Nuran Wireless Inc.

Condensed Interim Consolidated Financial Statements July 31, 2019 and July 31, 2018

Condensed Interim Consolidated Financial Statements

Condensed Interim Consolidated Statements of Comprehensive Income	2
Condensed Interim Consolidated Statements of changes in Deficiency	3
Condensed Interim Consolidated Statements of Cash Flows	4
Condensed Interim Consolidated Statements of Financial Position	5
Notes to Condensed Interim Consolidated Financial Statements	6 - 18

The condensed interim consolidated financial statements of Nuran Wireless inc. for the third quarter ended July 31, 2019 as well as the corresponding comparative data were not subject to a review by the Company's auditor.

Nuran Wireless Inc.
Condensed Interim Consolidated Statements of Comprehensive Income
Periods ended July 31, 2019 and July 31, 2018
(In Canadian dollars)
(Unaudited)

	3 months ended		*9 months ended*	
	2019-07-31	2018-07-31	**2019-07-31**	2018-07-31
	$	$	**$**	$
Revenue	**351 435**	1 340 318	**2 310 475**	3 640 794
Cost of sales	**300 450**	691 920	**1 494 838**	2 046 640
Gross profit	**50 985**	648 399	**815 637**	1 594 154
Selling expenses	**238 689**	325 264	**839 165**	928 493
Administrative expenses	**368 618**	649 662	**1 289 032**	1 188 688
Financial expenses	**155 498**	413 782	**517 280**	1 133 599
Research and development costs, net of $72.737 in tax credits for the three-month period ended July 31, 2019, $158,987 for the nine-month period ended July 31, 2019 ($103,717 for the three-month period ended July 31, 2018, $288,477 for the nine-month period ended July 31, 2018)	**186 390**	209 223	**744 282**	762 665
	949 195	1 597 930	**3 389 759**	4 013 444
Loss before other gain	**(898 210)**	(949 531)	**(2 574 121)**	(2 419 291)
Other elements:				
Gain/Loss debt settlement share		(18 417)	**10 050**	57 479
Change in fair value of derivative liability (Note 8)			**(48 729)**	271 610
Debenture modification cost (Note 8)			**(128 114)**	
		(18 417)	**(166 793)**	329 089
Loss before income taxes	**(898 210)**	(967 948)	**(2 740 914)**	(2 090 201)
Net loss and total comprehensive income	**(898 210)**	(967 948)	**(2 740 914)**	(2 090 201)
Loss per share (Note 13)				
Basic and diluted loss per share	**(0,01)**	(0,01)	**(0,02)**	(0,02)
Weighted average number of outstanding common shares	**160 334 349**	124 920 269	**140 729 642**	112 969 379

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

Nuran Wireless Inc.

Condensed Interim Consolidated Statements of Changes in Deficiency

Periods ended July 31, 2019 and July 31, 2018

(In Canadian dollars)

(Unaudited)

					2019-07-31
	Share capital		Warrants and contributed surplus	Deficit	Total deficiency
	Number	$	$	$	$
Balance as at November 1, 2018	**138 694 039**	**22 287 237**	**1 267 837**	**(23 452 442)**	**102 632**
Issue of share capital (Note 10)	**23 618 571**	**2 452 413**			**2 452 413**
Share issue cost		**(38 278)**			**(38 278)**
Net loss and total comprehensive income for the period				**(2 740 914)**	**(2 740 914)**
Warrants (Notes 10 and 11)		**(40 347)**	**40 347**		
Employee shared-based compensation (Note 12)			**51 319**		**51 319**
Balance as at July 31, 2019	**162 312 610**	**24 661 025**	**1 359 503**	**(26 193 356)**	**(172 828)**

					2017-07-31
	Share capital		Warrants and contributed surplus	Deficit	Total deficiency
	Number	$	$	$	$
Balance as at November 1, 2017	106 778 871	19 439 376	708 989	(19 955 442)	192 923
Issue of share capital (Note 10)	31 915 168	3 829 820			3 829 820
Share issue cost		(580 937)			(580 937)
Net loss and total comprehensive income for the period				(2 090 201)	(2 090 201)
Warrants issued (Notes 10 and 11)		(384 456)	384 456		
Warrants expired (Notes 10 and 11)		166 286	(166 286)		
Employee shared-based compensation (Note 12)			7 701		7 701
Balance as at July 31, 2018	138 694 039	22 470 089	934 860	(22 045 643)	1 359 306

