INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three and Nine Months Ended September 30, 2017 and 2016

(Expressed in Canadian Dollars)

[Notice: These interim condensed consolidated financial statements have not been audited or reviewed by Novra's independent auditor.]

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NOVRA TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Canadian dollars)

	NOTES		September 30, 2017		December 31, 2016
ASSETS			**(Unaudited)**		(Audited)
Current Assets					
Cash		$	**1,789,421**	$	1,264,594
Restricted non-redeemable GIC's			**200,000**		200,000
Trade and other receivables			**1,385,000**		2,803,960
Inventories			**1,160,736**		2,158,549
Note receivable	4(a)		**124,800**		134,270
Prepayments			**197,021**		498,695
Current tax assets			**1,731**		3,835
Derivative financial instrument	4(b)		**48,673**		32,225
Total Current Assets			**4,907,382**		7,096,128
Non-Current Assets					
Equipment			**153,077**		202,531
Intangible assets			**535,310**		770,324
Total Non-Current Assets			**688,387**		972,855
TOTAL ASSETS		$	**5,595,769**	$	8,068,983
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade and other payables		$	**205,776**	$	634,037
Accrued liabilities			**365,771**		752,577
Borrowings	6		**-**		2,129,892
Loan payable - current portion	7		**107,669**		104,123
Customer deposits			**39,660**		118,519
Deferred revenue - current portion			**522,028**		1,193,623
Warranty provision			**118,607**		56,035
Advances from related parties	5		**390,320**		371,110
Promissory notes from related party - current portion	5		**344,644**		531,499
Total Current Liabilities			**2,094,475**		5,891,415
Non-Current Liabilities					
Deferred revenue			**195,335**		108,933
Repayable government contribution	8		**184,529**		64,296
Loan payable	7		**162,322**		273,023
Promissory notes from related party	5		**681,997**		640,569
Convertible note from related party	5		**-**		284,617
Total Non-Current Liabilities			**1,224,183**		1,371,438
TOTAL LIABILITIES			**3,318,658**		7,262,853
Shareholders' Equity					
Share capital	9		**7,354,573**		6,778,066
Contributed surplus			**443,270**		472,654
Accumulated deficit			**(5,520,732)**		(6,444,590)
TOTAL SHAREHOLDERS' EQUITY			**2,277,111**		806,130
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	**5,595,769**	$	8,068,983

See Note 15 "Commitments and Contingent Liabilities"

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

NOVRA TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
(Canadian dollars, except share data)

		Quarter ended September 30,		Nine Months Ended September 30,	
	NOTES	**2017**	2016	**2017**	2016
REVENUE	13	**$ 2,047,632**	$ 1,169,823	**$ 7,731,195**	$ 1,986,178
COST OF REVENUE		**1,101,280**	707,206	**3,844,789**	1,166,893
GROSS PROFIT		**946,352**	462,617	**3,886,406**	819,285
OPERATING EXPENSES	11				
General and administrative		**151,323**	296,372	**481,442**	590,780
Sales and marketing		**228,495**	261,694	**1,010,292**	366,437
Research and development, net		**435,660**	491,075	**1,350,456**	800,266
Total operating expenses		**815,478**	1,049,141	**2,842,190**	1,757,483
OPERATING INCOME (LOSS)		**130,874**	(586,524)	**1,044,216**	(938,198)
Other Income (Expenses)					
Foreign exchange gain (loss)		**(20,151)**	8,146	**(47,258)**	(51,881)
Loss on disposal of equipment		**-**	-	**-**	(11,760)
Finance income		**1,258**	1,522	**3,902**	4,107
Finance costs	12	**(18,342)**	(29,943)	**(92,386)**	(89,876)
Unrealized gain (loss) on options	4	**(50,602)**	(49,500)	**16,448**	(52,281)
INCOME (LOSS) BEFORE INCOME TAXES		**43,037**	(656,299)	**924,922**	(1,139,889)
Income tax recovery (expense)		**-**	10	**(1,064)**	10
NET AND COMPREHENSIVE INCOME (LOSS)		**$ 43,037**	$ (656,289)	**$ 923,858**	$ (1,139,879)
EARNINGS (LOSS) PER SHARE:	10				
Basic		**$ 0.00**	$ (0.02)	$ 0.03	$ (0.05)
Diluted		**$ 0.00**	$ (0.02)	$ 0.03	$ (0.05)
Weighted average number of shares outstanding - basic		**33,284,834**	29,077,335	**30,878,134**	25,024,668
Weighted average number of shares outstanding - diluted		**33,284,834**	29,077,335	**30,878,134**	25,024,668

