



UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2017 AND 2016

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102 “Continuous Disclosure Obligations”, Part 4, Subsection 4.3(3a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor, Crowe MacKay LLP, has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

August 29, 2017

LITE ACCESS TECHNOLOGIES INC.
Consolidated Statements of Financial Position
(Unaudited - in Canadian dollars)

	Notes	June 30, 2017 \$	September 30, 2016 \$
Assets			
Current			
Cash and cash equivalents		17,242,798	2,115,078
Amounts receivable	11	1,321,299	3,413,998
Holdbacks receivable		92,008	40,776
Bid bonds		12,028	-
Income taxes recoverable		260,457	-
Prepaid expenses and deposits		48,122	24,882
Unbilled revenue		954,832	227,880
Inventory	3	456,159	155,409
		<u>20,387,703</u>	<u>5,978,023</u>
Long-Term			
Property, plant and equipment	4	3,809,779	1,763,756
Goodwill	5	2,382,752	2,382,752
Deferred income taxes		292,790	292,658
Total Assets		<u>26,873,024</u>	<u>10,417,189</u>
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	11	1,099,281	1,004,678
Due to related parties	11	8,889	50,248
Income taxes payable		-	432,721
Current portion of long-term debt	6	139,485	105,015
Current portion of obligations under finance lease	7	165,541	20,348
Deferred revenue		-	39,000
		<u>1,413,196</u>	<u>1,652,010</u>
Long-Term Liabilities			
Long-term debt	6	220,500	218,457
Obligations under finance lease	7	310,762	72,093
Deferred income taxes		95,089	54,004
Total Liabilities		<u>2,039,547</u>	<u>1,996,564</u>
Shareholders' Equity			
Share capital	9	27,249,442	9,025,751
Reserves	9	3,402,282	1,018,266
Accumulated other comprehensive loss		(19,485)	-
Deficit		(5,798,762)	(1,623,392)
Total Shareholders' Equity		<u>24,833,477</u>	<u>8,420,625</u>
Total Liabilities and Shareholders' Equity		<u>26,873,024</u>	<u>10,417,189</u>

Approved by the Board of Directors:

"Greg Smith"
Greg Smith, Director

"David Toyoda"
David Toyoda, Director

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

LITE ACCESS TECHNOLOGIES INC.
Consolidated Statements of Operations and Comprehensive Income (Loss)
For the Three and Nine Months Ended June 30

(Unaudited - in Canadian dollars)

	Notes	Three months ended June 30,		Nine months ended June 30,	
		2017	2016	2017	2016
		\$	\$	\$	\$
Revenue		<u>1,912,934</u>	<u>2,437,537</u>	<u>5,518,751</u>	<u>10,146,561</u>
Cost of Sales					
Purchases		715,820	340,639	2,457,820	3,936,496
Direct wages	11	1,582,769	458,730	2,757,662	1,964,728
Vehicle and travel		99,204	129,942	268,224	207,841
Amortization	4	76,632	57,765	199,021	148,171
Freight		3,697	25,756	22,110	85,501
Rentals		33,730	12,093	114,815	45,814
		<u>2,511,852</u>	<u>1,024,925</u>	<u>5,819,652</u>	<u>6,388,551</u>
Gross Profit		<u>(598,918)</u>	<u>1,412,612</u>	<u>(300,901)</u>	<u>3,758,010</u>
Operating Expenses					
Advertising and promotions		20,163	12,022	68,206	32,486
Amortization	4	10,668	2,099	41,738	6,296
Insurance		40,405	23,902	96,931	57,383
Interest on long-term debt		1,520	2,407	3,843	4,818
Interest on obligations under finance lease		1,101	164	3,302	777
Listing and filing fees		14,228	3,003	87,295	16,705
Office and supplies		132,087	32,749	304,262	106,646
Professional fees	11	98,634	38,796	150,496	164,827
Rental		81,170	25,078	176,495	85,896
Repairs and maintenance		25,720	2,848	66,678	12,260
Research and development		312,314	-	312,314	-
Share-based payments	10, 11	185,584	112,293	1,179,274	544,038
Training		13,616	3,747	46,371	10,471
Travel and trade shows		82,560	83,703	235,686	197,867
Wages and consulting	11	438,852	278,528	1,204,841	688,663
		<u>1,458,622</u>	<u>621,339</u>	<u>3,977,732</u>	<u>1,929,134</u>
Income (Loss) from Operations		<u>(2,057,540)</u>	<u>791,273</u>	<u>(4,278,633)</u>	<u>1,828,876</u>
Other Income (Expenses)					
Interest income		10,655	-	12,890	-
Interest expense		(3,470)	(1,868)	(7,250)	(11,789)
Gain (loss) on disposal of property, plant and equipment		(2,720)	-	36,646	5,133
Foreign exchange gain (loss)		58,354	15,811	56,752	6,594
		<u>62,819</u>	<u>13,943</u>	<u>99,038</u>	<u>(62)</u>
Income (Loss) before Income Tax		<u>(1,994,721)</u>	<u>805,216</u>	<u>(4,179,595)</u>	<u>1,828,814</u>
Current income tax recovery (expense)		-	(190,830)	45,178	(565,976)
Future income tax recovery (expense)		(29,360)	-	(40,953)	(1,276)
Net Income (Loss)		<u>(2,024,081)</u>	<u>614,386</u>	<u>(4,175,370)</u>	<u>1,261,562</u>
Loss on translation to presentation currency		(8,459)	-	(19,485)	-
Comprehensive Income (Loss)		<u>(2,032,540)</u>	<u>614,386</u>	<u>(4,194,855)</u>	<u>1,261,562</u>
Basic Income (Loss) per Common Share	15	(0.05)	0.02	(0.11)	0.04
Diluted Income (Loss) per Common Share	15	(0.05)	0.02	(0.11)	0.04
Weighted Average Number of Common Shares Outstanding - Basic	15	43,169,955	30,654,363	37,029,738	30,505,392
Weighted Average Number of Common Shares Outstanding - Diluted	15	44,853,326	30,654,363	38,584,993	30,505,392