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

Nuran Wireless Inc.
Condensed Interim Consolidated Statements of Cash Flows
Periods ended July 31, 2019 and July 31, 2018
(In Canadian dollars)
(Unaudited)

	2019-07-31 (9 months)	2018-07-31 (9 months)
	$	$
OPERATING ACTIVITIES		
Net loss	**(2 740 914)**	(2 090 201)
Non-cash flow adjustments		
Depreciation of property, plant and equipment	**80 942**	97 498
Depreciation of intangible assets	**91 637**	17 098
Debenture modification cost	**128 114**	
Non-employee share-based transaction	**13 250**	
Employee share-based transaction	**38 069**	7 701
Accretion of convertible debentures	**81 059**	573 297
Change in fair value of derivative liability	**48 729**	(57 479)
Net change in working capital items		
Trade and other receivables	**702 496**	(152 624)
Scientific research and experimental development tax credits receivable	**(158 987)**	(560 087)
Work in progress	**(77 930)**	(264 776)
Inventories	**170 949**	(20 511)
Prepaid expenses	**(74 925)**	(60 324)
Security deposits and deposits on purchase of goods	**(166 464)**	(23 405)
Trade and other payables	**286 891**	(526 575)
Deferred revenue	**300 175**	27 398
Net cash from operating activities	**(1 276 910)**	(3 032 990)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(16 089)**	(24 131)
Purchase of intangible assets	**(355 933)**	(129 225)
Net cash acquired from reverse acquisition		
Net cash used in investing activities	**(372 022)**	(153 355)
FINANCING ACTIVITIES		
Net change in loan payable to companies under common control	**(60 429)**	(37 386)
Long-term debt	**642 982**	1 030 000
Repayment of long-term debt	**(67 326)**	(598 593)
Convertible debentures modification costs	**(223 413)**	
Convertible debenture conversion	**(1 110 000)**	
Issue of class “A” shares	**2 452 413**	3 829 820
Share issue cost	**(38 278)**	(580 937)
Net cash used in financing activities	**1 595 949**	3 642 904
Net decrease in cash	**(52 983)**	456 560
Cash, beginning of period	**222 421**	154 752
Cash, end of period	**169 438**	611 312
Supplementary information		
Interest paid included in operating activities	**366 970**	483 619

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

Nuran Wireless Inc.
Condensed Interim Consolidated Statements of Financial Position
As at July 31, 2019 and October 31, 2018
(In Canadian dollars)
(Unaudited)

	2019-07-31	2018-10-31
	$	$
ASSETS		
Current		
Cash	**169 438**	222 421
Trade and other receivables	**314 830**	1 017 326
Scientific research and experimental development tax credits receivable	**602 183**	443 196
Work in progress	**77 930**	
Inventories (Note 4)	**1 545 796**	1 716 745
Prepaid expenses	**194 068**	119 143
Security deposits and deposits on purchase of goods	**185 486**	19 022
Current assets	**3 089 731**	3 537 853
Non-current		
Property, plant and equipment (Note 5)	**440 466**	505 320
Intangible assets (Note 6)	**3 770 851**	3 506 556
Non-current assets	**4 211 317**	4 011 875
Total assets	**7 301 047**	7 549 728
LIABILITIES		
Current		
Trade and other payables	**2 555 494**	2 268 604
Deferred revenue	**699 507**	399 332
Loans payable (Note 7)	**190 113**	250 542
Convertible debentures and derivative liability (Note 8)	**3 132 801**	4 208 312
Current portion of long-term debt	**82 282**	113 649
Current liabilities	**6 660 196**	7 240 439
Non-current		
Long-term debt (Note 9)	**813 680**	206 657
Total liabilities	**7 473 876**	7 447 096
DEFICIENCY		
Share capital (Note 10)	**24 661 025**	22 287 237
Contributed Surplus	**1 359 503**	1 267 837
Deficit	**(26 193 356)**	(23 452 442)
Total deficiency	**(172 828)**	102 632
Total deficiency and liabilities	**7 301 047**	7 549 728

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

NuRAN Wireless Inc.
Notes to Condensed Interim Consolidated Financial Statements

As at July 31, 2019
(In Canadian dollars)
(Unaudited)

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The Company is incorporated under the Business Corporations Act (B.C.) and operates in the research, development, manufacturing and marketing of digital electronic circuits and wireless telecommunication products.