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

NOVRA TECHNOLOGIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

(Canadian dollars, except share data)

	NOTES	Number of Common Shares	Common Shares	Contributed Surplus	Accumulated Deficit	Total Shareholders' Equity
At January 1, 2017		**29,077,435**	**$ 6,778,066**	**$ 472,654**	**$ (6,444,590)**	**$ 806,130**
Net income (loss)		**-**	**-**	**-**	**923,858**	**923,858**
Share based compensation	**9**	**-**	**-**	**48,395**	**-**	**48,395**
Warrants exercised	**9**	**1,706,877**	**263,051**	**(58,222)**	**-**	**204,829**
Options exercised	**9**	**24,000**	**4,656**	**(1,776)**	**-**	**2,880**
Conversion of Convertible Note	**5 (e)**	**2,500,000**	**308,800**	**(17,781)**	**-**	**291,019**
At September 30, 2017		**33,308,312**	**$ 7,354,573**	**$ 443,270**	**$ (5,520,732)**	**$ 2,277,111**

	NOTES	Number of Common Shares	Common Shares	Contributed Surplus	Accumulated Deficit	Total Shareholders' Equity
At January 1, 2016		**22,387,993**	**$ 6,056,729**	**$ -**	**$ (5,648,920)**	**$ 407,809**
Net income (loss)		-	-	-	(1,139,879)	(1,139,879)
Issuance of warrants	**9**	-	-	454,873	-	454,873
Issuance of common shares, net	**9**	6,689,342	713,826	-	-	713,826
At September 30, 2016		**29,077,335**	**$ 6,770,555**	**$ 454,873**	**$ (6,788,799)**	**$ 436,629**

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

NOVRA TECHNOLOGIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Canadian dollars)

	NOTES	Quarter Ended September 30, 2017	Quarter Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
OPERATING ACTIVITIES					
Net income (loss)		**$ 43,037**	$ (656,289)	**$ 923,858**	$ (1,139,879)
Add items not requiring an outlay of cash:					
Amortization of equipment and intangible assets		**94,948**	99,675	**285,520**	103,897
Loss on disposal of equipment		**-**	-	**-**	11,760
Inventory impairment charge (recovery)		**8,564**	(2,734)	**20,481**	10,621
Unrealized loss (gain) on options	**4 (b)**	**50,602**	49,500	**(16,448)**	52,281
Share based compensation	**9**	**17,989**	-	**48,394**	-
Finance costs	**12**	**18,342**	29,942	**92,386**	89,876
Changes in non-cash working capital items	**14**	**(84,900)**	(743,125)	**1,312,277**	(419,830)
Finance costs paid		**(42,600)**	(20,655)	**(107,693)**	(60,640)
Net cash provided by (applied to) operating activities		**105,982**	(1,243,686)	**2,558,775**	(1,351,913)
INVESTING ACTIVITIES					
Purchase of IDC, net of assumed cash		**-**	-	**-**	(50,893)
Purchase of equipment		**-**	-	**(1,052)**	-
Net cash provided by (applied to) investing activities		**-**	-	**(1,052)**	(50,893)
FINANCING ACTIVITIES					
Repayments on borrowings	**6**	**-**	(585,000)	**(2,189,672)**	(990,000)
Proceeds from borrowings	**6**	**-**	765,000	**80,000**	1,010,000
Proceeds from promissory notes	**5 (d)**	**-**	-	**-**	1,062,888
Repayments on promissory notes	**5 (d)**	**(17,825)**	-	**(94,035)**	(45,035)
Repayments on long-term debt		**(107,155)**	(103,763)	**(107,155)**	(103,763)
Exercise of warrants	**9**	**-**	-	**204,828**	-
Exercise of stock options	**9**	**2,880**	-	**2,880**	-
Proceeds from repayable government contribution	**8**	**-**	26,914	**120,233**	64,296
Foreign exchange loss (gain) on financing activities		**(15,380)**	7,388	**(49,976)**	(36,932)
Net cash provided by (applied to) financing activities		**(137,480)**	110,539	**(2,032,897)**	961,454
Net increase in cash		**(31,498)**	(1,133,147)	**524,827**	(441,352)
Cash, beginning of period		**1,820,918**	1,268,927	**1,264,594**	577,132
CASH, end of period		**$ 1,789,421**	$ 135,780	**$ 1,789,421**	$ 135,780