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

LITE ACCESS TECHNOLOGIES INC.
Consolidated Statements of Changes in Shareholders' Equity
For the Nine Months Ended June 30
(Unaudited - in Canadian dollars)

	Number of shares	Share capital \$	Option reserve \$	Warrant reserve \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
Balance at September 30, 2016	33,786,663	9,025,751	990,404	27,862	-	(1,623,392)	8,420,625
Exercise of warrants	221,460	83,227	-	(27,862)	-	-	55,365
Exercise of stock options	276,709	264,150	-	-	-	-	264,150
Share-based payments	-	-	1,179,274	-	-	-	1,179,274
Private placement	9,090,000	20,452,500	-	-	-	-	20,452,500
Finders fees in connection with private placement	-	(1,227,150)	-	-	-	-	(1,227,150)
Warrant reserve in connection with private placement	-	(1,232,604)	-	1,232,604	-	-	-
Share issuance costs	-	(116,432)	-	-	-	-	(116,432)
Loss for the period	-	-	-	-	-	(4,175,370)	(4,175,370)
Loss on translation to presentation currency	-	-	-	-	(19,485)	-	(19,485)
Balance at June 30, 2017	43,374,832	27,249,442	2,169,678	1,232,604	(19,485)	(5,798,762)	24,833,477
Balance at September 30, 2015	30,085,156	5,494,561	327,455	37,844	-	(3,080,899)	2,778,961
Exercise of warrants	569,207	176,072	-	(8,812)	-	-	167,260
Share-based payments	-	-	544,038	-	-	-	544,038
Income for the period	-	-	-	-	-	1,261,562	1,261,562
Balance at June 30, 2016	30,654,363	5,670,633	871,493	29,032	-	(1,819,337)	4,751,821

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

LITE ACCESS TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
For the Nine Months Ended June 30
(Unaudited - in Canadian dollars)

	Notes	2017 \$	2016 \$
Cash Flows from Operating Activities			
Loss for the period		(4,175,370)	1,261,562
Items not effecting cash			
Foreign exchange gain		(56,752)	(6,594)
Share-based payments		1,179,274	544,038
Amortization	4	240,759	154,467
Gain on disposal of property, plant and equipment		(36,646)	(5,133)
Current income tax expense		-	565,976
Future income tax expense		40,953	1,276
Changes in non-cash working capital balances:			
Decrease (increase) in amounts receivable		2,092,699	(1,893,630)
Decrease (increase) in holdbacks receivable		(51,232)	61,963
Decrease (increase) in bid bonds		(12,028)	41,905
Decrease (increase) in prepaid expenses and deposits		(23,240)	21,230
Decrease (increase) in unbilled revenue		(726,952)	-
Decrease (increase) in inventory		(300,750)	4,630
Decrease (increase) in income taxes recoverable		(693,178)	(21,250)
Increase (decrease) in accounts payable and accrued liabilities		94,603	(153,002)
Increase (decrease) in deferred revenue		(39,000)	45,607
Total Cash Inflows (Outflows) from Operating Activities		(2,466,860)	623,045
Cash Flows from Investing Activities			
Purchase of DSG Communications Ltd.	5	-	(450,000)
Proceeds from disposal of property, plant and equipment		102,235	-
Purchase of property, plant and equipment	4	(2,371,856)	(576,863)
Total Cash Inflows (Outflows) from Investing Activities		(2,269,621)	(1,026,863)
Cash Flows from Financing Activities			
Long-term debt repayments		(92,867)	(27,445)
Proceeds from long-term debt		129,380	192,225
Due to related parties		(41,359)	(4,354)
Obligations under finance lease repayments		(48,296)	(13,883)
Proceeds from obligations under finance lease		432,158	-
Private placement	9	19,225,350	-
Share issuance costs		(116,432)	-
Exercise of warrants		55,365	167,260
Exercise of stock options		264,150	-
Total Cash Inflows (Outflows) from Financing Activities		19,807,449	313,803
Foreign Exchange on Cash and Cash Equivalents		56,752	6,594
Total Increase (Decrease) in Cash and Cash Equivalents		15,127,720	(83,421)
Cash and Cash Equivalents, Beginning of Period		2,115,078	269,005
Cash and Cash Equivalents, End of Period		17,242,798	185,584

