

**QUANTUM NUMBERS CORP.**  
**(Formerly ACTIVE GROWTH CAPITAL INC.)**

**Financial Statements**  
**December 31, 2017 and 2016**  
**(in Canadian dollars)**

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## Independent Auditors' Report

To the Shareholders of Quantum Numbers Corp.:

We have audited the accompanying financial statements of Quantum Numbers Corp., which comprise the statement of financial position as at December 31, 2017 and the statements of loss and other comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Quantum Numbers Corp. as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### *Other Matter*

The financial statements as of December 31, 2016 were audited by other auditors whose report dated April 26, 2017 expressed an unqualified opinion on those financial statements.

Montréal, Québec



April 26, 2018

<sup>1</sup> CPA auditor, CA, public accountancy permit No. A126822

**QUANTUM NUMBERS CORP.**  
**(Formerly ACTIVE GROWTH CAPITAL INC.)**  
**Statements of financial position**  
**As at December 31**  
**(in Canadian dollars)**

	Notes	2017	2016
		\$	\$
<b>Assets</b>			
Current assets			
Cash and cash equivalents	5	1,189,371	987,978
Taxes receivable		14,236	26,439
Prepaid expenses and other		3,622	11,229
Advance to related party	12	1,070	-
		1,208,299	1,025,646
Non-current assets			
Deposits		2,303	950
Investments	7	170,000	-
Intellectual property	4,8	592,489	446,112
<b>Total assets</b>		<b>1,973,091</b>	<b>1,472,708</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	12	157,487	106,198
<b>Total liabilities</b>		<b>157,487</b>	<b>106,198</b>
<b>Shareholders' Equity</b>			
Share capital	10	5,837,871	4,608,618
Reserves		682,769	93,219
Deficit		(4,705,036)	(3,335,327)
<b>Total shareholders' equity</b>		<b>1,815,604</b>	<b>1,366,510</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,973,091</b>	<b>1,472,708</b>

Approved on behalf of the Board:

*"Jean-Charles Phaneuf"*

Jean-Charles Phaneuf

President and CEO

*"Pierre C Miron"*

Pierre C Miron

CFO

**QUANTUM NUMBERS CORP.**  
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**Statements of loss and comprehensive loss**  
**Years ended December 31**  
**(in Canadian dollars)**

	Notes	2017	2016
		\$	\$
<b>Expenses</b>			
Salaries	12	390,665	12,867
Consulting fees	12	177,736	15,508
Travel		119,836	8,985
Legal and audit fees	12	100,735	53,380
Development costs		84,856	-
Filing and listing fees		32,711	27,073
Office		29,408	7,196
Insurance		10,148	-
Interest and bank charges		695	283
Management fees	12	-	18,000
Share-based payments	10, 12	661,385	59,660
		1,608,175	202,952
<b>Other Expenses</b>			
Gain on disposal of exploration and evaluation assets	6	(27,500)	-
Impairment of exploration and evaluation assets	6	-	131,287
Change in fair value of financial assets and liabilities at fair value through profit or loss		(145,000)	-
Loss on advance receivable and exploration deposit		38	10,000
		(172,462)	141,287
Interest Income		4,272	-
<b>Net loss and comprehensive loss for the year</b>		1,431,441	344,239
<b>Basic and diluted loss per share</b>		0.03	0.02
<b>Weighted average number of common shares outstanding</b>		51,542,664	15,402,798

**QUANTUM NUMBERS CORP.**  
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**Statements of changes in shareholders' equity**  
**(in Canadian dollars)**

	Issued share capital		Reserves	Deficit	Total equity
	Common shares	Amount			
		\$	\$	\$	\$
<b>Balance, December 31, 2015</b>	11,388,338	3,104,748	86,000	(3,059,088)	131,660
Shares issued for the acquisition of intellectual property	6,600,000	330,000	-	-	330,000
Units issued for private placement	25,221,000	1,261,050	-	-	1,261,050
Share issue costs	-	(103,180)	15,559	-	(87,621)
Share-based payments	-	-	59,660	-	59,660
Exercise of warrants	160,000	16,000	-	-	16,000
Transfer from options reserves on expiry of options	-	-	(68,000)	68,000	-
Net loss for year	-	-	-	(344,239)	(344,239)
<b>Balance, December 31, 2016</b>	43,369,338	4,608,618	93,219	(3,335,327)	1,366,510
Share-based payments	-	-	661,385	-	661,385
Exercise of warrants	11,991,500	1,199,707	(557)	-	1,199,150
Exercise of options	200,000	29,546	(9,546)	-	20,000
Transfer from options reserves on expiry of options	-	-	(61,732)	61,732	-
Net loss for year	-	-	-	(1,431,441)	(1,431,441)
<b>Balance, December 31, 2017</b>	55,560,838	5,837,871	682,769	(4,705,036)	1,815,604