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

1. General Information

Novra Technologies Inc. ("Novra") is incorporated under the Canada Business Corporations Act and its corporate office and principal place of business is 900-330 St. Mary Avenue, Winnipeg, Manitoba, Canada R3C 3Z5. Novra is a publicly traded company on the TSX Venture Exchange ("TSX-V") under the symbol NVI.

Novra has been in the satellite data distribution business since 2000. During 2016, Novra significantly expanded its product portfolio and global footprint with the acquisition of International Datacasting Corporation and its wholly-owned U.S. subsidiary (collectively referred as "IDC"), a long-time leader in the same sector. Novra offers a comprehensive product portfolio including hardware, software, and services. In addition to its core video, radio, and data products, areas of expertise and added value include: encryption and cybersecurity, next-generation hybrid networks (satellite/terrestrial/cloud), and efficient bandwidth utilization.

In these interim financial statements, "Novra", "Company", "we", "us", or "our" refers to Novra Technologies Inc. and its wholly-owned subsidiaries.

The Board of Directors authorized the Condensed Consolidated Financial Statements for issue on November 29, 2017. These unaudited interim financial statements should be read in conjunction with the Novra's annual audited Consolidated Financial Statements for the year ended December 31, 2016.

2. Significant Accounting Policies

Our significant accounting policies are consistent with those disclosed in Note 2 of the audited Consolidated Financial Statements for the year ended December 31, 2016 except for the following:

Basis of Presentation

We have prepared these unaudited interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, *Interim Financial Reporting.* Accordingly, they do not include all of the information and footnotes required under IFRS for complete financial statements. In the opinion of management, these unaudited interim Condensed Consolidated Financial Statements reflect all adjustments considered necessary for a fair presentation of Novra's financial position and results of operations for the periods presented. The results of operations for any interim period are not necessarily indicative of the results for a full year. For areas involving a higher degree of management judgment or complexity, refer to Note 3 of the audited Consolidated Financial Statements for the year ended December 31, 2016.

The Condensed Consolidated Statement of Financial Position at September 30, 2017 and the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), of Changes in Shareholders' Equity and of Cash flows for the periods ended September 30, 2017 and 2016 have not been audited or reviewed by Novra's independent auditors. The Condensed Consolidated Statement of Financial Position at December 31, 2016 is derived from Novra's audited Consolidated Financial statements.

The tabular disclosures herein are presented in thousands, except for share data. Further, these interim financial statements are expressed in Canadian dollars.

Share-based Compensation

We have early adopted the amendments to IFRS 2 – Share Based Payment ("IFRS 2"), as issued by the IASB in June 2016. These amendments provide further clarification on how to account the following types of share-based compensation transactions:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- Share-based payment transactions with a net settlement feature for withholding tax obligations; and
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of these new amendments to IFRS 2 had no impact to Novra's Condensed Consolidated Financial Statements.

3. Recently Issued Accounting Standards Not Yet Adopted

The IASB has issued new accounting standards and amendments to existing standards. These are not yet effective at September 30, 2017, and could have a significant impact on Novra's future reporting periods.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

In April 2014, the IASB released IFRS 15, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue,* as well as revenue related IFRICs. This new standard specifies how and when companies will recognize revenue as well as requiring such entities to provide users of financial information with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized and the timing of the recognition of expenses directly related to revenue contracts. IFRS 15 applies to annual reporting periods beginning on or after January 1, 2018. IFRS 15 may be applied retrospectively to each prior period presented (full retrospective method) or with the cumulative effect of adoption recognized as at the date of initial application (modified retrospective method).

