



UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2018 AND 2017

### **Notice of No Auditor Review of Interim Financial Statements**

Under National Instrument 51-102 “Continuous Disclosure Obligations”, Part 4, Subsection 4.3(3)(a), 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, 2018

## Condensed Interim Consolidated Statements of Financial Position

(Unaudited - in Canadian dollars)

		June 30, 2018	September 30, 2017
	Notes	\$	\$
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		8,429,750	14,338,088
Amounts receivable	10	1,755,968	1,785,384
Holdbacks receivable		45,561	121,047
Bid bonds		12,028	12,028
Income taxes recoverable		-	260,457
Prepaid expenses and deposits		141,622	109,172
Unbilled revenue		743,135	1,691,316
Inventory	3	834,286	766,614
		11,962,350	19,084,106
<b>Long-Term</b>			
Property, plant and equipment	4	5,437,939	4,347,613
Deferred income taxes		292,790	292,790
<b>Total Assets</b>		17,693,079	23,724,509
<b>Liabilities and Shareholders' Equity</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	10	1,934,925	1,249,321
Due to related parties	10	-	8,889
Current portion of long-term debt	5	138,738	129,721
Current portion of obligations under finance lease	6	304,742	257,279
Deferred revenue		-	31,729
		2,378,405	1,676,939
<b>Long-Term Liabilities</b>			
Long-term debt	5	146,581	192,487
Obligations under finance lease	6	342,052	564,688
Deferred income taxes		76,566	95,089
<b>Total Liabilities</b>		2,943,604	2,529,203
<b>Shareholders' Equity</b>			
Share capital	8	27,502,172	27,410,422
Reserves	8	4,541,905	3,524,113
Accumulated other comprehensive loss		(140,902)	(13,874)
Deficit		(17,153,700)	(9,725,355)
<b>Total Shareholders' Equity</b>		14,749,475	21,195,306
<b>Total Liabilities and Shareholders' Equity</b>		17,693,079	23,724,509

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 condensed interim consolidated financial statements.

**Condensed Interim Consolidated Statements of Operations and Comprehensive Loss**  
**For the Three and Nine Months Ended June 30**  
(in Canadian dollars)

	Notes	Three Months Ended June 30		Nine Months Ended June 30	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>Revenue</b>		1,088,633	1,912,934	5,232,478	5,518,751
<b>Cost of Sales</b>					
Purchases		789,756	715,820	1,793,693	2,457,820
Direct wages	10	2,010,150	1,582,769	5,208,136	2,757,662
Vehicle and travel		216,507	99,204	447,313	268,224
Amortization	4	128,124	76,632	369,112	199,021
Freight		6,021	3,697	25,510	22,110
Rentals		21,723	33,730	66,844	114,815
		<u>3,172,281</u>	<u>2,511,852</u>	<u>7,910,608</u>	<u>5,819,652</u>
<b>Gross Profit</b>		<u>(2,083,648)</u>	<u>(598,918)</u>	<u>(2,678,130)</u>	<u>(300,901)</u>
<b>Operating Expenses</b>					
Advertising and promotions		5,318	20,163	41,248	68,206
Amortization	4	90,783	10,668	228,320	41,738
Insurance		6,640	40,405	147,858	96,931
Listing and filing fees		1,586	14,228	13,829	87,295
Office and supplies		255,160	132,087	592,728	304,262
Professional fees	10	63,037	98,634	281,966	150,496
Rental		252,127	81,170	427,617	176,495
Repairs and maintenance		53,360	25,720	149,258	66,678
Research and development		-	312,314	-	312,314
Share-based payments	9, 10	270,080	185,584	1,017,791	1,179,274
Training		13,913	13,616	34,963	46,371
Travel and trade shows		302,314	82,560	518,709	235,686
Wages and consulting	10	604,218	438,852	1,652,937	1,204,841
		<u>1,918,536</u>	<u>1,456,001</u>	<u>5,107,224</u>	<u>3,970,587</u>
<b>Loss from Operations</b>		<u>(4,002,184)</u>	<u>(2,054,919)</u>	<u>(7,785,354)</u>	<u>(4,271,488)</u>
<b>Other Income (Expenses)</b>					
Interest income		25,265	10,655	62,166	12,890
Interest expense		(4,708)	(6,091)	(37,196)	(14,395)
Amounts receivable impairment	12	-	-	(215,799)	-
Gain (loss) on disposal of property, plant and equipment		-	(2,720)	500	36,646
Foreign exchange gain (loss)		(180,570)	58,354	265,675	56,752
		<u>(160,013)</u>	<u>60,198</u>	<u>75,346</u>	<u>91,893</u>
<b>Loss before Income Tax</b>		<u>(4,162,197)</u>	<u>(1,994,721)</u>	<u>(7,710,008)</u>	<u>(4,179,595)</u>
Current income tax recovery		-	-	263,140	45,178
Deferred income tax recovery (expense)		(1,650)	(29,360)	18,523	(40,953)
<b>Net Loss</b>		<u>(4,163,847)</u>	<u>(2,024,081)</u>	<u>(7,428,345)</u>	<u>(4,175,370)</u>
Gain (loss) on translation to presentation currency		(443,988)	(8,459)	(127,028)	(19,485)
<b>Comprehensive Loss</b>		<u>(4,607,835)</u>	<u>(2,032,540)</u>	<u>(7,555,373)</u>	<u>(4,194,855)</u>
<b>Loss per Common Share - Basic /Diluted</b>		<u>(0.11)</u>	<u>(0.05)</u>	<u>(0.17)</u>	<u>(0.11)</u>
<b>Weighted Average Number of Shares Outstanding-Basic/Diluted</b>		<u>43,569,832</u>	<u>43,169,955</u>	<u>43,410,813</u>	<u>37,029,738</u>