**QUANTUM NUMBERS CORP.**  
**(Formerly ACTIVE GROWTH CAPITAL INC.)**  
**Statements of cash flows**  
**Years ended December 31**  
**(in Canadian dollars)**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Operating Activities</b>		
Net loss	(1,431,441)	(344,239)
Adjustments to net loss for non-cash items		
Impairment of exploration and evaluation assets	-	131,287
Loss on advance receivable and exploration deposit	-	10,000
Share-based payments	661,385	59,660
Gain on disposal of exploration and evaluation assets	(25,000)	-
Change in fair value of financial assets	(145,000)	-
Net changes in non-cash working capital items		
Taxes receivable	12,203	(24,772)
Prepaid expenses and other	7,607	(11,229)
Accounts payable and accrued liabilities	51,289	53,544
<b>Net operating cash flows</b>	<b>(868,957)</b>	<b>(125,749)</b>
<b>Investing Activities</b>		
Exploration and evaluation assets	-	(7,537)
Intellectual property acquisition	(146,377)	(116,112)
Advance to related party	(1,070)	11,717
Deposits	(1,353)	(950)
<b>Net investing cash flows</b>	<b>(148,800)</b>	<b>(112,882)</b>
<b>Financing Activities</b>		
Proceeds from private placements	-	1,261,050
Proceeds from exercise of warrants	1,199,150	16,000
Proceeds from exercise of options	20,000	-
Share issuance costs	-	(87,621)
<b>Net financing cash flows</b>	<b>1,219,150</b>	<b>1,189,429</b>
Increase in cash and cash equivalents	201,393	950,798
Cash and cash equivalents, beginning of year	987,978	37,180
<b>Cash and cash equivalents, end of year</b>	<b>1,189,371</b>	<b>987,978</b>
<b>Supplemental Cash Flow Information</b>		
Marketable securities received in consideration of the disposal of exploration and evaluation assets	25,000	-
Fair value of options granted to brokers included in share issuance costs	-	15,559
Issuance of shares to acquire intellectual property	-	330,000

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**1. 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 (note 4).

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.

**2. Basis of preparation**

*Statement of compliance*

These financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”).

*Use of judgments and estimates*

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

While management believes that these estimates and judgments are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

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**2. Basis of preparation (Continued)**

The key areas of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenses, meet its liabilities for the ensuing year, and to fund planned and contractual research and development programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

- Asset acquisitions

Management has had to apply judgments relating to its acquisition of the intellectual property in prior year with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of the acquisition in order to reach a conclusion.

- Treatment of project development costs

Costs to develop products that will be sold are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the project is technically and economically feasible, which management assesses based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. The Company has capitalized \$146,377 project development costs as at December 31, 2017 (note 8).

- Recovery of deferred tax assets

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make estimates in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the financial statements.

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**2. Basis of preparation (Continued)**

- Classification of financial instruments

All financial assets are classified in one of the following categories: fair value through profit or loss or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition. Financial assets at fair value through profit or loss are financial assets classified as held for trading or upon initial recognition are designated by the Company as fair value through profit or loss. Financial assets are classified as held for trading if acquired with the intent to sell in the short-term.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The key estimates applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Intellectual property - useful life

Following initial recognition, the Company carries the value of the intellectual property at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on the straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense. As at December 31, 2017, the Company has not amortized the intellectual property as amortization begins when the intellectual property is available for use.

- Intangible assets- Impairment test

The Company determines whether intangible assets not yet in use are impaired at least on an annual basis. Impairment testing of these assets requires an estimation of their recoverable amount. The assumptions used in this estimation are contained in Note 8.