We currently anticipate adopting the new standard using the full retrospective method to restate each prior reporting period presented. We expect to complete our initial assessment of IFRS 15, including reviewing significant customer contracts, during the fourth quarter of 2017. While we have made significant progress in this initial review, we are not in the position to make a reliable estimate of the full impact of IFRS 15 on Novra's Consolidated Financial Statements as well as to comment on any potential changes required to our business processes, systems, and internal controls to implement new policies and disclosures required upon adoption of IFRS 15.

IFRS 9 Financial Instruments ("IFRS 9")

In July 2014, the IASB issued the final version of IFRS 9 bringing together the classification and measurement, impairment and hedge accounting phases of the project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. This standard simplifies the classification of a financial asset as either at amortized cost or at fair value as opposed to the multiple classifications which were permitted under IAS 39. The classification under IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires the use of a single impairment method as opposed to the multiple methods in IAS 39. Furthermore, this new standard includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. It does not fundamentally change the types of hedging relationships or the requirement to measure or recognize ineffectiveness; however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduces more judgment to assess the effectiveness of a hedging relationship. IFRS 9 is to be applied retrospectively for annual reporting periods beginning on or after January 1, 2018. Early application is permitted.

Our preliminary analysis has not identified significant recognition or measurement differences in respect of the classification and measurement of its financial instruments. Accordingly, we do not expect that the adoption of IFRS 9 will have a material impact on Novra's Consolidated Financial Statements.

IFRS 16 Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16, which replaces IAS 17, Leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The new lease standard continues to require lessors to classify leases as operating or finance. IFRS 16 is to be applied retrospectively for annual periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15 has also been applied. We have not yet assessed the impact of this standard on Novra's Consolidated Financial Statements.

4. Financial Instruments

a) Note Receivable

During 2014, we entered an unsecured promissory note of US$100 thousand with Wegener Communications Inc. On June 30, 2017, we agreed to further extend the maturity date of this note to December 31, 2017.

b) Derivative Financial Instrument

At September 30, 2017, the estimated fair value of the 15 million stock options to purchase Wegener Corporation's ("Wegener") common shares at $0.03 USD each was $49 thousand or $0.0032 per option (December 31, 2016: $32 thousand or $0.0002 per option). This estimated fair value was based on the following key inputs used in the Black Scholes option pricing model:

(Tabular amounts are in 000's, except share data)

	September 30, 2017	December 31, 2016
Expected life, in years	**0.50**	1.25
Volatility	**126%**	122%
Risk free interest rate	**1.31%**	0.85%
Dividend yield	**0%**	0%
Closing stock price - Wegener	**0.016**	0.008

At September 30, 2017, Wegener had 13,147,051 common shares outstanding. The exercise of the above noted options would give us controlling interest in Wegener. See Note 16 – Subsequent Event.

5. Related Party Transactions

The following is a summary of Novra's related party transactions:

a) Key management personnel compensation

The following table discloses the compensation of independent directors as well as key management personnel (President & CEO, COO, and CFO) in the ordinary course of their employment recognized as an expense during the following reporting periods.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	**2017**	2016
Salaries and employee benefits	**$ 89**	$ 107	**$ 257**	$ 167
Share-based compensation	**10**	-	**22**	-
Directors' fees	**2**	2	**6**	6
Total	**$ 101**	$ 109	**$ 285**	$ 173

b) Transactions with other related parties

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	**2017**	2016
Sale of goods and services				
InfoMagnetics Technologies Inc.("IMT") (1)	**$ (3)**	$ (3)	**$ (7)**	$ (6)
Purchase of goods and services				
InfoMagnetics Technologies Inc.("IMT") (1)	**-**	-	**-**	14
The Exchange Global Server Centre Inc. (2)	**2**	2	**7**	6
Interest on unsecured promissory notes				
IMT	**14**	18	**43**	40
Interest on convertible note				
IMT	**-**	-	**13**	-
	$ 13	$ 17	**$ 56**	$ 54