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

**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**  
**For the Three and 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, 2017	43,374,832	27,410,422	2,291,509	1,232,604	(13,874)	(9,725,355)	21,195,306
Exercise of stock options	195,000	91,750	-	-	-	-	91,750
Share-based payments	-	-	1,017,791	-	-	-	1,017,791
Loss for the period	-	-	-	-	-	(7,428,345)	(7,428,345)
Loss on translation to presentation currency	-	-	-	-	(127,028)	-	(127,028)
Balance at June 30, 2018	43,569,832	27,502,172	3,309,300	1,232,604	(140,902)	(17,153,700)	14,749,475
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 for private placement	-	(1,227,150)	-	-	-	-	(1,227,150)
Warrant reserve for 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

Accumulated other comprehensive income arises from the translation of Lite Access Technologies (UK) Ltd.'s operations from its functional to presentation currency.

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

**Condensed Interim Consolidated Statements of Cash Flows**  
**For the Three and Nine Months Ended June 30**  
(Unaudited - in Canadian dollars)

	Notes	Three Months Ended June 30		Nine Months Ended June 30	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>					
Net loss for the year		(4,163,847)	(2,024,081)	(7,428,345)	(4,175,370)
Items not effecting cash		-	-	-	-
Foreign exchange (gain) loss		(263,418)	(58,354)	(392,703)	(56,752)
Share-based payments	9	270,080	185,584	1,017,791	1,179,274
Amortization	4	218,907	87,300	597,432	240,759
Bad debt expense	12	-	-	215,799	-
Disposal of property, plant and equipment		-	2,720	(500)	(36,646)
Current income tax recovery		-	(11,593)	-	-
Deferred income tax expense (recovery)		1,650	40,953	(18,523)	40,953
Changes in non-cash working capital balances					
Amounts receivable		(944,919)	398,484	(186,383)	2,092,699
Holdbacks receivable		-	-	75,486	(51,232)
Prepaid expenses and deposits		30,215	(1,211)	(32,450)	(23,240)
Unbilled revenue		89,570	(368,212)	948,181	(726,952)
Inventory		(122,334)	(93,250)	(67,672)	(300,750)
Income taxes recoverable/payable		-	-	260,459	(693,178)
Accounts payable and accrued liabilities		580,853	(259,623)	676,715	94,603
Deferred revenue		-	-	(31,729)	(39,000)
<b>Total Cash Flows from Operating Activities</b>		<b>(4,303,243)</b>	<b>(2,113,311)</b>	<b>(4,366,442)</b>	<b>(2,466,860)</b>
<b>Cash Flows from Investing Activities</b>					
Proceeds from disposal of property, plant and equipment		-	27,985	-	102,235
Purchase of property, plant and equipment	4	(204,496)	(928,679)	(1,719,049)	(2,371,856)
<b>Total Cash Flows from Investing Activities</b>		<b>(204,496)</b>	<b>(900,694)</b>	<b>(1,719,049)</b>	<b>(2,269,621)</b>
<b>Cash Flows from Financing Activities</b>					
Long-term debt repayments		(35,372)	(36,368)	(107,167)	(92,867)
Proceeds from long-term debt	5	(2,266)	(193,627)	70,278	129,380
Due to related parties	10	-	1,908	-	(41,359)
Obligations under finance lease repayments	6	(73,246)	(39,611)	(143,382)	(48,296)
Proceeds from obligations under finance lease	10	-	432,158	-	432,158
Private placement		-	-	-	19,225,350
Share issuance costs		-	(3,947)	-	(116,432)
Exercise of warrants		-	46,640	-	55,365
Exercise of stock options	8	37,500	160,850	91,750	264,150
<b>Total Cash Flows from Financing Activities</b>		<b>(73,384)</b>	<b>368,003</b>	<b>(88,521)</b>	<b>19,807,449</b>
<b>Foreign Exchange on Cash and Cash Equivalents</b>		<b>(180,570)</b>	<b>58,354</b>	<b>265,675</b>	<b>56,752</b>
<b>Change in Cash and Cash Equivalents</b>		<b>(4,761,692)</b>	<b>(2,587,648)</b>	<b>(5,908,338)</b>	<b>15,127,720</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>		<b>13,191,442</b>	<b>19,830,446</b>	<b>14,338,088</b>	<b>2,115,078</b>
<b>Cash and Cash Equivalents, End of Period</b>		<b>8,429,750</b>	<b>17,242,798</b>	<b>8,429,750</b>	<b>17,242,798</b>