- Share-based payments

The fair value of share options and warrants granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option and warrant, expected volatility, expected life of the options and warrants, expected dividends and the risk-free rate. The Company estimates volatility based on historical share price of comparable companies excluding specific time frames in which volatility was affected by specific transactions that are not considered to be indicative of the entities' expected share price volatility. The expected life of the options and warrants is based on historical experience and general holder behavior. Dividends were not taken into consideration as the Company does not expect to pay dividends. Management also makes an estimate of the number of options that will forfeit and the rate is adjusted to reflect the actual number of options that actually vest.

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**2. Basis of preparation** (Continued)

**Approval of financial statements**

The financial statements of the Company for the year ended December 31, 2017 were approved and authorized for issue by the Board of Directors on April 26, 2018.

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

These financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**3. Summary of significant accounting policies**

The Company's principal accounting policies are outlined below and have been applied consistently to all periods presented.

(a) Foreign currency

Transactions denominated in foreign currencies are translated into the functional currency of the Company at exchange rates prevailing at the transaction dates (spot exchange rates). Monetary assets and liabilities are retranslated at the exchange rates as at December 31. Exchange gains and losses on translation or settlement are recognized in profit or loss for the current period.

Non-monetary items that are measured at historical cost are translated using the exchange rates at the date of the transaction and non-monetary items that are measured at fair value are translated using the exchange rates at the date when the items' fair value was determined. Translation gains and losses are included in profit or loss.

(b) *Share-based payments*

The Company grants stock options to employees and non-employees to exercise common shares of the Company. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options granted to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period. The fair value of both employee and non-employee options is recognized as an expense with a corresponding increase in options reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. When options are exercised, the related amount in options reserve is transferred to capital stock. When options expire unexercised, such amounts are transferred to deficit.

The fair value of options granted to non-employees is recognized and measured at the date the goods and services are received based on the fair value of such goods and services. If it is determined such goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments using the Black-Scholes option pricing model.

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**3. Summary of significant accounting policies (Continued)**

(c) *Intellectual property*

Intellectual property acquired separately is measured on initial recognition at fair value. Following initial recognition, intellectual property with finite useful lives is carried at cost less any accumulated amortization and accumulated impairment losses, if any. The Company amortizes its intellectual property over the remaining life of the patent using the straight-line basis. At each reporting date, the Company assesses whether there is objective evidence that the intellectual property is impaired. If such evidence exists, the Company recognizes an impairment loss. The loss is the difference between the carrying value and recoverable value, which is the higher of fair value less costs of disposal and value in use. The carrying amount of the intellectual property is reduced by this amount. Impairment losses are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event or condition occurring after the impairment was recognized. However, the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized. As at December 31, 2017, the Company has not amortized the intellectual property as amortization begins when the intellectual property is available for use.

(d) *Research and development expenditures*

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Expenditures capitalized may include the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in profit or loss as incurred.

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss when incurred.

(e) *Equity*

i) *Share capital*

Share capital represents the amount received on the issue of shares less issuance costs. Shares issued for non-cash consideration are based on the quoted price of the shares at the date of the issue.

ii) *Unit placements*

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

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**3. Summary of significant accounting policies (Continued)**

*(f) Income taxes*

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statements of comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

*(g) Earnings (loss) per share*

Basic earnings (loss) per share is computed by dividing the net income (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share using the treasury stock method whereby the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. The diluted loss per share is equal to the basic loss per share where the effect of stock options and warrants is antidilutive as it would decrease loss per share.

*(h) Cash and cash equivalents*

Cash and cash equivalents consists of cash held with Canadian financial institutions and cash held in trust, when it is not restricted for use.

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**3. Summary of significant accounting policies (Continued)**

*(i) Exploration and evaluation assets*

Assets owned, mineral properties being depleted and mineral properties not being depleted are recorded at cost less accumulated depletion and accumulated impairment losses. All direct costs related to the acquisition, exploration and development of mineral properties are capitalized until the properties to which they relate are ready for their intended use, sold, abandoned or management has determined there to be impairment.