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

LITE ACCESS TECHNOLOGIES INC.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended June 30, 2017 and 2016

(in Canadian dollars)

1. NATURE OF OPERATIONS

Lite Access Technologies Inc. (“Lite Access” or the “Company”) is an international manufacturer, distributor, and installer of fibre optic technology, specializing in microducts and air-blown fibre. Lite Access is a public company listed as a Tier 1 Industrial Issuer on the TSX Venture Exchange (“TSX-V”) under the stock symbol “LTE”.

Lite Access was incorporated on October 20, 2003, under the Business Corporations Act (British Columbia). The head office is located at #5 – 20678 Duncan Way, Langley, British Columbia, Canada, V3A 7A3, and its registered and records office is located at 704 – 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of Compliance

These unaudited condensed interim consolidated 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*. In preparation of these unaudited condensed interim consolidated financial statements, the Company has consistently applied the same accounting policies disclosed in the Company’s audited annual consolidated financial statements for the year ended September 30, 2016.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 29, 2017.

Basis of Presentation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. The notes presented in these unaudited condensed interim consolidated financial statements include in general only significant changes and transactions occurring since September 30, 2016. As such, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended September 30, 2016.

Basis of Consolidation

These unaudited condensed interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries: Lite Access Holdings Inc., DSG Communications Ltd., and Lite Access Technologies (UK) Limited. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. All intercompany transactions and balances have been eliminated.

LITE ACCESS TECHNOLOGIES INC.**Notes to the Unaudited Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2017 and 2016**

(in Canadian dollars)

Name	Location of incorporation	Functional currency	% equity interest	
			June 30, 2017	September 30, 2016
Lite Access Holdings Inc.	Canada	Canadian Dollar	100%	100%
DSG Communications Ltd.	Canada	Canadian Dollar	100%	100%
Lite Access Technologies (UK) Limited	United Kingdom	U.K. Pound Sterling	100%	100%

Functional and Presentation Currency

The functional currency of the parent company, Lite Access Holdings Inc., and DSG Communications Ltd. is the Canadian dollar. The functional currency of the foreign operation, Lite Access Technologies (UK) Limited, is the U.K. Pound Sterling. These unaudited condensed interim consolidated financial statements are presented in Canadian dollars.

3. INVENTORY

	June 30, 2017 \$	September 30, 2016 \$
Opening goods held for sale	155,409	277,375
Purchases	2,758,570	4,998,128
Cost of goods sold	(2,457,820)	(5,120,094)
Closing goods held for sale	456,159	155,409
Work in process	-	-
Closing inventory	455,159	155,409

Inventory is comprised of goods held for sale and work in process. No impairment has been identified.

LITE ACCESS TECHNOLOGIES INC.**Notes to the Unaudited Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2017 and 2016**

(in Canadian dollars)

4. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures	Computer equipment	Equipment	Automotive equipment	Equipment under finance lease	Leasehold improvement	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
At September 30, 2016	15,540	11,336	1,134,613	685,366	104,539	-	1,951,394
Additions	-	10,805	1,711,929	636,400	-	12,722	2,371,856
Disposals	-	-	(49,825)	(93,049)	-	-	(142,874)
Effects of foreign exchange on translation to presentation currency	-	-	(5,451)	(1,061)	-	-	(6,512)
At June 30, 2017	15,540	22,141	2,791,266	1,227,656	104,539	12,722	4,173,864
Accumulated amortization							
At September 30, 2016	6,783	9,795	60,352	105,480	5,228	-	187,638
Amortization	2,325	800	97,235	130,994	7,819	1,586	240,759
Disposals	-	-	(29,895)	(35,596)	-	-	(65,491)
Effects of foreign exchange on translation to presentation currency	-	-	1,179	-	-	-	1,179
At June 30, 2017	9,108	10,595	128,871	200,878	13,047	1,586	364,085
Net book value, June 30, 2017	6,432	11,546	2,662,395	1,026,778	91,492	11,136	3,809,779
Net book value, September 30, 2016	8,757	1,541	1,074,261	579,886	99,311	-	1,763,756

5. GOODWILL

On August 7, 2015, the Company completed the acquisition of 100% of the issued and outstanding shares of DSG Communications Ltd. ("DSG") in accordance with the terms of the definitive securities purchase agreement (the "Definitive Agreement").