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

**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three and Nine Months Ended June 30, 2018 and 2017**  
(in Canadian dollars)

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## **1. NATURE OF OPERATIONS**

Lite Access Technologies Inc. (“Lite Access” or the “Company”) is an international manufacturer, distributor, and installer of fiber optic technology, specializing in micro ducts and air-blown fiber. Lite Access is a public company previously listed on the Canadian Securities Exchange (“CSE”) and traded under the symbol “LTE”. On December 13, 2016, Lite Access announced that its common shares would be listed on the TSX Venture Exchange (“TSX-V”) effective December 14, 2016. The Company is now listed as a Tier 1 Industrial Issuer under the stock symbol “LTE”. Effective the close of trading on December 13, 2016, the Company delisted its common shares from the Canadian Securities Exchange.

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, 2017.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 29, 2018.

### **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, 2017. 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, 2017.

### **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.

**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three and Nine Months Ended June 30, 2018 and 2017**  
(in Canadian dollars)

Name	Location of incorporation	Functional currency	% equity interest	
			June 30, 2018	September 30, 2017
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%
10483737 Limited	United Kingdom	U.K. Pound Sterling	100%	100%
Lite Access Technologies (USA) Inc.	United States	U.S. Dollar	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, 2018	September 30, 2017
	\$	\$
Opening inventory	766,614	155,409
Purchases	2,313,282	3,824,600
Cost of goods sold	(2,245,610)	(3,213,395)
Closing inventory	<b>834,286</b>	<b>766,614</b>

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

**4. PROPERTY, PLANT AND EQUIPMENT**

	Furniture and fixtures	Computer equipment	Equipment	Automotive equipment	Leasehold improvement	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
At September 30, 2017	18,856	24,732	3,304,087	1,491,941	12,722	4,852,338
Additions	3,891		1,273,167	506,354	141,440	1,924,852
Effects of foreign exchange on translation to presentation currency		400	84,145	22,747	-	107,294
At June 30, 2018	<b>22,747</b>	<b>25,132</b>	<b>4,661,400</b>	<b>2,021,042</b>	<b>154,162</b>	<b>6,884,483</b>
<b>Accumulated amortization</b>						
At September 30, 2017	10,223	11,166	203,633	277,583	2,120	504,725
Amortization	3,120	7,049	504,276	406,816	14,959	936,220
Effects of foreign exchange on translation to presentation currency		22	3,285	2,292	-	5,600
At June 30, 2018	<b>13,343</b>	<b>18,238</b>	<b>711,194</b>	<b>686,691</b>	<b>17,079</b>	<b>1,446,544</b>
<b>Net book value, June 30, 2018</b>	<b>9,403</b>	<b>6,895</b>	<b>3,950,206</b>	<b>1,334,351</b>	<b>137,084</b>	<b>5,437,939</b>
<b>Net book value, September 30, 2017</b>	<b>8,633</b>	<b>13,566</b>	<b>3,100,454</b>	<b>1,214,358</b>	<b>10,602</b>	<b>4,347,613</b>