*(j) Impairment*

The Company's assets are reviewed for indicators of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Intangible assets not yet available for use are tested for impairment at least annually or whenever impairment indicators exist.

An impairment loss is recognized when the carrying amount of an asset, or its CGU, exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

*(k) Financial assets*

Financial assets are classified into one of four categories:

- fair value through profit or loss ("FVTPL");
- held-to-maturity ("HTM");
- available-for-sale ("AFS"); and
- loans and receivables.

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**3. Summary of significant accounting policies (Continued)**

*(k) Financial assets (Continued)*

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

*i) FVTPL financial assets*

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The Company has classified investments as FVTPL financial assets.

*ii) HTM assets*

HTM assets are recognized on a trade-date basis and are initially measured at fair value, including transaction costs, and thereafter at amortized cost using the effective interest rate method. The Company does not have any assets classified as HTM assets.

*iii) AFS financial assets*

Short-term assets not otherwise classified, are classified as AFS and are stated at fair value. Gains or losses arising from changes in fair value are recognized directly in equity in accumulated other comprehensive income. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss rather than equity. When an asset is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in accumulated other comprehensive income is included in profit or loss for the period. The Company does not have any assets classified as AFS financial assets.

*iv) Loans and receivables*

Assets that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses.

The Company has classified cash and cash equivalents, the advance to a related party and deposits as loans and receivables.

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**3. Summary of significant accounting policies (Continued)**

(k) *Financial assets (Continued)*

v) *Impairment of financial assets (Continued)*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each year-end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment are less than its carrying value.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

vi) *Derecognition of financial assets*

A financial asset is derecognized when:

- the contractual right to the asset's cash flows expire; or
- if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

vii) *Fair value hierarchy*

IFRS 7 *Financial Instruments: Disclosures* requires classification of fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for assets or liabilities that are not based on observable market data.

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**3. Summary of significant accounting policies (Continued)**

*(l) Financial liabilities and equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

*i) Other financial liabilities*

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company has classified accounts payable and accrued liabilities as other financial liabilities.

*ii) Derecognition of financial liabilities*

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

*(m) Provisions*

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably

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**3. Summary of significant accounting policies (Continued)**

- (n) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early-adopted by the Company*

At the date of authorization of these financial statements, new standards, amendments and interpretations to existing standards have been published by the IASB, but are not yet effective and have not been early-adopted by the Company.

Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below.

- *IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement*  
IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has undertaken an accounting impact analysis of the new standard based on the nature of the financial instruments it holds and the way they are used. The Company does not expect any significant impact other than disclosures in the financial statements.
- *IFRS 16 Leases*  
In January 2016, the IASB published IFRS 16 which replaces IAS 17 Leases. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statements of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Company has yet to assess the impact of this new standard on its financial statements.

**4. Asset acquisition**

On August 3, 2016, the Company entered into an Intellectual Property Assignment Agreement with Societe de Commercialisation des Produits de la recherche appliquee SOCPRA Sciences et Genie SEC ("SOCPRA") and its inventors by issuing a total of 6,000,000 common shares of the Company at a fair value of \$0.05 per share, representing a total fair value of \$300,000. The Company also reimbursed \$13,838 to SOCPRA for the professional fees associated with the protection of the patent ("Acquisition").

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**4. Asset acquisition (Continued)**

As of December 31, 2017, the patent has not been issued. Until the expiry of the last patent rights, the Company will pay to SOCPRA a royalty of 5% calculated on the net sales price of products sold by the Company. The royalty shall be calculated on a 12-month basis starting on the effective date and shall be paid by the Company to SOCPRA within 90 days following the expiry of each reference year. The Company may decide, during the three years following the closing date, to pay SOCPRA an amount of \$1,500,000 or, at SOCPRA's option, to issue to SOCPRA 10,000,000 common shares of the Company. In such case, any further royalties will cease to be due and SOCPRA shall not be entitled to any further payment from the Company in consideration for the intellectual property. If the Company does not find or develop a commercial application within three years, 50% of the intellectual property shall be transferred back to SOCPRA.

The Acquisition was not considered to be a business combination and was accounted for as an asset acquisition. Total purchase price of \$300,000, finder's fees of \$30,000 (note 8) and transaction costs of \$116,112, which includes the reimbursement of \$13,838 above, totalling \$446,112, were capitalized to intellectual property.

