

QUANTUM NUMBERS CORP.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2019

Condensed Interim Statements of Financial Position	2
Condensed Interim Statements of Net loss and Comprehensive loss	3
Condensed Interim Statements of Changes in Equity	4
Condensed Interim Statements of Cash Flows	5
Notes to Condensed Interim Financial Statements	6 - 10

These condensed interim financial statements for the three-month period ended March 31, 2019 have not been reviewed by the Company's external auditors.

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

	Notes	March 31, 2019 \$	December 31, 2018 \$
ASSETS			
Current			
Cash and cash equivalents		746,917	909,500
Taxes receivable		11,561	51,871
Prepaid expenses		4,352	16,218
		<u>762,830</u>	<u>977,589</u>
Non-current			
Deposits		950	950
Intellectual Property	4	620,489	620,489
		<u>621,439</u>	<u>621,439</u>
Total assets		<u>1,384,269</u>	<u>1,599,028</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities		27,973	62,750
Total liabilities		<u>27,973</u>	<u>62,750</u>
SHAREHOLDERS' EQUITY			
Share Capital		6,334,571	6,334,571
Reserves	6	806,154	801,080
Deficit		(5,784,429)	(5,599,373)
Total shareholders' equity		<u>1,356,296</u>	<u>1,536,278</u>
Total liabilities and shareholders' equity		<u>1,384,269</u>	<u>1,599,028</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	
		March 31	
		2019	2018
		\$	\$
EXPENSES			
Salaries		84,886	85,695
Travel expenses		42,142	28,564
Development costs		22,266	18,442
Professional fees		7,986	27,048
Filing and listing fees		6,194	5,906
Promotion expenses		6,000	-
Share-based payments	6	5,074	52,788
Rent		3,600	2,850
Insurance		3,395	3,396
Office expenses		2,003	1,398
Consulting fees		1,800	2,593
Telecommunication		1,434	833
Bank charges		185	218
		<u>(186,965)</u>	<u>(229,731)</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		-	42,500
		<u>-</u>	<u>(45,620)</u>
Other income			
Interest		1,908	1,881
Gain on disposal of mineral rights	5	1	-
		<u>1,909</u>	<u>1,881</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		<u><u>(185,056)</u></u>	<u><u>(273,470)</u></u>
LOSS PER SHARE			
Basic and diluted loss per share		<u>(0.003)</u>	<u>(0.005)</u>
Weighted average number of common shares outstanding		<u>60,527,838</u>	<u>59,817,616</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, 2019

	Notes	Issued capital		Options Reserve	Deficit	Total equity
		Shares	Amount			
			\$	\$	\$	\$
Balance as at January 1, 2019		60,527,838	6,334,571	801,080	(5,599,373)	1,536,278
Share-based payments	6	-	-	5,074	-	5,074
Net loss and comprehensive loss for the period		-	-	-	(185,056)	(185,056)
Balance as at March 31, 2019		<u>60,527,838</u>	<u>6,334,571</u>	<u>806,154</u>	<u>(5,784,429)</u>	<u>1,356,296</u>

	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	7	4,967,000	496,700	-	-	496,700
Expiry of options	6	-	-	(9,546)	9,546	-
Share-based payments	6	-	-	52,788	-	52,788
Net loss and comprehensive loss for the period		-	-	-	(273,470)	(273,470)
Balance as at March 31, 2018		<u>60,527,838</u>	<u>6,334,571</u>	<u>726,011</u>	<u>(4,968,960)</u>	<u>2,091,622</u>

The accompanying notes are an integral part of these condensed interim financial statements.

QUANTUM NUMBERS CORP.**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited, in Canadian dollars)**

	Three-months ended March 31	
	2019	2018
	\$	\$
Operating Activities		
Net loss	(185,056)	(273,470)
Adjustments to net loss for non-cash items		
Share-based payments	5,074	52,788
Change in fair value of financial assets	-	42,500
Net changes in non-cash working capital items		
Accounts receivable	-	(234)
Taxes receivable	40,310	8,439
Prepaid expenses	11,866	(3,920)
Accounts payable and accrued liabilities	(34,777)	(58,519)
Net operating cash flows	<u>(162,583)</u>	<u>(232,416)</u>
Investing Activity		
Intellectual property acquisition	-	(15,000)
Deposits	-	1,156
Net investing cash flows	<u>-</u>	<u>(13,844)</u>
Financing Activity		
Exercise of warrants	-	496,700
Net financing cash flows	<u>-</u>	<u>496,700</u>
Net change	(162,583)	250,440
Cash, beginning of period	909,500	1,189,371
Cash, end of period	<u>746,917</u>	<u>1,439,811</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, 2019

1. INCORPORATION, NATURE OF OPERATIONS AND GOING CONCERN

Quantum Numbers Corp. (the “Company” or “Quantum”) was incorporated under the *Business Corporations Act* of Ontario on July 19, 2007.