The Company determined that this transaction is a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired and the liabilities assumed were recorded at their estimated fair value at the acquisition date. The goodwill resulting from the allocation of the purchase price to the total fair value of net assets represents the sales and growth potential of DSG. As at September 30, 2016, management assessed the recoverable amount of goodwill and concluded that a goodwill impairment charge was not required.

As a result of this acquisition, DSG operates as a wholly-owned subsidiary of Lite Access Technologies Inc.

LITE ACCESS TECHNOLOGIES INC.**Notes to the Unaudited Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2017 and 2016**

(in Canadian dollars)

6. LONG-TERM DEBT

	June 30, 2017	September 30, 2016
	\$	\$
Term loan bearing interest at 5.98% per annum, repayable in monthly blended payments of \$822. The loan matures in fiscal 2017 and is secured by automotive equipment.	-	269
Term loan bearing interest at 5.98% per annum, repayable in monthly blended payments of \$1,076. The loan matures in fiscal 2019 and is secured by automotive equipment.	25,289	34,007
Term loan bearing interest at 6.24% per annum, repayable in monthly blended payments of \$867. The loan matures in fiscal 2019 and is secured by automotive equipment.	16,381	23,573
Term loan bearing interest at 0.00% per annum, repayable in monthly payments of \$1,574. The loan matures in fiscal 2019 and is secured by equipment.	40,953	55,915
Term loan bearing interest at 0.00% per annum, repayable in monthly payments of \$1,129. The loan matures in fiscal 2020 and is secured by equipment.	32,734	42,893
Term loan bearing interest at 0.00% per annum, repayable in monthly payments of \$2,174. The loan matures in fiscal 2020 and is secured by automotive equipment.	71,758	91,328
Term loan bearing interest at 5.74% per annum, repayable in bi-weekly payments of \$389. The loan matures in fiscal 2023 and is secured by automotive equipment.	49,020	54,260
Term loan bearing interest at 0.00% per annum, repayable in monthly payments of \$1,775. The loan matures in fiscal 2017 and is secured by automotive equipment.	5,254	21,227
Term loan bearing interest at 0.00% per annum, repayable in monthly payments of \$1,273. The loan matures in fiscal 2020 and is secured by automotive equipment.	42,515	-
RBC bank loan bearing interest at 3.75% per annum, repayable in monthly payments of \$2,306. The loan matures in fiscal 2020 and is secured by automotive equipment.	76,081	-
	359,985	323,472
Less current portion	(139,485)	(105,015)
	220,500	218,457

The total net book value of the equipment and automotive equipment secured by the above debt is approximately \$423,995 (September 30, 2016: \$373,358).

LITE ACCESS TECHNOLOGIES INC.**Notes to the Unaudited Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2017 and 2016**

(in Canadian dollars)

Repayments for the long-term debt are as follows:

	\$
Remainder of 2017	37,954
2018	129,904
2019	123,442
2020	45,587
2021 and onwards	23,098
	<u>359,985</u>

7. OBLIGATIONS UNDER FINANCE LEASE

	June 30, 2017 \$	September 30, 2016 \$
Obligation under finance lease, secured by equipment, repayable \$1,696 monthly, including interest at 8.28%, maturing fiscal 2022.	79,413	92,441
Obligation under finance lease, secured by equipment, repayable \$944 monthly, including interest at 0.00%, maturing fiscal 2020.	27,874	-
Obligation under finance lease, secured by equipment, repayable \$919 monthly, including interest at 0.00%, maturing fiscal 2020.	30,674	-
Obligation under finance lease, secured by equipment, repayable \$919 monthly, including interest at 0.00%, maturing fiscal 2020.	30,674	-
Obligation under finance lease, secured by equipment, repayable \$638 monthly, including interest at 0.00%, maturing fiscal 2020.	21,068	-
Obligation under finance lease, secured by equipment, repayable \$983 monthly, including interest at 0.00%, maturing fiscal 2020.	32,842	-
Obligation under finance lease, secured by equipment, repayable \$1,546 monthly, including interest at 0.00%, maturing fiscal 2020.	48,954	-
Obligation under finance lease, secured by equipment, repayable \$1,538 monthly, including interest at 0.00%, maturing fiscal 2020.	48,768	-
Obligation under finance lease, secured by equipment, repayable \$1,108 monthly, including interest at 0.00%, maturing fiscal 2020.	37,668	-
Obligation under finance lease, secured by equipment, repayable \$691 monthly, including interest at 0.00%, maturing fiscal 2020.	21,707	-
Obligation under finance lease, secured by equipment, repayable \$923 monthly, including interest at 0.00%, maturing fiscal 2020.	28,985	-
Obligation under finance lease, secured by equipment, repayable \$2,155 monthly, including interest at 0.00%, maturing fiscal 2020.	67,676	-
	<u>476,303</u>	92,441
Less current portion	(165,541)	(20,348)
	<u>310,762</u>	<u>72,093</u>

The leases provide the Company with the option to purchase the equipment at a beneficial price.