**5. Cash and cash equivalents**

	<b>2017</b>	<b>2016</b>
Cash	\$ 285,152	\$ 36,495
Cash equivalents	904,219	-
Cash held in trust	-	951,483
	<b>\$ 1,189,371</b>	<b>\$ 987,978</b>

**6. Exploration and evaluation assets**

(a) *Saguenay Property*

On April 28, 2016, the Company entered into an option and joint venture agreement to acquire up to a 75% interest in the Saguenay property through two options. To acquire a 50% interest, the Company was required to issue 1,500,000 common shares. To acquire a 25% interest, the Company was required to incur an aggregate of \$200,000 in work cost on the property on or before the second anniversary of the execution date.

The Company changed its focus from mining to technology development and has ceased development of its mining properties. Accordingly, during the year ended December 31, 2016, the Company impaired the mining rights in the amount of \$2,537. On November 13, 2017, the Company sold the property in consideration for \$2,500 in cash and 500,000 common shares of St-Georges Eco-Mining Corp. valued at \$25,000. The Company retains a 1.5% royalty on net smelter returns on the productions of the claims ("NSR").

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**6. Exploration and evaluation assets (Continued)**

*(b) Portage-du-Fort Project (Québec)*

Pursuant to the terms of the Property Purchase Agreement dated February 2, 2015, the Company acquired a 100% right, title and interest in the Portage-du-Fort dolomite marble property mineral claims, located in the province of Quebec.

The Company issued an aggregate 1,250,000 common shares at a fair value of \$112,500 to the vendors and a 3% net smelter return ("NSR") shall be payable to certain vendors on all minerals produced from the property in accordance with the terms of the agreement. The Company shall have the right at any time to buy back 1.5% of the NSR for an aggregate payment of \$1,500,000. The Company also issued 125,000 common shares at a fair value of \$11,250 as a finder's fee in connection with the agreement.

The Company changed its focus from mining to technology development and has ceased development of its mining rights. Accordingly, during the year ended December 31, 2016, the Company impaired the mining rights in the amount of \$128,750.

*(c) Environmental*

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its property. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to its mineral property interest that may result in a material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral property interest, the potential for production on the property may be diminished or negated.

*(d) Mining assets*

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

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**7. Investments**

	December 31 2017	December 31, 2016
	\$	\$
500,000 common shares of St-Georges Eco-Mining Corp.	<u>170,000</u>	<u>-</u>

The fair value of investments is based on quoted price on an active market with any gain or losses adjusted through the income statement in accordance with IAS 39.

**8. Intellectual property**

	Balance as at December 31 2016	Additions	Balance as at December 31 2017
	\$	\$	\$
<b>Cost</b>			
Acquisition of SOCPRA license (Note 4)	446,112	-	446,112
Development costs	<u>-</u>	<u>146,377</u>	<u>146,377</u>
	446,112	146,377	592,489
<b>Accumulated amortization</b>			
Amortization	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-
<b>Carrying amount</b>	<u><u>446,112</u></u>	<u><u>146,377</u></u>	<u><u>592,489</u></u>

No amortization was taken on the intangibles as the assets are not available to use. The carrying amount of the intellectual property is \$592,489. An annual impairment test was triggered in the year due to the fact the asset is not yet in use. The recoverable amount of the asset was estimated based on its fair value less costs to sell. Fair value less costs to sale have been determined based on a recent comparable transaction.

The recoverable amount was estimated to be higher than the carrying amount of the asset and no impairment was required.

