS</b>                                     |       |                           |                              |
| <b>Current</b>                                    |       |                           |                              |
| Cash and cash equivalents                         |       | 1,439,811                 | 1,189,371                    |
| Accounts receivable                               |       | 234                       | -                            |
| Taxes receivable                                  |       | 5,797                     | 14,236                       |
| Prepaid expenses and other                        |       | 7,542                     | 3,622                        |
| Advance to related party                          |       | 1,070                     | 1,070                        |
|   |       | <u>1,454,454</u>          | <u>1,208,299</u>             |
| <b>Non-current</b>                                |       |                           |                              |
| Deposits  |       | 1,147                     | 2,303                        |
| Investments                                       |       | 127,500                   | 170,000                      |
| Intellectual Property                             | 5     | 607,489                   | 592,489                      |
|   |       | <u>736,136</u>            | <u>764,792</u>               |
| <b>Total assets</b>                               |       | <u>2,190,590</u>          | <u>1,973,091</u>             |
| <b>LIABILITIES</b>                                |       |                           |                              |
| <b>Current</b>                                    |       |                           |                              |
| Accounts payable and accrued liabilities          |       | 98,968                    | 157,487                      |
| <b>Total liabilities</b>                          |       | <u>98,968</u>             | <u>157,487</u>               |
| <b>SHAREHOLDERS' EQUITY</b>                       |       |                           |                              |
| Share Capital                                     | 6     | 6,334,571                 | 5,837,871                    |
| Reserves  | 7     | 726,011                   | 682,769                      |
| Deficit   |       | <u>(4,968,960)</u>        | <u>(4,705,036)</u>           |
| <b>Total shareholders' equity</b>                 |       | <u>2,091,622</u>          | <u>1,815,604</u>             |
| <b>Total liabilities and shareholders' equity</b> |       | <u>2,190,590</u>          | <u>1,973,091</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)**

|   | Notes | Three-months ended<br>March 31 |                         |
|---|-------|--------------------------------|-------------------------|
|   |       | 2018<br>\$                     | 2017<br>\$              |
| <b>EXPENSES</b>   |       |                                |                         |
| Salaries  |       | 85,695                         | 56,938                  |
| Share-based payments  | 7     | 52,788                         | -                       |
| Travel expenses   |       | 28,564                         | 23,896                  |
| Professional fees   |       | 27,048                         | 20,796                  |
| Development costs   |       | 18,442                         | -                       |
| Filing and listing fees   |       | 5,906                          | 10,464                  |
| Insurance   |       | 3,396                          | -                       |
| Rent  |       | 2,850                          | 2,850                   |
| Consulting fees   |       | 2,593                          | 74,791                  |
| Office expenses   |       | 1,398                          | 2,568                   |
| Telecommunication   |       | 833                            | 661                     |
| Bank charges  |       | 218                            | 114                     |
|   |       | <u>(229,731)</u>               | <u>(193,078)</u>        |
| <b>Other Expenses</b>   |       |                                |                         |
| Impairment of exploration and evaluation assets   |       | 3,120                          | -                       |
| Change in fair value of financial assets and liabilities at fair value through profit or loss |       | 42,500                         | -                       |
|   |       | <u>(45,620)</u>                | <u>-</u>                |
| Other income  |       | <u>1,881</u>                   | <u>447</u>              |
| <b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>   |       | <u><u>(273,470)</u></u>        | <u><u>(192,631)</u></u> |
| <b>LOSS PER SHARE</b>   |       |                                |                         |
| Basic and diluted loss per share  |       | <u>(0.005)</u>                 | <u>(0.004)</u>          |
| Weighted average number of common shares outstanding  |       | <u>59,817,616</u>              | <u>47,234,116</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, 2018

|  | Notes | Issued capital    |                  | Options Reserve | Deficit            | Total equity     |
|--|-------|-------------------|------------------|-----------------|--------------------|------------------|
|  |       | Shares            | Amount           |                 |                    |                  |
|  |       |                   | \$               | \$              | \$                 | \$               |
| <b>Balance as at January 1, 2018</b>           |       | 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     | -                 | -                | 52,788          | -                  | 52,788           |
| Net loss and comprehensive loss for the period |       | -                 | -                | -               | (273,470)          | (273,470)        |
| <b>Balance as at March 31, 2018</b>            |       | <u>60,527,838</u> | <u>6,334,571</u> | <u>726,011</u>  | <u>(4,968,960)</u> | <u>2,091,622</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                           |       | 6,440,000         | 644,000          | -               | -                  | 644,000          |
| 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> |

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)**

|   | <b>Three-months ended<br/>March 31</b> |                  |
|---|--|------------------|
|   | <b>2018</b>                            | <b>2017</b>      |
|   | \$                                     | \$               |
| <b>Operating Activities</b>                   |  |                  |
| Net loss                                      | (273,470)                              | (192,631)        |
| Adjustments to net loss for non-cash items    |  |                  |
| Share-based payments                          | 52,788                                 | -                |
| Change in fair value of financial assets      | 42,500                                 | -                |
| Net changes in non-cash working capital items |  |                  |
| Accounts receivable                           | (234)                                  | -                |
| Taxes receivable                              | 8,439                                  | (14,893)         |
| Prepaid expenses                              | (3,920)                                | 4,792            |
| Accounts payable and accrued liabilities      | (58,519)                               | (17,414)         |
| <b>Net operating cash flows</b>               | <u>(232,416)</u>                       | <u>(220,146)</u> |
| <b>Investing Activity</b>                     |  |                  |
| Intellectual property acquisition             | (15,000)                               | (60,370)         |
| Deposits                                      | 1,156                                  | -                |
| <b>Net investing cash flows</b>               | <u>(13,844)</u>                        | <u>(60,370)</u>  |
| <b>Financing Activity</b>                     |  |                  |
| Exercise of warrants                          | 496,700                                | 644,000          |
| <b>Net financing cash flows</b>               | <u>496,700</u>                         | <u>644,000</u>   |
| Net change                                    | 250,440                                | 363,484          |
| Cash, beginning of period                     | 1,189,371                              | 987,978          |
| Cash, end of period                           | <u>1,439,811</u>                       | <u>1,351,462</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, 2018