**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three and Nine Months Ended June 30, 2018 and 2017**  
(in Canadian dollars)

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**5. LONG-TERM DEBT**

	June 30, 2018	September 30, 2017
	\$	\$
Long-term debt	285,319	322,208
Less current portion	(138,738)	(129,721)
	<b>146,581</b>	<b>192,487</b>

The total net book value of the equipment and automotive equipment secured by the above debt is approximately \$314,422 (September 30, 2017: \$397,349)

**6. OBLIGATIONS UNDER FINANCE LEASE**

The lease provides the Company with the option to purchase the equipment at a beneficial price.

	June 30, 2018	September 30, 2017
	\$	\$
Obligation under finance lease	646,794	821,967
Less current portion	(304,742)	(257,279)
	<b>342,052</b>	<b>564,688</b>

**7. COMMITMENTS**

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

Future minimum lease payments are as follows:

	June 30, 2018	September 30, 2017
	\$	\$
2018	132,128	605,241
2019	480,592	441,745
2020	257,762	211,753
2021	47,564	38,137
2022 onwards	7,161	4,907
	<b>925,207</b>	<b>1,301,783</b>

**8. SHARE CAPITAL**

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

**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three and Nine Months Ended June 30, 2018 and 2017**  
(in Canadian dollars)

As at June 30, 2018, the Company had 43,569,832 common shares (September 30, 2017: 43,374,832) issued and outstanding.

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

During the nine months ended June 30, 2018, 195,000 options were exercised for proceeds of \$91,750 (2017: 276,709 options were exercised for proceeds of \$264,150).

**Warrants**

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 \$2.25 per warrant and the total value of the warrants was \$1,232,604.

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	\$3.58
Exercise price	\$2.25
Expected life in years	2 years
Annualized volatility – based on historical share prices of similar companies	100%
Expected dividends	0%
Risk-free interest rate	0.7%

No warrant activity incurred from October 1, 2017 to June 30, 2018 and total of 545,400 was outstanding as at June 30, 2018 as follows:

Grant date	Expiry date	Exercise price (\$)	Opening balance	Granted	Exercised	Expired	Closing balance
28/03/2017	28/03/2019	2.25	545,400	-	-	-	545,400
Weighted average exercise price			\$2.25	-	-	-	\$2.25

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
26/05/2015	26/05/2017	0.25	221,460	-	(34,800)	-	186,660
28/03/2017	28/03/2019	2.25	-	545,400	-	-	545,400
Weighted average exercise price			\$0.25	\$2.25	\$0.25	-	\$1.74

**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three and Nine Months Ended June 30, 2018 and 2017**  
(in Canadian dollars)

**9. 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, 2018, the Company recognized a share-based compensation expense of \$1,017,791 (2017: \$1,179,274) on the grant and vesting of stock options. The Company used the Black-Scholes option pricing model with the following weighted average assumptions:

	June 30, 2018	June 30, 2017
Share price on date of grant	\$ 1.11	\$ 1.48
Exercise price	\$ 1.14	\$ 1.48
Expected life in years	4.88	4.70
Annualized volatility - Based on historical share price of similar companies	100%	100%
Expected dividends	0%	0%
Risk-free interest rate	1.91%	0.90%
Grant date fair value	\$ 0.65	\$ 0.99

The following is a summary of changes in options from October 1, 2017 to June 30, 2018:

Grant date	Expiry date	Exercise price (\$)	Opening balance	Granted	Exercised	Cancelled	Closing balance	Vested and exercisable	Unvested
2015-06-01	2020-05-31	0.25	1,325,000	-	(150,000)	-	1,175,000	1,175,000	-
2015-06-23	2017-06-22	1.28	-	-	-	-	-	-	-
2015-08-17	2020-08-17	1.25	50,000	-	(20,000)	-	30,000	30,000	-
2016-02-05	2019-02-05	1.17	68,291	-	-	(18,291)	50,000	50,000	-
2016-02-05	2021-02-05	1.17	400,000	-	-	(10,000)	390,000	390,000	-
2016-03-29	2021-03-29	1.42	200,000	-	-	(20,000)	180,000	180,000	-
2016-06-29	2021-06-29	1.61	55,000	-	-	(55,000)	-	-	-
2016-08-17	2021-08-17	1.17	50,000	-	(25,000)	(25,000)	-	-	-
2017-02-24	2020-02-24	2.00	100,000	-	-	(20,000)	80,000	-	80,000
2017-03-31	2020-03-31	3.72	201,000	-	-	(85,000)	116,000	58,000	58,000
2017-03-31	2021-03-31	3.72	125,000	-	-	-	125,000	41,667	83,333
2017-03-31	2022-03-31	3.72	320,000	-	-	(80,000)	240,000	240,000	-
2017-06-17	2022-06-17	2.50	450,000	-	-	-	450,000	225,000	225,000
2017-09-01	2020-09-01	1.83	20,000	-	-	(20,000)	-	-	-
2017-09-07	2020-09-07	1.82	25,000	-	-	(25,000)	-	-	-
2018-01-23	2021-01-23	1.06	-	50,000	-	(20,000)	30,000	-	30,000
2018-03-01	2021-03-01	1.15	-	500,000	-	-	500,000	166,667	333,333
2018-03-13	2018-03-31	1.15	-	175,000	-	-	175,000	58,333	116,667
2018-05-07	2023-05-07	1.15	-	100,000	-	-	100,000	-	100,000
			<b>3,389,291</b>	<b>825,000</b>	<b>(195,000)</b>	<b>(378,291)</b>	<b>3,641,000</b>	<b>2,614,667</b>	<b>1,026,333</b>
Weighted average exercise price			\$1.53	-	\$0.47		\$1.37	\$1.00	\$1.75

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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

## 10. RELATED PARTY TRANSACTIONS

During the nine months ended June 30, 2018 and 2017, the Company entered into related party transactions or held balances with the following individuals and corporations:

Carlo Shimoon	CEO and Director
Jacob Gabriel Design and Consulting Inc.	Company controlled by Carlo Shimoon, CEO and Director
Arun Gupta	CFO
Michael Plotnikoff	Co-Founder, former CEO and Director
Michael Priest	Co-Founder, former Chief Commercial Officer and Director
Scott MacEachern	Former CFO
LedgerLiberty Solutions Inc.	Company controlled by Scott MacEachern, former CFO
David Toyoda	Director
Greg Smith	Director
Kevin Smith	Director
Steven King	Director
SACA Future Limited	Company controlled by Steven King, Director
Dylan Griffiths	Former Director
Peter Caplan	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.

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(in Canadian dollars)

**Key Management Compensation**

	Nine months ended June 30,	
	2018	2017
	\$	
<b>Lite Access Holdings Inc.</b>		
Short-term employee benefits and director fees (in wages and consulting)	794,755	216,283
Share-based payments	729,682	851,426
<b>DSG Communications Ltd.</b>		
Short-term employee benefits and director fees (in wages and consulting)	-	111,872
Short-term employee benefits (in direct wages)	-	27,620
<b>Total</b>	<b>1,524,437</b>	<b>1,207,201</b>

**11. SEGMENTED INFORMATION**

The Company's principal business locations and operations are in British Columbia, Canada and West Oxfordshire, UK. The Company has two reporting segments: sale of micro duct and fiber 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.

<b>As at June 30, 2018</b>	<b>Product</b>	<b>Fibre optic installation</b>	<b>Corporate</b>	<b>Total</b>
Total assets	1,316,795	9,291,648	7,084,635	17,693,079
Total liabilities	494,666	2,446,520	768	2,941,954
<b>As at September 30, 2017</b>	<b>Product</b>	<b>Fibre optic installation</b>	<b>Corporate</b>	<b>Total</b>
Total assets	1,686,123	8,753,379	13,285,007	23,724,509
Total liabilities	249,256	2,279,946	-	2,529,203
<b>For the nine months ended June 30, 2018</b>	<b>Product</b>	<b>Fibre optic installation</b>	<b>Corporate</b>	<b>Total</b>
Revenue	552,869	4,679,609	-	5,232,478
Net income (loss)	225,936	(2,904,065)	(4,748,566)	(7,426,695)
<b>For the nine months ended June 30, 2017</b>	<b>Product</b>	<b>Fibre optic installation</b>	<b>Corporate</b>	<b>Total</b>
Revenue	1,167,135	4,351,616	-	5,518,751
Net income (loss)	511,391	(1,124,606)	(3,581,640)	(4,194,855)

During the nine months ended June 30, 2018, one customer accounted for approximately 57% of revenues. The revenues from this customer were generated 100% from fiber optic installations. During the nine months ended June 30, 2017, two customers accounted for approximately 50% of revenues. The revenues from these customers was approximately 28% sale of product and 72% fiber optic installations. The loss in the Fibre optic installations was mainly due to the ramp up in activities for the Gigaclear project.