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**9. Income taxes**

Income tax recovery differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26.8% (2016 - 26.9%) to income before income taxes. The reasons for the differences are as follows:

	<b>2017</b>	<b>2016</b>
Loss before income taxes	\$ (1,431,441)	\$ (344,239)
Statutory income tax rate	26.8%	26.9%
Expected income tax benefit	(383,626)	(92,600)
Items not deductible for income tax purposes	180,397	17,275
Unrecognized benefit of deferred tax assets	203,229	75,325
Income tax recovery	\$ -	\$ -

Significant components of the deferred income tax assets and (liabilities) of the Company are as follows (2016 – Nil):

	<b>2017</b>		
	Open Balance	Recognized in net income	Closing Balance
Deferred tax assets (liabilities)			
Investments	\$ -	\$ (19,213)	\$ (19,213)
Non-Capital losses	-	19,213	19,213
	\$ -	\$ -	-

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**9. Income taxes (Continued)**

The Company's deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2017		2016	
	Federal	Quebec	Federal	Quebec
Share issuance costs	\$ 50,976	\$ 50,976	\$ 100,948	\$ 100,948
Exploration and evaluation assets	1,082,719	1,082,719	1,117,755	1,117,755
Non-capital losses carried	2,510,352	2,496,443	1,720,615	1,706,706
Unrecognized deductible temporary differences	\$ 3,644,047	\$ 3,630,138	\$ 2,939,318	2,925,409

The Company's unrecognized non-capital tax losses have the following expiry dates:

	Federal	Quebec
2029	\$ 281,995	\$ 281,995
2030	104,746	104,746
2031	478,770	473,134
2032	239,462	235,187
2033	116,890	115,975
2034	81,539	80,478
2035	83,953	81,931
2036	172,967	172,967
2037	950,030	950,030
	2,510,352	\$ 2,496,443

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**10. Share capital**

*(a) Authorized*

The Company is authorized to issue an unlimited number of:

- voting Class A preferred shares
- voting Class B preferred shares
- voting Class C preferred shares
- voting Class D preferred shares
- special shares (non-voting)
- common shares (voting)

without nominal or par value.

Class A preferred shares are ranked senior to Class B preferred shares, Class B preferred shares are ranked senior to Class C preferred shares, Class C preferred shares are ranked senior to Class D preferred shares, Class D preferred shares are ranked senior to special shares, and special shares are ranked senior to common shares in priority of receiving dividends declared by the Company.

Holders of special shares and common shares shall be entitled to receive pro-rata for the remaining property of the Company after distribution to the holders of Class A, Class B, Class C and Class D preferred shares, on a pro-rata basis.

Dividends for Class A, Class B, Class C and Class D preferred shares are preferential and non-cumulative and are declared in accordance with their respective priority. Dividend rate per share for Class B, Class C and Class D preferred shares is 7% per annum. Dividends are declared at the discretion of the Company's Board of Directors.

No Class A, Class B, Class C or Class D preferred shares and special shares were issued by the Company as at December 31, 2017 (2016 - nil).

As at December 31, 2017, no dividends were declared or unpaid.

*(b) Issued and outstanding*

During the year ended December 31, 2017, the following share transactions occurred:

- i) During the year, the Company issued 11,991,500 common shares for a total amount of \$1,199,150 following the exercise of warrants. The fair value of the exercised warrants amounted to \$557.
- ii) On April 25, 2017, the Company issued 200,000 common shares for a total of \$20,000 following the exercise of options. The fair value of the exercised options amounted to \$9,546.

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**10. Share capital (Continued)**

During the year ended December 31, 2016, the following share transactions occurred:

- i)* On August 3, 2016, the Company completed a private placement financing for a total of \$112,750. The Company issued 2,255,000 units at a price of \$0.05 per unit. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to subscribe to one additional common share at a price of \$0.10, expiring February 3, 2018. The full amount of the Proceeds have been allocated to the Common Shares with the residual of nil allocated to the warrants.
  
- ii)* On November 23, 2016, the Company completed a private placement financing for a total of \$1,148,300. The Company issued 22,966,000 units at a price of \$0.05 per unit. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to subscribe to one additional common share at a price of \$0.10, expiring November 23, 2017. The full amount of the Proceeds have been allocated to the Common Shares with the residual of nil allocated to the warrants.  
  
Finder's fees of \$64,275 and 879,500 finder's warrants were issued. Each warrant entitles the holder to purchase one common share at a price of \$0.10 for a period of 12 months, expiring November 23, 2017. The finder's warrants were valued at \$15,559 using the Black-Scholes valuation model with an expected life of 1 year, volatility of 140.81%, risk-free interest rate of 0.66%, dividend yield of 0% and forfeiture rate of 0%. A total of \$23,346 of legal and regulatory fees is included in share issue cost.
  