LITE ACCESS TECHNOLOGIES INC.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended June 30, 2017 and 2016

(in Canadian dollars)

8. COMMITMENTS

The Company has eight long-term leases with respect to its premises for operations and inventory storage as well as twelve long-term lease with respect to equipment and automotive equipment.

Future minimum lease payments are as follows:

	\$
Remainder of 2017	97,514
2018	402,714
2019	350,990
2020	125,071
2021 and onwards	35,307
	<u>1,011,596</u>

9. SHARE CAPITAL

The Company is authorized to issue unlimited common shares without par value and unlimited preferred shares without par value.

As at June 30, 2017, the Company had 43,374,832 common shares (September 30, 2016: 33,786,663) issued and outstanding.

The holders of common shares are entitled to one vote per share at meetings of the Company.

On March 28, 2017, the Company closed a "bought-deal" financing of 9,090,000 common shares ("Common Shares"), which includes 2,223,000 Common Shares issued pursuant to the exercise of the underwriters' option in full and an oversubscription of 200,000 Common Shares, at \$2.25 per share (the "Issue Price") for gross proceeds of \$20,452,500 (the "Offering").

The Offering was underwritten by a syndicate of underwriters led by Cormark Securities Inc. and including Beacon Securities Limited, Canaccord Genuity Corp. and Haywood Securities Inc. (collectively, the "Underwriters"). In consideration of their services, the Underwriters received a cash commission equal to \$1,227,150 or 6.0% of the gross proceeds of the Offering, and such number of broker warrants ("Broker Warrants") equal to 6.0% of the aggregate number of Common Shares issued pursuant to the Offering. The securities issued under the Offering will be subject to resale restrictions expiring on July 29, 2017.

During the nine months ended June 30, 2017, 221,460 warrants were exercised for proceeds of \$55,365 (2016: 569,207 warrants were exercised for proceeds of \$167,260).

During the nine months ended June 30, 2017, 276,709 stock options were exercised for proceeds of \$264,150 (2016: nil).

LITE ACCESS TECHNOLOGIES INC.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended June 30, 2017 and 2016

(in Canadian dollars)

Escrow Shares

On May 26, 2015, Lite Access Holdings completed a transaction structured as a three-cornered amalgamation (“Amalgamation”) with 1017341 BC Ltd. (“1017341”). This transaction has been accounted for as a reverse acquisition, with Lite Access being the acquirer and 1017341 being the acquiree for accounting and reporting purposes. The fair value of the 4,846,600 common shares issued to acquire 1017341’s net assets was determined to be \$702,757. The fair value was allocated to the assets acquired with \$23,250 being allocated to cash, \$1 to amounts receivable and the remainder of \$679,506 being allocated to the listing expense.

As part of the Amalgamation, a total of 7,012,253 of the common shares issued were subject to the escrow requirements set forth in National Policy 46-201 whereby 10% of the escrowed shares will be released on the initial listing date and 15% of the escrowed shares will be released each six-month period thereafter. Upon the transition from the CSE to the TSX-V on December 13, 2016, all the common shares held under escrow were released (September 30, 2016: 4,207,353 of these common shares remained in escrow).

Warrants

On December 10, 2014, the Company closed a financing of 110,000 units (each, a “Unit”) at a price of \$0.15 per Unit for gross proceeds of \$16,500. In January 2015, the Company closed an additional financing of 888,333 Units for gross proceeds of \$133,250. Each Unit consists of one common share of the Company (each a “Share”) and one half of one share purchase warrant (each, a “Warrant”). One Warrant entitles the holder thereof to purchase one additional Share of the Company at a price of \$0.30 per Share for a period of one year from the issuance of the Warrant.

Concurrent with the Amalgamation, the Company completed a private placement financing of 7,388,000 common shares of the Company at a price of \$0.25 per share for gross proceeds of \$1,847,000. In connection with the private placement, the Company paid a finders’ fee of \$51,500, issued 96,000 common shares and granted warrants to purchase 300,800 common shares exercisable at a price of \$0.25 per share for a period of two years from the date of issue. The weighted average grant date fair value of the warrants issued amounted to \$0.13 per warrant and the total value of the warrants was \$37,844.

The fair value of each warrant granted in 2015 was determined using the Black-Scholes Option Pricing Model and the following weighted average assumptions:

Share price on date of grant	\$0.25
Expected life in years	2 years
Annualized volatility – based on historical share prices of similar companies	100%
Expected dividends	-
Risk-free interest rate	1.1%

As part of the Offering on March 28, 2017, the Underwriters received 545,400 Broker Warrants equal to 6.0% of the aggregate number of Common Shares issued pursuant to the Offering. Each Broker Warrant is exercisable for one Common Share at the Issue Price for a period of 24 months from closing of the Offering. The grant date fair value of the warrants issued amounted to \$2.26 per warrant and the total value of the warrants was \$1,232,604.