**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
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The Company's revenues are allocated to geographic segments as follows:

	<b>Nine months ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Canada	1,475,360	2,350,038
United States	164,675	669,302
Other	230,229	309,729
United Kingdom	3,380,816	2,189,682
	<b>5,232,478</b>	<b>5,518,751</b>

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

	<b>June 30, 2018</b>	<b>September 30, 2017</b>
	<b>\$</b>	<b>\$</b>
Canada	1,597,558	1,762,979
United Kingdom	3,840,381	2,584,634
	<b>5,437,939</b>	<b>4,347,613</b>

## 12. 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.

	<b>June 30, 2018</b>			
	<b>Carrying value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	8,429,750	8,429,750	-	-

  

	<b>September 30, 2017</b>			
	<b>Carrying value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	14,338,088	14,338,088	-	-

**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three and Nine Months Ended June 30, 2018 and 2017**  
(in Canadian dollars)

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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. A total of \$1,755,968 accounts receivable was reported as at June 30, 2018 and the amount of \$948,000 was due from five large customers. During the second quarter of fiscal 2018, the Company accrued a provision for \$215,799 that is aged greater than one year. The Company continued to pursue collection during this quarter. Credit risk on the remaining receivables is considered low, as the majority of these receivables are due from customers that have no history of collection issues. Management believes the risk of loss is negligible given a positive, consistent collection history with its customers.

As at June 30, 2018, the Company has unbilled revenue of £279,551 (approximately \$484,000 CAD) under dispute with a customer. This balance has not been impaired as management firmly believes that all work was performed appropriately to code and that the Company has the right to collect all funds owing. The Company intends to vigorously pursue collection of this balance.

**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, 2018, the Company had working capital of \$9,583,945 (September 30, 2017: \$17,407,167). 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.

Due to the Company's current cash reserves, the Company believes that its liquidity risk is low. The Company currently monitors its exposure to liquidity risk by analyzing liability amounts due within the current year and those due in more than one year:

Due within one year	\$2,378,000
Due in more than one year	\$ 563,000

**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.

**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three and Nine Months Ended June 30, 2018 and 2017**  
(in Canadian dollars)

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(a) Currency risk

The Company purchases and sells inventory primarily in US dollars. For the nine months ended June 30, 2018, for every 10% fluctuation in the exchange rate between the UK pound, US dollar and the Canadian dollar, the Company's income (loss) would have been approximately \$23,000 higher or lower.

The Company had the following financial instruments in US dollars, converted to Canadian dollars:

	June 30, 2018	September 30, 2017
	\$	\$
Cash and cash equivalents	263,211	403,171
Accounts receivables	282,093	390,131
Accounts payable and accrued liabilities	(148,314)	(111,307)

The Company had the following financial instruments in UK pounds, converted to Canadian dollars:

	June 30, 2018	September 30, 2017
	\$	\$
Cash and cash equivalents	286,268	6,662,586
Accounts receivables	789,095	541,024
Accounts payable and accrued liabilities	(1,241,288)	(780,447)

(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.

**13. 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 six months ended June 30, 2018 and 2017. 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.

**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the Three and Nine Months Ended June 30, 2018 and 2017**  
(in Canadian dollars)

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**14. SUPPLEMENTAL CASH FLOW INFORMATION**

	Nine Months Ended June 30	
	2018	2017
	\$	\$
<b>Supplemental Cash Flow Information</b>		
Interest paid	(37,196)	(14,395)
Interest received	62,166	12,890
Income taxes received/paid	-	(108,000)
<b>Non-Cash Investing and Financing Transactions</b>		
Fair value of warrants exercised	-	27,862
Trade-in of property, plant and equipment	-	33,969
<b>Cash and Cash Equivalents</b>		
Cash	2,988,461	14,242,357
GIC	5,441,289	3,000,441
	<u>8,429,750</u>	<u>17,242,798</u>