(1) Novra's President & CEO has a controlling interest in IMT.
(2) The Exchange Global Server Centre Inc. is 50% owned by IMT.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(Tabular amounts are in 000's, except share data)

c) The breakdown of advances from related parties by party was as follows:

	September 30, 2017	December 31, 2016
Key management and directors (see part (a))	**350**	351
IMT	**40**	20
The Exchange Global Server Centre Inc.	**1**	-
	$ 391	$ 371

At September 30, 2017, $318 thousand (December 31, 2016: $325 thousand) was due to Novra's President & CEO in regards to unpaid salaries and expense reimbursements for prior years in which he voluntarily chose to not collect payment in the interest of preserving liquidity in the company. The payable amount bears no interest and has no repayment term.

d) The following table shows the movement of unsecured promissory notes due to IMT during the reporting periods ended September 30, 2017 and 2016.

	4% Fixed $250k	Base Rate + 2.5% Floating $563k (1)	4% Fixed $381k	Total 2017	Total 2016
At January 1	$ 263	$ 513	$ 396	**$ 1,172**	$ 253
Loans received	-	-	-	**-**	1,063
Transfer from advances	-	-	-	**-**	181
Loan repayments	-	(94)	-	**(94)**	(45)
Foreign exchange movement	-	(29)	-	**(29)**	(37)
Interest charged	8	24	11	**43**	40
Interest paid	-	(43)	(22)	**(65)**	(13)
At September 30	$ 271	$ 371	$ 385	**$ 1,027**	$ 1,442
Maturity Dates:	Jan 2, 2018	Nov 1, 2022	Dec 31, 2018		

(1) The note is US$400 thousand, converted to Canadian currency at the transaction date.

The following table shows the presentation of the above total IMT loans on Novra's Consolidated Statements of Financial Position at September 30, 2017 and 2016.

	2017	2016
Current portion	**$ 345**	$ 1,055
Non-current portion	**682**	387
Total	**$ 1,027**	$ 1,442

On June 30, 2017, we entered a new unsecured promissory note of $381 thousand with IMT to replace the remaining unpaid $381 thousand unsecured promissory note dated June 9, 2016, which matured. The unsecured promissory note dated June 30, 2017, bears interest at 4% per annum and will mature on December 31, 2018.

(Tabular amounts are in 000's, except share data)

e) The following table shows the carrying value of the convertible note due to IMT:

	September 30, 2017	December 31, 2016
Issuance of convertible note to IMT	**$ 300**	$ 300
Amount reclassed as equity	**(18)**	(18)
Unwind discount adjustment	**15**	3
Payment of interest	**(6)**	-
Conversion of note to common shares	**(291)**	-
Carrying value of convertible note	**$ -**	$ 285

On June 16, 2017, IMT elected to fully convert its convertible note to 2,500,000 common shares of Novra (see Note 9).

6. Borrowings

The following table shows the movement in the total borrowings from the RBC Credit Facilities during the first nine months of 2017:

	Balance at January 1 2017	Additional Borrowings	Interest	Foreign Exchange	Repayments	Balance at September 30 2017	Interest Rate	Maturity
Revolving Demand Facility (for general use)	$ 300	$ 80	$ 1	$ -	$ (381)	**$ -**	Royal Bank Prime + 0.50%	None; Due on demand
Revolving Demand Facility (for pre-shipment financing)	368	-	2	-	(370)	-	Royal Bank Prime + 0.75%	None; Due on demand
Non-Revolving Demand Facility (for pre-shipment financing of a large contract)	1,462	-	9	(20)	(1,451)	-	Royal Bank US Base Rate + 1.05%	Terminated during Q1 2017
	$ 2,130	$ 80	$ 12	$ (20)	$ (2,202)	**$ -**		

(Tabular amounts are in 000's, except share data)

7. Loan Payable

The following table provides a breakdown of the carrying value of the loan payable to Crocus Investment Fund ("Crocus").