LITE ACCESS TECHNOLOGIES INC.**Notes to the Unaudited Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2017 and 2016**

(in Canadian dollars)

The fair value of each warrant granted in 2017 was determined using the Black-Scholes Option Pricing Model and the following weighted average assumptions:

Share price on date of grant	\$2.25
Expected life in years	2 years
Annualized volatility – based on historical share prices of similar companies	100%
Expected dividends	-
Risk-free interest rate	0.7%

The following is a summary of warrant activities from October 1, 2016 to June 30, 2017:

Grant date	Expiry date	Exercise price (\$)	Opening balance	Granted	Exercised	Expired	Closing balance
2015-05-26	2017-05-26	0.25	221,460	-	(221,460)	-	-
2017-03-28	2019-03-28	2.25	-	545,400	-	-	545,400
			221,460	545,400	(221,460)	-	545,400
Weighted average exercise price			\$0.25	\$2.25	\$0.25	-	\$2.25

The following is a summary of warrant activities from October 1, 2015 to June 30, 2016:

Grant date	Expiry date	Exercise price (\$)	Opening balance	Granted	Exercised	Expired	Closing balance
2014-12-10	2015-12-10	0.30	55,000	-	(55,000)	-	-
2015-01-05	2016-01-05	0.30	166,667	-	(166,667)	-	-
2015-01-27	2016-01-27	0.30	277,500	-	(277,500)	-	-
2015-05-26	2017-05-26	0.25	300,800	-	(70,040)	-	230,760
			799,967	-	(569,207)	-	230,760
Weighted average exercise price			\$0.28	\$0.00	\$0.29	\$0.00	\$0.25

10. SHARE-BASED PAYMENTS

The Company has an Incentive Stock Option Plan (“the Plan”) under which non-transferable options to purchase common shares of the Company may be granted to Directors, officers, employees or consultants of the Company.

The Company has adopted a rolling 10% stock option plan (the “Stock Option Plan”). The exercise price of option grants will be determined by the Board of Directors and will not be less than the closing market price of the Common Shares on the stock exchange less allowable discounts at the time of grant. All options granted under the Stock Option Plan will expire no later than the date that is ten years from the date that such options are granted.

During the nine months ended June 30, 2017, the Company recognized a share-based compensation expense of \$1,179,274 (2016: \$544,038) on the grant and vesting of stock options. The Company used the Black-Scholes option pricing model with the following weighted average assumptions:

LITE ACCESS TECHNOLOGIES INC.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended June 30, 2017 and 2016

(in Canadian dollars)

	June 30, 2017	June 30, 2016
	\$	\$
Share price on date of grant	\$1.48	\$0.66
Exercise price	\$1.48	\$0.66
Expected life in years	4.7	4.6
Annualized volatility – based on historical share prices of similar companies	100%	100%
Expected dividends	0%	0%
Risk-free interest rate	0.9%	0.9%
Grant date fair value	\$0.99	\$0.48

The following is a summary of changes in options from October 1, 2016 to June 30, 2017:

Grant date	Expiry date	Exercise price (\$)	Opening balance	Granted	Exercised	Cancelled	Closing balance	Vested and exercisable	Unvested
2015-06-01	2020-06-01	0.25	1,425,000	-	(100,000)	-	1,325,000	1,325,000	-
2015-06-23	2017-06-23	1.28	100,000	-	(100,000)	-	-	-	-
2015-08-17	2020-08-17	1.25	70,000	-	(20,000)	-	50,000	50,000	-
2016-02-05	2019-02-05	1.17	80,000	-	(11,709)	-	68,291	28,291	40,000
2016-02-05	2021-02-05	1.17	400,000	-	-	-	400,000	400,000	-
2016-03-29	2021-03-29	1.42	200,000	-	-	-	200,000	160,000	40,000
2016-06-29	2021-06-29	1.61	100,000	-	(45,000)	-	55,000	20,000	35,000
2016-08-17	2021-08-17	1.17	50,000	-	-	-	50,000	37,500	12,500
2017-02-24	2020-02-24	2.00	-	80,000	-	-	80,000	-	80,000
2017-03-31	2020-03-31	3.72	-	201,000	-	-	201,000	-	201,000
2017-03-31	2021-03-31	3.72	-	125,000	-	-	125,000	-	125,000
2017-03-31	2022-03-31	3.72	-	320,000	-	-	320,000	320,000	-
2017-06-17	2022-06-17	2.50	-	450,000	-	-	450,000	-	450,000
			2,425,000	1,176,000	(276,709)	-	3,324,291	2,340,791	983,500
Weighted average exercise price			\$0.67	\$3.14	\$0.95	\$0.00	\$1.52	\$1.02	\$2.72