The head office, principal address and records office of the Company are located at 3755 E Blvd Matte, suite 201, Brossard, Québec, J4Y 2P4. The Company is 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, 2018, 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, 2018 and for the period then ended.

The condensed interim financial statements for the reporting period ended March 31, 2019 (including comparatives) were approved and authorized for issue by the Board of Directors on May 16, 2019.

QUANTUM NUMBERS CORP.

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

For the three-month period ended March 31, 2019

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICES

These interim condensed financial statements were prepared in accordance with standard IAS 34 - Interim Financial Reporting and do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). They, however, include specific complimentary notes in order to provide information necessary to assess the financial situation of the Company at period end since its last annual financial statements dated December 31, 2018.

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

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. The Company adopted IFRS 16 on January 1, 2019. There was no material impact from its adoption.

4. INTELLECTUAL PROPERTY

The carrying amount can be analyzed as follows:

	Balance as at December 31 2018	Additions	Balance as at March 31 2019
	\$	\$	\$
Cost			
Acquisition of SOCPRA license	446,112	-	446,112
Development costs	174,377	-	174,377
	<u>620,489</u>	-	<u>620,489</u>
Accumulated amortization			
Amortization	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>620,489</u>	<u>-</u>	<u>620,489</u>

QUANTUM NUMBERS CORP.

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

For the three-month period ended March 31, 2019

5. MINERAL RIGHTS

On February 20, 2019, the Company sold its right, title and interest in the Portage-du-Fort Property for cash consideration of \$1. The Company will hold a 1.5% net smelter return ("NSR") and a 10% commission will be payable by the purchaser if the property is sold.

6. STOCK OPTIONS

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

	March 31, 2019		December 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance outstanding, beginning of period	4,480,000	0.20	4,880,000	0.19
Expired	-	-	(400,000)	0.10
Balance outstanding, end of period	<u>4,480,000</u>	0.20	<u>4,480,000</u>	0.20
Balance exercisable, end of period	<u>4,480,000</u>	0.20	<u>3,980,000</u>	0.18

The weighted average remaining contractual life for options outstanding at March 31, 2019 is 5.28 (2018 - 5.53) years.

The Company recognized an amount of \$5,074 (2018 - \$52,788) for the period ended March 31, 2019.

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:

	2019	2018
Average share price at date of grant	\$0.31	\$0.31
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	\$0.30

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

For the three-month period ended March 31, 2019

6. 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	0.13	130,000	130,000	.5
November 22, 2021	0.10	700,000	700,000	2.65
December 8, 2022	0.12	1,650,000	1,650,000	3.69
January 26, 2027	0.30	2,000,000	2,000,000	7.82
		<u>4,480,000</u>	<u>4,480,000</u>	

7. SHARE PURCHASE WARRANTS

The changes in warrants during the period ended March 31, 2019 are as follows:

	March 31, 2019		December 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance outstanding, beginning of period	-	-	18,101,000	0.10
Expired	-	-	(13,134,000)	0.10
Exercised	-	-	(4,967,000)	0.10
Balance outstanding, end of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

8. 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, 2019

8. RELATED PARTY TRANSACTIONS (Continued)

8.1 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:

	2019	2018
	\$	\$
Consulting fees	1,800	1,600
Salaries	78,000	78,000
Professional fees	-	2,745
Share-based payments	5,074	52,788
	<u>84,874</u>	<u>135,133</u>

An amount of \$1,800 (2018 - \$nil) is due to senior management for unpaid consulting fees and is included in accounts payable and accrued liabilities.

An amount of \$6,000 (2018 - \$6,000) is due to directors for unpaid salaries and is included in accounts payable and accrued liabilities.

9. POST-REPORTING DATE EVENT

There is no post-reporting date event.