2 - GENERAL INFORMATION, STATEMENT OF COMPLIANCE WITH IFRSs AND GOING CONCERN ASSUMPTION

The Company's registered office is at 2150 Cyrille-Duquet Street, Québec, Quebec G1N 2G3.

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. Accordingly, they do not include all the disclosures required under IFRS for annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the 2018 audited annual financial statements. They are based on the assumption that the Company is a going concern, meaning it will be able to realize its assets and discharge its liabilities in the normal course of its operations.

In light of operating losses incurred during the nine-month period ended July 31, 2019 and the past years there is significant doubt about the Company's ability to continue as a going concern. The Company's ability to realize its assets and discharge its liabilities depends on the continued financial support of its shareholders, the growth and profitability of the future sales of its products that are now marketed and the obtaining of additional financing. However, the Company has completed the development of its main products, which are distributed in many countries. Adding to the above, the Company currently has a financing agreement in place for financing the invoices and purchase orders to a maximum of $1,000,000 (Note 7). If necessary, the Company may review the prioritization and, if needed, defer some of its research and development projects.

The carrying amounts of assets, liabilities, revenues and expenses presented in the condensed interim consolidated financial statements and the condensed interim consolidated statements of financial position's classification have not been adjusted as would be required if the going concern assumption were not appropriate.

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on September 25, 2019.

NuRAN Wireless Inc.
Notes to Condensed Interim Consolidated Financial Statements

As at July 31, 2019
(In Canadian dollars)
(Unaudited)

3 - SUMMARY OF ACCOUNTING POLICIES

Overall considerations

The accounting policies are in accordance with those used in the preparation of the 2018 annual financial statements.

Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the condensed interim financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the condensed interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual financial statements for the year ended October 31, 2018.

4 - INVENTORIES

	2019-07-31	2018-10-31
	$	$
Raw materials	**972 883**	924 917
Finished goods	**572 913**	791 828
	1 545 796	1 716 745

For the nine-month period ended July 31, 2019, $66,453 and $21,951 for the three-month period ended July 31, 2019 ($87,787 for the nine-month period ended July 31, 2018, $26,743 for the three-month period ended July 31, 2018) of inventories was included in profit or loss as an expense resulting from the write-down of inventories.

NuRAN Wireless Inc.
Notes to Condensed Interim Consolidated Financial Statements

As at July 31, 2019
(In Canadian dollars)
(Unaudited)

5 - PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment and their carrying amounts are detailed as follows:

				2019-07-31
	Leasehold improvements	Equipment, telecom systems, furniture and fixtures	Computer equipment	Total
	$	$	$	$
Gross carrying amount				
Balance as at November 1, 2018	11 414	788 453	347 718	1 147 585
Additions		13 369	2 720	16 089
Balance as at July 31, 2019	11 414	801 822	350 438	1 163 674
Depreciation				
Balance as at November 1, 2018	10 726	380 880	250 661	642 267
Depreciation	550	62 030	18 361	80 941
Balance as at July 31, 2019	11 276	442 910	269 022	723 208
Carrying amount as at July 31, 2019	138	358 912	81 416	440 466

NuRAN Wireless Inc.
Notes to Condensed Interim Consolidated Financial Statements

As at July 31, 2019
(In Canadian dollars)
(Unaudited)

6 – INTANGIBLE ASSETS

The Company's intangible assets and their carrying amounts are detailed as follows:

			2019-07-31
	Acquisition software	**Trademarks**	**Total**
	$	**$**	**$**
Gross carrying amount			
Balance as at November 1, 2018	**3 812 133**	**74 293**	**3 886 426**
Additions	**353 460**	**2 473**	**355 933**
Balance as at July 31, 2019	**4 165 593**	**76 766**	**4 242 359**
Depreciation			
Balance as at November 1, 2018	**379 871**		**379 871**
Depreciation	**91 637**		**91 637**
Balance as at July 31, 2019	**471 508**		**471 508**
Carrying amount as at July 31, 2019	**3 694 085**	**76 766**	**3 770 851**