	September 30, 2017	December 31, 2016
Crocus loan	**$ 270**	$ 377
less: Current portion	**(108)**	(104)
Non-current portion	**$ 162**	$ 273

During the third quarter of 2017, we made the annual instalment of $120 thousand (principal and interest) to Crocus.

The remaining principal repayment terms are as follows:

2018	$ 108
2019	112
2020	50
	$ 270

Crocus also holds 3,660,660 common shares of Novra or 11% of total issued and outstanding common shares at September 30, 2017.

8. Repayable Government Contribution

On June 5, 2015, Novra entered a contribution agreement with Western Economic Diversification ("WEDC"). Under this agreement, Novra is eligible to receive a repayable contribution not exceeding $447.5 thousand towards the commercialization of two new innovative technology-based products.

On February 23, 2017, the WEDC contribution agreement was amended to delay the repayment of the WEDC contributions by one year such that the 59 consecutive monthly installments of $7.4 thousand and one final instalment of $10.9 thousand, assuming all $447.5 thousand in potential contributions are collected, shall commence on April 1, 2019 and end on March 1, 2024. Further the amount of funding by WEDC may not exceed the following amounts in WEDC's fiscal year ending March 31st:

Year	Amount
2016	$64
2017	$150
2018	$233

The contributions are subject to interest at the average bank rate plus 3% if any payments are late.

During 2017 we received $120 thousand from WEDC. At September 30, 2017, the WEDC contribution payable was $185 thousand.

(Tabular amounts are in 000's, except share data)

9. Shareholders' Equity

The following table provides a summary of authorized as well as issued and outstanding capital for Novra.

		September 30, 2017	December 31, 2016
Authorized:			
Unlimited	Class "A" Common voting shares		
Unlimited	Class "B" Common non-voting shares		
Unlimited	Class "C" Preferred shares, redeemable and retractable at $1,000		
Issued:			
33,308,312 (December 31, 2016: 29,077,435)			
Class "A" common voting shares		**$ 7,355**	$ 6,778

Common Shares

During the first nine months of 2017 we issued 4,230,877 common shares due to the following events:

- 1,706,877 warrants were exercised at $0.12 each. All remaining outstanding warrants have expired on June 15, 2017.
- IMT elected to convert its $300,000 convertible note for 2,500,000 common shares of Novra at $0.12 each (see Note 5(e)).
- 24,000 options were exercised at $0.12 each by one director during the third quarter.

During the first nine months of 2016 we issued 6,689,342 common shares and 13,378,631 warrants as part of the merger transaction with IDC. The fair value of these warrants was $455 thousand and was reported as contributed surplus in Novra's Condensed Consolidated Statements of Changes in Shareholders' Equity.

Stock Options

On April 28, 2017, the Board of Directors approved the 2017 Stock Option Plan ("2017 Plan") to retain and attract executives, directors and key employees. This replaces and terminates the former option plan, which had no outstanding options. The 2017 Plan provides for the grant of stock options of up to an aggregate of 2,900,000 with a five-year vesting period and seven-year term. Subject to the applicable discount provided by the TSX-V rules, the exercise price will be at least equal to the fair market value of Novra's common shares at the grant date as defined as the greater of:

- The volume weighted average trading price for Novra's common share for the five market trading days immediately prior to the grant date; and
- The closing trading price of Novra's common share on the day immediately prior to the grant date.

(Tabular amounts are in 000's, except share data)

Additionally, the Board of Directors has the discretion to amend general vesting provisions and the term of any award under the 2017 Plan, subject to the restrictions defined in the 2017 Plan. The TSX-V approved the 2017 Plan on May 9, 2017.

During the second quarter of 2017, the Board of Directors approved the grant of 1,500,000 stock options to independent directors, employees, and a sales consultant under the terms of the 2017 Plan, exercisable at $0.12 each and subject to the following vesting provision:

- 20% on June 30, 2017;
- 20% on December 31, 2017;
- 20% on December 31, 2018;
- 20% on December 31, 2019; and
- 20% on December 31, 2020.

In connection with the employment agreement entered with the CFO during the second quarter of 2017, the Board of Directors approved the grant of 300,000 stock options, exercisable at $0.12 each and subject to a five-year vesting period starting with 20% on December 31, 2017, and 20% annually thereafter.

