

QUANTUM NUMBERS CORP.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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These condensed interim financial statements for the three-month period ended March 31, 2020 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, 2020 \$	December 31, 2019 \$
ASSETS			
Current			
Cash and cash equivalents		152,627	287,631
Taxes receivable		9,450	6,704
Prepaid expenses		4,728	3,651
		166,805	297,986
Non-current			
Deposits		950	950
Intellectual Property	4	635,339	640,885
		636,289	641,835
Total assets		803,094	939,821
LIABILITIES			
Current			
Accounts payable and accrued liabilities		67,908	46,787
Total liabilities		67,908	46,787
SHAREHOLDERS' EQUITY			
Share Capital		6,334,571	6,334,571
Reserves	6	782,829	782,829
Deficit		(6,382,214)	(6,224,366)
Total shareholders' equity		735,186	893,034
Total liabilities and shareholders' equity		803,094	939,821

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 C. Miron
 CFO

QUANTUM NUMBERS CORP.
CONDENSED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS (Unaudited,
in Canadian dollars)

	Notes	Three-months ended	
		March 31	
		2020	2019
		\$	\$
EXPENSES			
Salaries		84,998	84,886
Development costs		30,221	22,266
Professional fees		9,819	7,986
Filing and listing fees		9,168	6,194
Travel expenses		8,085	42,142
Amortization		5,546	-
Rent		3,600	3,600
Insurance		3,423	3,395
Consulting fees		1,400	1,800
Office expenses		898	2,003
Telecommunication		585	1,434
Bank charges		322	185
Promotion expenses		-	6,000
Share-based payments	6	-	5,074
		<u>(158,064)</u>	<u>(186,965)</u>
Other Expenses			
Impairment of exploration and evaluation assets		-	-
Change in fair value of financial assets and liabilities at fair value through profit or loss		-	-
		<u>-</u>	<u>-</u>
Other income			
Interest		217	1,908
Gain on disposal of mineral properties	5	-	1
		<u>217</u>	<u>1,909</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		<u><u>(157,848)</u></u>	<u><u>(185,056)</u></u>
LOSS PER SHARE			
Basic and diluted loss per share		<u>(0.003)</u>	<u>(0.003)</u>
Weighted average number of common shares outstanding		<u>60,527,838</u>	<u>60,527,838</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, 2020

Notes	Issued capital		Options Reserve	Deficit	Total equity
	Shares	Amount			
		\$	\$	\$	\$
Balance as at January 1, 2020	60,527,838	6,334,571	782,829	(6,224,366)	893,034
Net loss and comprehensive loss for the period	-	-	-	(157,848)	(157,848)
Balance as at March 31, 2020	<u>60,527,838</u>	<u>6,334,571</u>	<u>782,829</u>	<u>(6,382,214)</u>	<u>735,186</u>

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>

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	
	2020	2019
	\$	\$
Operating Activities		
Net loss	(157,848)	(185,056)
Adjustments to net loss for non-cash items		
Share-based payments	-	5,074
Amortization	5,546	-
Net changes in non-cash working capital items		
Taxes receivable	(2,746)	40,310
Prepaid expenses	(1,077)	11,866
Accounts payable and accrued liabilities	21,121	(34,777)
Net operating cash flows	<u>(135,004)</u>	<u>(162,583)</u>
Investing Activity		
Intellectual property acquisition	-	-
Net investing cash flows	<u>-</u>	<u>-</u>
Financing Activity		
Exercise of warrants	-	-
Net financing cash flows	<u>-</u>	<u>-</u>
Net change	(135,004)	(162,583)
Cash, beginning of period	287,631	909,500
Cash, end of period	<u>152,627</u>	<u>746,917</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, 2020

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 assets.