7 - LOANS PAYABLE

	2019-07-31	2018-10-31
	$	$
Loan from companies under common control (a)	113	60,542
Loan from a shareholder	190, 000	190,000
	190,113	250,542

Given their short-term maturity, the carrying amount of loans receivable is considered a reasonable approximation of their fair value.

a) The loan from companies under common control is secured by a chattel mortgage on the universality of the Company's assets.

The loan from companies under common control relates to a factoring agreement for a maximum of $1,000,000. As at July 31, 2019, the Company has $13,253 ($98,565 as at October 31, 2018) in accounts receivable and scientific research and experimental development tax credits receivable that have been transferred in factoring to Finexcorp Inc. and 9134-8169 Québec inc., companies under common

control, for which an amount of $13,141 ($38,023 as at October 31, 2018) has been retained as a factoring reserve.

These factoring agreements stipulate that the Company shall pay on time the government remittances and shall repay the loans received related to invoices that are past due over 105 days and 120 days, respectively. As at July 31, 2019, these terms are respected.

8 - CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY

As at July 31, 2019, the convertible debentures and derivative liability consists of:

	Convertible debentures	Derivative liability	Total
	$	$	$
Balance as at November 1, 2018	**4,161,742**	**46,570**	**4,208,312**
Accretion	**81,059**		**81,059**
Conversion of convertible debentures	**(1,110,000)**		**(1,110,000)**
Change in fair value of the derivative liability		**(46,570)**	**(46,570)**
Closing balance, as at July 31, 2019	**3,132,801**	**0**	**3,132,801**

On January 4, 2019, the Company announced a proposed amendment of its previously issued 12% Senior Secured Convertible Debentures (Note 12) to fix the conversion price of the debentures at $0.10 per common share and remove any adjustment provisions relating to future financing completed at a price lower than the conversion price.

In consideration of the proposed amendment, the Company agreed to issue, to those who accepted the amendment offer (other than insiders), a number of common shares of the Company equal to 5% of the amount owing to the respective debenture holder at a deemed price of $0.07 per common share.

Following this transaction, the carrying amount of the conversion option, for holders who accepted the amendment, was reclassified to equity.

Debenture holders totalling a notional value of $2,323,000 accepted this amendment. According to the proposed amendment, the Company issued an aggregate of 1,348,571 new common shares at a deemed price of $0.07 to the debenture holders who accepted the amendment.

In connection with this amendment, $1,110,000 of the secured convertible debenture was converted into 11,100,000 common shares of the Company.

NuRAN Wireless Inc.
Notes to Condensed Interim Consolidated Financial Statements

As at July 31, 2019
(In Canadian dollars)
(Unaudited)

9 - LONG-TERM DEBT

Using discount rates of 9% and 12%, based on the Company's estimated incremental borrowing rates for secured and unsecured loans at the reporting date, respectively, and therefore reflecting the Company's credit position, the fair value of the long-term debt is estimated by discounting the estimated future cash outflows and totals $779,798 ($394,259 as at October 31, 2018).

10 - SHARE CAPITAL

	2019-07-31	2018-10-31
	$	$
Class “A” shares (a)	**24,661,025**	22,287,237
	24,661,025	22,287,237

(a) The number of issued common shares totals 162,312,610 as at July 31, 2019 (138,694,039 as at October 31, 2018)

On December 13, 2018, the Company issued a total of 100,000 units of the Company (“Units”) at a price of $0.12 per Unit each Unit consisting of one common share (a “Share”) and one-half of one share purchase warrant (a “Warrant”).

As at January 4, 2019, the Company announced a proposed amendment of its previously issued 12% Senior Secured Convertible Debentures (Note 12) to fix the conversion price of the debentures at $0.10 per common share and remove any adjustment provisions relating to future financing completed at a price lower than the conversion price.