All options granted during 2017 will expire seven years from the grant date.

Summary of Stock Option Information:

The following table provides a summary of stock option activity for the periods ended September 30, 2017:

	Three Months Ended		Nine Months Ended	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	**1,784,000**	**$ 0.12**	**-**	**$ -**
Granted	**-**	**$ -**	**1,800,000**	**$ 0.12**
Exercised	**(24,000)**	**$ 0.12**	**(24,000)**	**$ 0.12**
Forfeited	**-**	**$ -**	**(16,000)**	**$ 0.12**
Expired	**(4,000)**	**$ 0.12**	**(4,000)**	**$ 0.12**
Outstanding, end of period	**1,756,000**	**$ 0.12**	**1,756,000**	**$ 0.12**

At September 30, 2017, the remaining stock option pool for future grants was 1,144,000.

(Tabular amounts are in 000's, except share data)

The following table summarizes information about the stock options outstanding at September 30, 2017:

# of Options Outstanding	Grant Date	Expiry Date	Fair Value at Grant Date	# of Options Exercisable	Exercise Price
1,456,000	11-May-17	10-May-24	$ 0.07	272,000	$ 0.12
300,000	28-Jun-17	28-Jun-24	$ 0.06	-	$ 0.12
1,756,000				272,000	

We used the following assumptions in the Black-Scholes option pricing model to estimate the fair value of options at the following grant dates:

	11-May-17	28-Jun-17
Expected life, in years	3.5 years	3.5 years
Volatility	80%	85%
Risk free interest rate	0.60%	0.94%
Anticipated forfeiture	0 to 10%	0%
Dividend yield	0%	0%
Closing stock price at grant date	0.13	0.11

10. Earnings (Loss) Per Share ("EPS")

a) Basic EPS

Basic EPS is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	**2017**	2016
Net income (loss)	**$ 43**	$ (656)	**$ 925**	$ (1,140)
Weighted average number of common shares	**33,285**	29,077	**30,878**	25,025
Basic EPS	**$ 0.00**	$ (0.02)	**$ 0.03**	$ (0.05)

(Tabular amounts are in 000's, except share data)

b) Diluted EPS

Diluted EPS is calculated by adjusting the weighted average number of common shares to assume conversion of all dilutive common shares.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	**2017**	2016
Net income (loss)	**$ 43**	$ (656)	**$ 925**	$ (1,140)
Weighted average number of common shares:				
Weighted average number of common shares	33,285	29,077	30,878	25,025
Adjustment for:				
- Stock Options (1)	-	-	**-**	-
Weighted average number of common shares for diluted EPS	**33,285**	29,077	**30,878**	25,025
Diluted EPS	**$ 0.00**	$ (0.02)	**$ 0.03**	$ (0.05)

(1) Stock options were anti-dilutive for the three and nine-month periods.

11. Operating Expenditures

We present our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) on a functional basis in which expenditures are aggregated to the function to which they relate. We have identified the major functions as general and administrative, sales and marketing, and research and development activities.

The following table provides a further breakdown of our operating expenditures for the indicated reporting periods.

Three Months Ended September 30, 2017	**General and administrative**	**Sales and marketing**	**Research and development**	**Total**
Personnel expenditures	$ 119	$ 140	$ 283	$ 542
Other operating expenditures	31	87	70	188
Depreciation and amortization	1	1	83	85
	$ 151	**$ 228**	**$ 436**	**$ 815**

Three Months Ended September 30, 2016	General and administrative	Sales and marketing	Research and development	Total
Personnel expenditures	$ 201	$ 154	$ 326	$ 681
Other operating expenditures	94	107	71	272
Depreciation and amortization	1	1	94	96
	$ 296	$ 262	$ 491	$ 1,049

(Tabular amounts are in 000's, except share data)

Nine Months Ended September 30, 2017	**General and administrative**	**Sales and marketing**	**Research and development**	**Total**
Personnel expenditures	$ 353	$ 706	$ 888	$ 1,947
Other operating expenditures	126	302	212	640
Depreciation and amortization	2	2	251	255
	$ 481	**$ 1,010**	**$ 1,351**	**$ 2,842**

Nine Months Ended September 30, 2016	General and administrative	Sales and marketing	Research and development	Total
Personnel expenditures	$ 280	$ 193	$ 588	$ 1,061
Other operating expenditures	310	172	114	596
Depreciation and amortization	1	1	98	100
	$ 591	$ 366	$ 800	$ 1,757

12. Finance Costs

The following table provides a breakdown of total finance costs during the following reporting periods.