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#### 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 March 31, 2018 (including comparatives) were approved and authorized for issue by the Board of Directors on May 28, 2018.

## QUANTUM NUMBERS CORP.

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

For the three-month period ended March 31, 2018

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#### 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

|  | March 31<br>2018 | December 31,<br>2017 |
|--|------------------|----------------------|
|  | \$               | \$                   |
| 500,000 common shares of St-Georges Eco-Mining Corp. | <u>127,500</u>   | <u>170,000</u>       |

#### 5. INTELLECUTAL PROPERTY

The carrying amount can be analyzed as follows:

|                                 | Balance as at<br>December 31<br>2017 | Additions            | Balance as at<br>March 31<br>2018 |
|---------------------------------|--------------------------------------|----------------------|-----------------------------------|
|                                 | \$                                   | \$                   | \$                                |
| <b>Cost</b>                     |                                      |                      |                                   |
| Acquisition of SOCPRA license   | 446,112                              | -                    | 446,112                           |
| Development costs               | <u>146,377</u>                       | <u>15,000</u>        | <u>161,377</u>                    |
|                                 | 592,489                              | 15,000               | 607,489                           |
| <b>Accumulated amortization</b> |                                      |                      |                                   |
| Amortization                    | <u>-</u>                             | <u>-</u>             | <u>-</u>                          |
|                                 | -                                    | -                    | -                                 |
| <b>Carrying amount</b>          | <u><u>592,489</u></u>                | <u><u>15,000</u></u> | <u><u>607,489</u></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 three-month period ended March 31, 2018

**7. STOCK OPTIONS**

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

|   | March 31, 2018       |  | December 31, 2017    |  |
|---|----------------------|--|----------------------|--|
|   | Number<br>of options | Weighted<br>average<br>exercise<br>price | Number of<br>options | Weighted<br>average<br>exercise<br>price |
|   |                      | \$                                       |                      | \$                                       |
| Balance outstanding,<br>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,<br>end of period       | 4,880,000            | 0.19                                     | 4,880,000            | 0.19                                     |
| Balance exercisable, end of<br>period       | 3,880,000            | 0.16                                     | 3,380,000            | 0.14                                     |

The weighted average remaining contractual life for options outstanding at March 31, 2018 is 6.29 (2017 - 4.25) years.

The Company recognized an amount of \$52,788 (2017 - \$nil) for the period ended March 31, 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    | \$0.31   | -    |
| Dividends yield                         | -        | -    |
| Expected weighted volatility            | 125%     | -    |
| Risk-free interest rate                 | 1.39%    | -    |
| Expected average life                   | 10 years | -    |
| Average exercise price at date of grant | \$0.30   | -    |

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

For the three-month period ended March 31, 2018

**7. STOCK OPTIONS (Continued)**

Outstanding and exercisable options are as follows:

| Expiry Date        | Exercise Price | Number of shares |                  | Remaining life<br>(years) |
|--------------------|----------------|------------------|------------------|---------------------------|
|                    |                | Outstanding      | Exercisable      |                           |
|                    | \$             |                  |                  |                           |
| September 30, 2019 | 0.125          | 180,000          | 180,000          | 1.5                       |
| November 22, 2021  | 0.10           | 1,050,000        | 1,050,000        | 3.65                      |
| December 18, 2022  | 0.12           | 1,650,000        | 1,650,000        | 4.72                      |
| January 26, 2027   | 0.30           | 2,000,000        | 1,000,000        | 8.82                      |
|                    |                | <u>4,880,000</u> | <u>3,880,000</u> |                           |

**8. SHARE PURCHASE WARRANTS**

The changes in warrants during the period ended March 31, 2018 are as follows:

|   | March 31, 2018       |  | December 31, 2017    |  |
|---|----------------------|--|----------------------|--|
|   | Number<br>of options | Weighted<br>average<br>exercise<br>price | Number of<br>options | Weighted<br>average<br>exercise<br>price |
|   |                      | \$                                       |                      | \$                                       |
| Balance outstanding,<br>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,<br>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 three-month period ended March 31, 2018

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#### 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      | 1,600          | 35,600         |
| Salaries             | 78,000         | 51,692         |
| Professional fees    | 2,745          | 12,826         |
| Share-based payments | 52,788         | -              |
|                      | <u>135,133</u> | <u>100,118</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 \$nil (2017 - \$7,600) is due to directors for unpaid consulting fees and legal fees and is included in accounts payable and accrued liabilities.

An amount of \$6,000 (2017 - \$nil) is due to directors for unpaid salaries and is included in accounts payable and accrued liabilities.

#### 10. POST-REPORTING DATE EVENT

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