In consideration of the proposed amendment, the Company agreed to issue, to those who accepted the amendment offer (other than insiders), a number of common shares of the Company equal to 5% of the amount owing to the respective debenture holder at a deemed price of $0.07 per common share.

Following this transaction, the carrying amount of the conversion option, for holders who accepted the amendment, will be reclassified to equity. Any adjustments will be reported in the net earnings.

Debenture holders totalling a notional value of $2,323,000 accepted this amendment. According to the proposed amendment, the Company issued an aggregate of 1,348,571 new common shares at a deemed price of $0.07 to the debenture holders who accepted the amendment.

In connection with this amendment, $1,110,000 of the secured convertible debenture was converted into 11,100,000 common shares of the Company.

As released on February 27, 2019, the Company issued a total of 11,070,000 units of the Company ("Units") at a price of $0.10 per Unit, each Unit consisting of one common share (a "Share") and one-half of one share purchase warrant (a "Warrant") for aggregate gross proceeds of $1,107,000 (the "Offering").

The Company issued an aggregate of 5,535,000 warrants pursuant to the Offering. Each Warrant issued entitles the holder to acquire one additional Share at a price of $0.15 per Share for a period of 24 months from closing. In connection with the Offering the Company paid finder's fees consisting of cash fees totalling $15,600 and issued an aggregate of 156,000 finder's warrants exercisable at a price of $0.10 per Share for a period of 24 months from closing. All securities issued are subject to a hold period expiring four months and one day from closing in accordance with applicable securities laws.

11 – WARRANTS

The following is a summary of the activity of warrants:

	Nine months ended July 31, 2019	
	Number of warrants	Weighted average exercise price
Opening balance, as at November 1, 2018	52,537,660	$ 0.26
Granted during the period	5,791,000	$ 0.15
Expired during the period	(1,707,240)	
Closing balance, as at July 31 2019	56,621,420	$ 0.22

The following is a summary of warrants outstanding, all of which are exercisable, as at July 31, 2019

Exercise Price	Quantity	Weighted average contractual life (years)
$0.10	156,000	1.63
$0.12	1,415,252	0.86
$0.15	5,535,000	1.63
$0.20	31,915,168	0.86
$0.30	8,500,000	0.57
$0.45	9,100,000	1.25
	56,621,420	

On March 15, 2019, the Company closed the previously announced non-brokered private placement for gross proceeds of CAD $ 1,107,000.

As released on February 27, 2019, the Company has issued a total of 11,070,000 units of the Company (“Units”) at a price of $0.10 per Unit, each Unit consisting of one common share (a “Share”) and one-half of one share purchase warrant (a “Warrant”) for aggregate gross proceeds of $1,107,000 (the “Offering”).

The Company issued an aggregate of 5,535,000 warrants pursuant to the Offering. Each Warrant issued entitles the holder to acquire one additional Share at a price of $0.15 per Share for a period of 24 months from closing. In connection with the Offering the Company paid finder’s fees consisting of cash fees totalling $15,600 and issued an aggregate of 156,000 finder’s warrants exercisable at a price of $0.10 per Share for a period of 24 months from closing. All securities issued are subject to a hold period expiring four months and one day from closing in accordance with applicable securities laws.

NuRAN Wireless Inc.
Notes to Condensed Interim Consolidated Financial Statements

As at July 31, 2019
(In Canadian dollars)
(Unaudited)

12-OPTIONS

The following is a summary of the activity of stock options:

	Nine months ended July 31, 2019	
	Number of options	Weighted average exercise price
Opening balance, as at November 1, 2018	5,310,000	$ 0.21
Granted during the period	3,050,000	$ 0.10
Forfeited	(80,000)	
Closing balance, as at July 31, 2019	8,280,000	$ 0.17

The following is a summary of stock options outstanding and exercisable as at July 31, 2019:

	Options outstanding		Options exercisable	
Exercise price	Number	Weighted average contractual life (years)	Number	Weighted average contractual life (years)
$0.10	3,050,000	2.78	2,400,000	2.67
$0.20	4,430,000	1.95	4,430,000	1.95
$0.30	800,000	0.83	800,000	0.83
	8,280,000		7,630,000	

As at January 25, 2019, Nuran Wireless inc. has granted stock options pursuant to its incentive stock option plan to certain directors, officers and employees of the Company to purchase up to an aggregate of 2,550,000 common shares in the capital stock of the Company, at an exercise price of $0.10 per share. Of these, 1,900,000 options will vest 3 months after the date of the grant, 250,000 options will vest 6 months after the date of the grant and 400,000 options will vest 18 months after the date of the grant. 1,750,000 options expire 36 months from the date of grant and 800,000 options expire 48 months from the date of grant.