- iii)* On November 23, 2016, the Company issued 6,000,000 common shares at a fair value of \$0.05 per share for the acquisition of the intellectual property (note 4). The Company also issued 600,000 finder's shares totalling \$30,000.
  
- iv)* On December 9, 2016, the Company issued 160,000 common shares at a price of \$0.10 per share for the exercise of warrants.

- (c)* As at December 31, 2017, the Company holds 4,140,064 common shares that are subject to escrow conditions.

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**10. Share capital (Continued)**

(d) *Stock options*

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX Venture Exchange (the "Exchange"), which provides for the Board of Directors of the Company to grant to directors, officers, employees and consultants of the Company non-transferrable stock options to purchase common shares provided the number of shares reserved for issuance under the stock option plan shall not exceed 10% of the issued and outstanding common shares, exercisable for a period of up to five years from the date of grant. The Board of Directors determines the price per common share and the number of common shares that may be allotted to directors, officers, employees and consultants of the Company and all other terms and conditions of the stock option, subject to the rules of the Exchange.

The Company has adopted a share-based payment plan under which members of the Board of Directors may award options for common shares to directors, officers, employees and consultants or individuals providing services to the Company. The maximum number of shares issuable under the plan represents 10 % of the issued and outstanding capital stock of the Company. The option exercise price is set by the Board of Directors at the time the option is allocated and cannot be less than the discounted market price. The options are exercisable over a maximum period of ten years. In the absence of a vesting schedule, the options shall vest immediately. The vesting schedule for options granted to two directors is as follows: 25 % after 6 months, 12 months, 18 months and 36 months respectively of the date of grant, valid for a maximum period of 10 years. Amongst the outstanding options, none are subject to an escrow agreement.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

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

	2017		2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance outstanding, beginning of year	1,430,000	0.10	320,000	0.31
Granted	4,650,000	0.20	1,250,000	0.10
Exercised	(200,000)	0.10	-	-
Expired	(1,000,000)	0.15	(90,000)	0.80
Cancelled	-	-	(50,000)	0.125
Balance outstanding, end of year	4,880,000	0.19	1,430,000	0.10
Balance exercisable, end of year	3,380,000	0.14	1,430,000	0.10

The weighted average remaining contractual life for options outstanding at December 31, 2017 is 6.29 (2016 - 4.62) years.

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**10. Share capital (Continued)**

*(d) Stock options (Continued)*

The total compensation related to the 2017 grant totaled \$893,245 (2016 - \$59,660) of which the Company recognized an amount of \$661,385 for the year ended December 31, 2017 (2016 - \$59,660).

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:

	<u>2017</u>	<u>2016</u>
Average share price at date of grant	\$0.14	\$0.05
Dividends yield	N/A	N/A
Expected volatility	125%	191%
Risk-free interest rate	1.47%	0.87%
Expected average life	8.23	5 years
Average exercise price at date of grant	\$0.20	\$0.10

The underlying expected volatility was determined by reference to historical data of comparable companies who operate in the same industry. No special features inherent to the options granted were incorporated into measurement of fair value.

Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 0% (2016 - 0%) in determining the expense recorded in the accompanying statements of loss.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Outstanding and exercisable options are as follows:

<u>Expiry date</u>	<u>Exercise price</u>	<u>2017</u>		<u>2016</u>	
		<u>Number</u>	<u>Exercisable</u>	<u>Number</u>	<u>Exercisable</u>
	\$				
September 30, 2019	0.125	180,000	180,000	180,000	180,000
November 22, 2021	0.10	1,050,000	1,050,000	1,250,000	1,250,000
December 18, 2022	0.12	1,650,000	1,650,000	-	-
January 26, 2027	0.30	2,000,000	500,000	-	-
		<u>4,880,000</u>	<u>4,380,000</u>	<u>1,430,000</u>	<u>1,430,000</u>

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**10. Share capital (Continued)**

*(e) Share purchase warrants*

The changes in warrants during the years ended December 31, 2017 and 2016 are as follows:

	2017		2016	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance outstanding, beginning of year	30,940,500	0.10	5,000,000	0.10
Granted	-	-	26,100,500	0.10
Expired	(848,000)	0.10	-	-
Exercised	(11,991,500)	0.10	(160,000)	0.10
Balance outstanding, end of year	18,101,000	0.10	30,940,500	0.10

Outstanding warrants are as follows:

Expiry date	Exercise price	2017	2016
		Number	Number
	\$		
February 23, 2017	0.10	-	4,840,000
February 3, 2018	0.10	755,000	2,255,000
March 31, 2018	0.10	17,346,000	23,845,500
		<u>18,101,000</u>	<u>30,940,500</u>

The weighted average remaining contractual life of warrants outstanding is 0.24 (2016 - 0.79) years.