The following is a summary of changes in options from October 1, 2015 to June 30, 2016:

Grant date	Expiry date	Exercise price (\$)	Opening balance	Granted	Exercised	Cancelled	Closing balance	Vested and exercisable	Unvested
2015-06-01	2020-06-01	0.25	1,425,000	-	-	-	1,425,000	1,425,000	-
2015-06-23	2017-06-23	1.28	100,000	-	-	-	100,000	100,000	-
2015-08-17	2020-08-17	1.25	70,000	-	-	-	70,000	52,500	17,500
2016-02-05	2019-02-05	1.17	-	80,000	-	-	80,000	-	80,000
2016-02-05	2021-02-05	1.17	-	400,000	-	-	400,000	400,000	-
2016-03-29	2021-03-29	1.42	-	200,000	-	-	200,000	40,000	160,000
2016-06-29	2016-06-29	1.61	-	100,000	-	-	100,000	5,000	95,000
			1,595,000	780,000	-	-	2,375,000	2,022,500	352,500
Weighted average exercise price			\$0.36	\$1.29	\$0.00	\$0.00	\$0.66	\$0.54	\$1.41

11. RELATED PARTY TRANSACTIONS

During the nine months ended June 30, 2017, the Company entered into related party transactions or held balances with the following individuals and corporations:

LITE ACCESS TECHNOLOGIES INC.**Notes to the Unaudited Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2017 and 2016**

(in Canadian dollars)

Michael Plotnikoff	Co-Founder, CEO and Director
Michael Priest	Co-Founder, Chief Commercial Officer and Director
LAT Networks Inc.	Company controlled by Michael Plotnikoff and Michael Priest
Scott MacEachern	CFO
LedgerLiberty Solutions Inc.	Company controlled by Scott MacEachern, CFO
David Toyoda	Director
Greg Smith	Director
Dylan Griffiths	Director
Shirley Griffiths	Spouse of Director

The following is a summary of the Company's related party transactions during the period that are not disclosed elsewhere in these unaudited condensed interim consolidated financial statements. All related party transactions are recorded at the exchange amounts.

Related Party Loans Receivable and Payable

As at June 30, 2017, the Company owes a total of \$8,889 to a Director (September 30, 2016: \$52,157 to a Director, and a company controlled by the CFO). This balance is offset by nil owed to the Company by a Director (September 30, 2016: \$1,909). The loans do not bear interest, are not secured, and do not have specific terms of repayment.

As at June 30, 2017, the Company is owed \$11,941 from a company controlled by two of the Directors (September 30, 2016: \$11,941). The receivable does not bear interest, is not secured, and does not have specific terms of repayment.

As at June 30, 2017, the Company owes nil in salaries and wages which is accrued within accounts payable and accrued liabilities to a Director (September 30, 2016: \$4,615).

Key Management Compensation

	Nine months ended June 30,	
	2017	2016
	\$	\$
Lite Access Holdings Inc.		
Short-term employee benefits (in wages and consulting)	369,817	239,999
Share-based payments	873,356	346,131
Professional fees	-	12,000
DSG Communications Ltd.		
Short-term employee benefits (in wages and consulting)	114,982	133,369
Short-term employee benefits (in direct wages)	27,620	44,456
	1,385,775	775,955

LITE ACCESS TECHNOLOGIES INC.**Notes to the Unaudited Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2017 and 2016**

(in Canadian dollars)

12. SEGMENTED INFORMATION

The Company's principal business locations and operations are in British Columbia, Canada, and Wrexham, United Kingdom. The Company has two reporting segments: sale of product and fibre optic installations, based on the type of products sold and services provided. The Company reports activities not directly attributable to an operating segment under Corporate.

	Product	Fibre optic installation	Corporate	Total
	\$	\$	\$	\$
As at June 30, 2017				
Total assets	1,524,131	10,593,510	14,755,383	26,873,024
Total liabilities	127,527	1,912,020	-	2,039,547

	Product	Fibre optic installation	Corporate	Total
	\$	\$	\$	\$
As at September 30, 2016				
Total assets	1,589,768	4,938,243	3,889,178	10,417,189
Total liabilities	638,030	1,285,549	72,985	1,996,564

	Product	Fibre optic installation	Corporate	Total
	\$	\$	\$	\$
For the nine months ended June 30, 2017				
Revenue	1,167,135	4,351,616	-	5,518,751
Net income (loss)	511,391	(1,124,606)	(3,581,640)	(4,194,855)

	Product	Fibre optic installation	Corporate	Total
	\$	\$	\$	\$
For the nine months ended June 30, 2016				
Revenue	702,882	9,443,679	-	10,146,561
Net income (loss)	530,182	2,662,900	(1,931,520)	1,261,562

During the nine months ended June 30, 2017, two customers (2016: one) accounted for approximately 50% (2016: 79%) of revenues. The revenues from these customers was approximately 28% sale of product and 72% fibre optic installations (2016: 100% fibre optic installations).