The stock option were assigned a value of $25,350 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.86%; expected volatility 65%; expected dividend yield of 0%; expected life of three years to four years and an exercice price of $0.10. Expected volatility was based on the historical volatility of other comparable listed companies.

On March 28, 2019, under the terms of the stock option agreement, the Company agreed to grant 500,000 options to a director at an exercise price of $0.10 per option shares. Of these, 250,000 options will vest 3 months after the date of the grant and 250,000 options will vest 6 months after the date of the grant. The options expire 36 months from the date of grant.

The stock option were assigned a value of $6,500 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.49%; expected volatility 65%; expected dividend yield of 0%; expected life of three years to four years and an exercise price of $0.10. Expected volatility was based on the historical volatility of other comparable listed companies.

For the nine-month period ended July 31, 2019, $19,469 and $800 for the three-month period ended July 31, 2019 ($7,701 for the six-month and $1,101 the three-month period ended July 31, 2018) employee remuneration expense has been included in profit or loss and credited to contributed surplus.

13 - LOSS PER SHARE

Basic and diluted losses per share have been calculated based on the net loss available for common shareholders by the weighted average number of common shares outstanding during the period. There were no adjustments to the numerator and denominator of basic earnings used in calculating diluted earnings.

Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 11 and 12.

14 - RELATED PARTY TRANSACTIONS

The Company's related parties include companies under common control as well as key management personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

Other related party transactions

During the period, the Company entered into the following transactions with related parties:

	2019-07-31 (3 months)	2018-07-31 (3 months)	**2019-07-31 (9 months)**	2018-07-31 (9 months)
	$	$	**$**	$
Shareholders				
Interest expense	**13,479**	19,479	**39,150**	41,979
Companies under common control				
Revenues				
Rent	**1,800**	600	**5,400**	6,600
Expenses				
Administrative expenses	**34,272**	30,247	**106,776**	90,741
Financial expenses	**1,790**	13,737	**16,018**	64,391

15 – POST-REPORTING DATE EVENTS

On August 16 2019, the Company announced a non-brokered private placement for gross proceeds of up to CAD $400,000 (the “Offering”) through the sale of up to 8,000,000 units (each a “Unit”) of the Company at a price of CAD $0.05 per Unit. Each Unit consisting of one common share (a “Share”) and one share purchase warrant (each whole warrant, a “Warrant”). Each Warrant will entitle the holder to acquire one share at a price of CAD $0.07 per share for a period of 36 months.

On August 22, 2019, the Company announced that it has increased the amount of and closed the previously announced non-brokered private placement for aggregate gross proceeds of CAD $533,265.

In connection with the closing of the Offering, the Company issued a total of 10,665,303 common shares at a price of $0.05 per Unit, and 10,636,732 warrants entitling the holder to acquire one additional Share at a price of $0.07 per Share for a period of 36 months from closing.

On August 23,2019, the Company announces it has entered into a forbearance agreement in connection with its previously issued 12% senior secured convertible debentures (the “Debentures“) pursuant to which the majority lenders agreed to waive any default in payment of principal and interest payments due and payable as of August 23, 2019, and continue to forbear from declaring or acting upon, or exercising related rights or remedies under such creditor’s financing agreement until February 23, 2020.

In consideration of, and conditional to the confirmation from the Majority of Holders on the execution of the forbearance agreement, the Company offered to grant Holders a share

purchase warrant (each a “Warrant”) entitling the holder to purchase one common share of the Company at an exercise price of $0.10 until August 23, 2021 for each $1.00 of principal amount owing to the Holder under the Debenture for an aggregate total of 3,090,000 warrants. As of the date hereof, the Company has received forbearance agreements from the majority of Holders, thereby granting the Company with an extension of six months before repayment of the principal and any interest due.