**11. Related party transactions**

The Company's related parties include 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.

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**12. Transactions with key management**

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

	2017	2016
	\$	\$
Management fees	-	18,000
Consulting fees	31,550	-
Legal fees	41,343	-
Salaries	358,769	11,538
Share-based payments	661,385	59,660
	<u>1,093,047</u>	<u>89,198</u>

An amount of \$1,070 (2016 - \$nil) is due from a former director for expense advances and is included in advance to related party.

An amount of \$34,887 (2016 - \$6,780; \$nil) is due to directors for unpaid consulting fees and legal fees and is included in accounts payable and accrued liabilities.

An amount of \$12,000 (2016 - \$6,973) is due to directors for unpaid salaries and is included in accounts payable and accrued liabilities.

An amount of \$6,511 (2016 - \$3,293) is due to directors for reimbursement of expenses incurred during the year ended December 31, 2017 and is included in accounts payable and accrued liabilities.

**13. Segmented reporting**

The Company operates in one segment, technology development. During the year ended December 31, 2016, the Company operated in the mineral exploration industry. As at December 31, 2017 and 2016, all of the Company's long-term assets are situated in Canada.

**14. Financial instruments and risk management**

*(a) Management of capital*

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued share capital, reserves and deficit. The Company's objectives when managing capital are to: (i) preserve capital; (ii) obtain the best available net return; and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. There were no changes to the Company's approach to capital management during the year ended December 31, 2017.

The Company is not subject to externally imposed capital requirements.

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**14. Financial instruments and risk management (Continued)**

*(b) Fair value of financial instruments*

**Categories of financial assets and liabilities**

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows:

	December 31, 2017		December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets				
Fair value through profit and loss				
Investments	170,000	170,000	-	-
Loans and receivables				
Cash and cash equivalents	1,189,371	1,189,371	987,978	987,978
Advance to a related party	1,070	1,070	-	-
Deposits	2,303	2,303	950	950
	<u>1,362,744</u>	<u>1,362,744</u>	<u>988,928</u>	<u>988,928</u>
Financial liabilities				
Financial liabilities measured at amortized cost				
Accounts payable and accrued liabilities	157,487	157,487	106,198	106,198

The carrying value of cash and cash equivalents, advance to related party, deposits, accounts payable and accrued liabilities is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

Financial assets and liabilities measured at amortized cost for which a fair value is provided in the statement of financial position are presented in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities as defined in Note 3.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There have been no significant transfers between Level 1 and 2 in the reporting periods.

The techniques and evaluation methods used to measure fair value were not changed compared to previous years.

The fair value of investments is based on quoted price on an active market (level 1).

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**14. Financial instruments and risk management (Continued)**

(c) *Credit risk*

Credit risk is the risk of a loss if a counter party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and cash equivalents. The Company limits its exposure to credit risk by holding its cash and cash equivalents with high credit quality Canadian financial institutions and in trust with a lawyer (note 5).

(d) *Liquidity risk*

The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at December 31, 2017, the Company had a cash balance of \$1,189,371 (2016 - \$987,978) to settle current liabilities of \$157,487 (2016 - \$106,198). Accounts payable and accrued liabilities are due within less than 90 days. The Company is not exposed to significant liquidity risk.

(e) *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is exposed to other price risk.

i) *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to fluctuations in market prices by the quoted shares it holds.

If the quoted price of the investments had changed by +/-1% as at December 31, 2017, net loss would have changed by \$1,700.

**15. Subsequent event**

Subsequent to December 31, 2017, the Company issued 4,967,000 common shares for a total amount of \$496,700 following the exercise of warrants.