LITE ACCESS TECHNOLOGIES INC.**Notes to the Unaudited Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2017 and 2016**

(in Canadian dollars)

The Company's revenues are allocated to geographic segments as follows:

	Nine months ended June 30,	
	2017	2016
	\$	\$
Canada	2,350,038	9,493,681
United States	669,302	323,730
Other	309,729	329,150
United Kingdom	2,189,682	-
	5,518,751	10,146,561

The Company's property, plant and equipment is allocated to geographic segments as follows:

	June 30,	September 30,
	2017	2016
	\$	\$
Canada	1,717,992	1,293,840
United Kingdom	2,091,787	469,916
	3,809,779	1,763,756

13. FINANCIAL INSTRUMENTS

International Financial Reporting Standard 7, Financial Instruments Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Presented below is a fair value hierarchy that distinguishes the significance of the inputs used in determining the fair value measurements of various financial instruments.

LITE ACCESS TECHNOLOGIES INC.**Notes to the Unaudited Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2017 and 2016**

(in Canadian dollars)

	June 30, 2017			
	Carrying value	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Cash and cash equivalents	17,242,798	17,242,798	-	-

	September 30, 2016			
	Carrying value	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Cash and cash equivalents	2,115,078	2,115,078	-	-

The Company's financial instruments include: cash and cash equivalents, amounts receivable, holdbacks receivable, accounts payable and accrued liabilities, due to related parties, and long-term debt. The carrying value of the financial instruments approximates their fair values.

The Company's financial instruments are exposed to certain financial risks, including credit, liquidity, and market risk.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposure on outstanding receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The Company seeks to limit its exposure to this risk by holding its cash and cash equivalents in large Canadian financial institutions. In addition, credit risk on receivables is considered low, as the majority of current receivables are due from large customers that have no history of collection issues. Included in amounts receivable are balances of \$464,234, \$460,375 and \$215,799 due from three separate customers. Management believes the risk of loss is remote given a positive, consistent collection history with its customers.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has implemented a budgeting process which is reviewed regularly to help determine the cash requirements to sustain operations. The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for the foreseeable future. As at June 30, 2017, the Company had working capital of \$18,974,507 (September 30, 2016: \$4,326,013). To mitigate liquidity risk, the Company will look to maintain a positive working capital, generate positive cash flow from sales and services, raise capital through equity financing, and maintain an accessible line of credit.

Market Risk

Market risk is the risk that changes in matrices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments.

LITE ACCESS TECHNOLOGIES INC.**Notes to the Unaudited Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2017 and 2016**(in Canadian dollars)

(a) Currency risk

The Company purchases inventory primarily in US dollars and thus foreign exchange risk exposure arises from these transactions. The foreign exchange risk is for the net amount denominated in US dollars, since the Canadian dollar is the Company's functional currency.

For the nine months ended June 30, 2017, for every 10% fluctuation in the exchange rate between the US dollar and the Canadian dollar, the Company's income (loss) would be approximately \$67,000 higher or lower.

The Company had the following financial instruments in US dollars:

	June 30, 2017	September 30, 2016
	\$	\$
Cash and cash equivalents	440,985	143,989
Amounts receivable	120,714	827,318
Accounts payable and accrued liabilities	(44,874)	(388,511)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has a line of credit with a high credit quality financial institution. Interest rate risk does not have a significant impact on the Company because its loans are at fixed interest rates.

14. CAPITAL MANAGEMENT

The Company considers its cash and cash equivalents and shareholders' equity as capital. There are no external restrictions on the Company's capital, and there have been no changes in this regard during the nine months ended June 30, 2017 and 2016. The Company's principal source of funds for its operations is from sales and services, as well as the issuance of common shares and entering into debt facilities. The issuance of common shares requires the approval of the Board of Directors. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to operate for the benefit of its stakeholders. The Company intends to generate funds adequate to meet its liquidity needs for the next twelve months.

The Company uses stock options primarily to retain and provide future incentives to key employees and members of the management team. The Board of Directors determine the granting of stock options.

LITE ACCESS TECHNOLOGIES INC.**Notes to the Unaudited Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended June 30, 2017 and 2016**

(in Canadian dollars)

16. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine months ended June 30,	
	2017	2016
	\$	\$
Interest paid	(14,395)	(17,384)
Interest received	12,890	-
Income taxes paid	(108,000)	(21,250)
Non-cash investing and financing activities		
Fair value of warrants exercised	27,862	8,812
Trade-in of property, plant and equipment	33,969	45,000
Cash and cash equivalents		
Cash	14,242,357	185,584
GIC	3,000,441	-
Bank indebtedness	-	-
	17,242,798	185,584