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2017	2016	**2017**	2016
Interest expense:				
- Bank borrowings and Crocus loan	**$ 4**	$ 11	**$ 25**	$ 31
- Unsecured promissory notes (see Note 5 (d))	**14**	18	**43**	40
- Convertible note (see Note 5 (e))	**-**	-	**13**	-
Fees on bank borrowings and promissory notes	**-**	1	**11**	19
	$ 18	$ 30	**$ 92**	$ 90

13. Segmented Information

For the third quarter of 2017, three customers accounted for more than 10% of Novra's total revenues each, at a combined total of 53% (September 30, 2016– two customers accounted for 31%). For the nine months ended September 30, 2017, two customers accounted for more than 10% of Novra's total revenues each, at a combined total of 46% (September 30, 2016- one customer accounted for 18%).

Revenues by geographic market are as follows:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2017	2016	**2017**	2016
Americas ex-Canada	**$ 1,644**	$ 592	**$ 4,015**	$ 1,106
EMEA	**205**	162	**745**	230
APAC	**110**	195	**446**	317
Canada	**89**	221	**2,525**	333
	$ 2,048	$ 1,170	**$ 7,731**	$ 1,986

(Tabular amounts are in 000's, except share data)

Revenues by type are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	**2017**	2016
Products	**$ 1,654**	$ 874	**$ 6,785**	$ 1,609
Services	**394**	296	**946**	377
	$ 2,048	$ 1,170	**$ 7,731**	$ 1,986

14. Net Change in Non-Cash Working Capital

The components of the net change in non-cash working capital are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	**2017**	2016
Trade and other receivables	**$ (141)**	$ (139)	**$ 1,419**	$ 221
Inventories	**22**	(307)	**977**	(270)
Notes receivable	**5**	39	**9**	48
Current tax assets	**-**	-	**2**	-
Prepayments	**308**	(400)	**302**	(549)
Amounts payable including advances	**(217)**	268	**(796)**	432
Customer deposits	**(1)**	(60)	**(79)**	(77)
Deferred revenue	**(66)**	(142)	**(585)**	(225)
Warranty provision	**5**	(2)	**63**	-
Total	**$ (85)**	$ (743)	**$ 1,312**	$ (420)

Non-cash transactions in 2017:

- The conversion of the $300 thousand Convertible Note to Novra's common shares (see Note 9).
- The unsecured promissory note with IMT dated June 30, 2017 of $381 thousand, replacing the remaining $381 thousand on the unsecured promissory note dated June 9, 2016.
- The extension of the maturity date of the US$100 thousand unsecured promissory note with Wegener (see Note 4 (a)).

(Tabular amounts are in 000's, except share data)

15. Commitments and Contingent Liabilities

a) Lease commitments

At September 30, 2017, Novra's future minimum payments under non-cancellable operating leases for offices were as follows:

rest of 2017	$	55
2018		233
2019		113
Total	$	401

b) Purchase Commitments

In the normal course of business, we may enter purchase commitments, including inventory and third party software license embedded in our products, to achieve economy of scale. At September 30, 2017, we had $206 thousand of purchase commitments of which $81 thousand is due within one year.

16. Subsequent Event

On November 28, 2017, our Board of Directors has approved to acquire a 51% controlling interest of Wegener Corporation ("Wegener") on or before December 29, 2017. On the closing date, Wegener will issue and sell 14 million shares of Wegener common stock to Novra in exchange for 2 million Novra common shares. There is no cash consideration to paid to Wegener on this transaction.

In light of the above, we expect to write-off the remaining carrying value of the Wegener options in the fourth quarter of 2017.