These condensed interim 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. Since its incorporation, the Company has accumulated a deficit of \$6,382,214 (December 31, 2019 - \$6,224,366) and during the period ended March 31, 2020, incurred a net loss and comprehensive loss of \$157,848 (March 31, 2019 - \$185,056). The Company does not currently have available resources and liquidity to fully execute its business plan over the next 12 months and is dependent on the Company's ability to raise additional finances to fund its operations. The above factors indicate a material uncertainty that may cast a significant doubt as to the Company's ability to continue as a going concern.

These condensed interim financial statements have been prepared on a going-concern basis which contemplates that the Company will continue in operation in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. This assumption is based on the current net assets of the Company and management's current operating plans.

These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of expenses and the classification of statement of financial position items if the going concern assumption was deemed inappropriate. Management did not take these adjustments into account as it believes in the validity of the going concern assumption.

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, 2019, which have been prepared in accordance with IFRS as issued by the IASB.

The condensed interim financial statements for the reporting period ended March 31, 2020 (including comparatives) were approved and authorized for issue by the Board of Directors on June 30, 2020.

QUANTUM NUMBERS CORP.

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

For the three-month period ended March 31, 2020

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICES

These condensed interim 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, 2019.

At the date of authorization of these condensed interim financial statements, management believes that there are no new standards, amendments and interpretations to existing standards that have been published by the IASB, but are not yet effective, which could materially impact the Company's financial statements.

4. INTELLECTUAL PROPERTY

The carrying amount can be analyzed as follows:

	Balance as at December 31 2019	Additions	Balance as at March 31 2020
	\$	\$	\$
Cost			
Acquisition of SOCPRA license (Note 4)	446,112	-	446,112
Development costs	199,967	-	199,967
	<u>646,079</u>	<u>-</u>	<u>646,079</u>
Accumulated amortization			
Amortization of license	5,194	5,546	10,740
	<u>640,885</u>	<u>5,546</u>	<u>635,339</u>

In October of 2019, when available for use, the Company has commenced amortizing the license on a twenty-year basis. No amortization was taken on the development costs as these assets are not yet available for use.

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.

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

For the three-month period ended March 31, 2020

6. STOCK OPTIONS

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

	March 31, 2020		December 31, 2019	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance outstanding, beginning of year	4,250,000	0.20	4,480,000	0.20
Granted	-	-	150,000	0.15
Expired	-	-	(380,000)	(0.12)
Balance outstanding, end of year	<u>4,250,000</u>	0.20	<u>4,250,000</u>	0.20
Balance exercisable, end of year	<u>4,250,000</u>	0.20	<u>4,250,000</u>	0.20

The weighted average remaining contractual life for options outstanding at March 31, 2020 is 4.44 (2019 - 5.28) years.

The Company recognized an amount of \$nil (2019 - \$5,074) for the period ended March 31, 2020.

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:

	2020	2019
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, 2020

6. STOCK OPTIONS (Continued)

Outstanding and exercisable options are as follows:

Expiry Date	Exercise Price \$	Number of shares		Remaining life (years)
		Outstanding	Exercisable	
November 22, 2021	0.10	700,000	700,000	1.65
April 1, 2022	0.15	150,000	150,000	2.00
December 8, 2022	0.12	1,400,000	1,400,000	2.69
January 26, 2027	0.30	2,000,000	2,000,000	6.82
		<u>4,250,000</u>	<u>4,250,000</u>	

7. 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.

7.1 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:

	2020 \$	2019 \$
Consulting fees	-	1,800
Salaries	78,000	78,000
Share-based payments	-	5,074
	<u>78,000</u>	<u>84,874</u>

An amount of \$nil (2019 - \$1,800) is due to senior management for unpaid consulting fees and is included in accounts payable and accrued liabilities.

An amount of \$6,000 (2019 - \$6,000) is due to directors for unpaid salaries and is included in accounts payable and accrued liabilities.

QUANTUM NUMBERS CORP.

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

For the three-month period ended March 31, 2020

8. POST-REPORTING DATE EVENT

Since March 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.