novra TECHNOLOGIES INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

Three and Six Months Ended June 30, 2017

(Expressed in Canadian dollars)

The following Management's Discussion and Analysis ("MD&A") of Novra Technologies Inc. ("Novra") should be read in conjunction with the unaudited interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2017, and related notes included therein. These unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and therefore these should be read in conjunction with Novra's annual 2016 Audited Financial Statements.

All information in this MD&A is presented in Canadian dollars, unless otherwise indicated. Tabular dollars are in thousands, except per share amounts. Amounts in tables may not reconcile due to rounding differences.

Throughout this MD&A, "we", "us", "our", "Novra", and "Company" refer to Novra Technologies Inc. and its subsidiaries.

This MD&A is dated as of August 29, 2017, and is current to this date. This MD&A and the unaudited interim Condensed Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors.

Financial statements, MD&A and other information relating to Novra are available on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable Canadian securities laws, concerning but not limited to: our outlook, the proposed acquisitions of Wegener Corporation and Westport Research & Associates, anticipated developments in our operations in future periods, the adequacy of Novra's financial resources and other events and conditions that may occur in the future. Forward-looking statements are generally identifiable by words such as "expects", "anticipates", "believes", "intends", "estimates", "predicts", "potential", "targeted", "plans" "possible", and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. As such, forward-looking statements are not historical facts but reflect our current assumptions and expectations regarding future events. These are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations and assumptions. Some of these risks and uncertainties are described herein under the "Risks and Uncertainties" section of this MD&A.

For the above reasons, readers are cautioned not to place undue reliance on forward-looking statements.

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BUSINESS OVERVIEW

Novra Technologies Inc. (headquartered in Winnipeg, Canada) is a public company on the TSX Venture Exchange ("TSX-V"). Novra trades under the stock symbol "NVI" and is a Class 1 reporting issuer. We have been in the satellite data distribution business since 2000. In 2016, we significantly expanded our product portfolio and global footprint with the acquisition of International Datacasting Corporation ("IDC"), a long-time leader in the same sector (based in Ottawa, Canada). The companies joined together to form the Novra group of companies ("Novra Group").

Novra Group is an international technology provider of products, systems, and services for the distribution of broadband multimedia content. Our applications focus includes: broadcast video and radio, digital cinema, digital signage, and high-speed data applications. We offer a comprehensive product portfolio including hardware, software, and services. In addition to our 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.

See our corporate website at www.novragroup.com for further details.

OVERALL FINANCIAL PERFORMANCE

Q2 2017 vs. Q2 2016:

- Total revenue of $3.3 million, an increase of 551%
- Gross profit at $1.8 million was 55.5% of total revenue, compared to $267 thousand or 53.3%
- Operating expenses were $1.1 million, compared to $476 thousand
- Adjusted EBITDA of $860 thousand, compared to Adjusted EBITDA of $(89) thousand (this is a non-IFRS financial measure - refer to "Discussion of Operations" section below for further details)
- Operating cash flows were $8 thousand, compared to $(161) thousand
- Working capital was $2.8 million, a 131% increase since December 31, 2016

YTD 2017 vs. YTD 2016:

- Total revenue of $5.7 million, an increase of 597%
- Gross profit at $2.9 million was 51.7% of total revenue, compared to $357 thousand or 43.8%
- Operating expenses were $2.0 million, compared to $708 thousand
- Adjusted EBITDA of $1.1 million, compared to Adjusted EBITDA of $(231) thousand (this is a non-IFRS financial measure - refer to "Discussion of Operations" section below for further details)
- Operating cash flows were $2.5 million, compared to $(108) thousand

The significant variation in the above financial highlights is primarily due to the acquisition of IDC which closed on June 15, 2016. Operating performance was strong in 2017 primarily due to delivering on large contracts previously announced in 2016.

RECENT DEVELOPMENTS

- In March 2017, we announced a cybersecurity partnership agreement with DataPath Inc. Through this partnership, we now offer professional cybersecurity consulting to our global customers to enhance their cyber security risk management including threat detection, incident response, and regulatory compliance, as well as network vulnerability scanning plus meditation, and 24/7 live monitoring from DataPath's cyber security operations center. Starting in late Q2

2017, we have enhanced our professional customer support – gold plan to include Datapath's cybersecurity checkup/threat analysis.

- In April 2017, at the National Association of Broadcasters (NAB) 2017 Show, we announced the launch of our new MISTIQ audio platform – a hybrid satellite/terrestrial/cloud distribution for professional audio networks. Further, we announced our next generation for our well-known IPE 4000 IP Encapsulator, as well as our upcoming S400 DVB-S2 receiver to be available later in 2017.

DISCUSSION OF OPERATIONS

The following table sets selected information from our Condensed Consolidated Financial Statements, including a reconciliation of IFRS to non-IFRS measures, for the periods indicated:

(in thousands)	Second Quarter			Six Months Ended June 30,		
	2017	2016	% Chg	**2017**	2016	% Chg
Revenue by type:						
Products	**$ 2,959**	$ 431	587%	**$ 5,132**	$ 735	598%
Services	**302**	70	NM	**552**	81	NM
Total revenue	**3,261**	501	551%	**5,684**	816	597%
Gross profit	**1,810**	267	NM	**2,940**	357	NM
Gross margin	***55.5%***	*53.3%*		***51.7%***	*43.8%*	
Operating expenses (1)	**1,074**	476	126%	**2,027**	708	186%
Operating income (loss) (1)	**736**	(210)	NM	**913**	(352)	NM
Other income (expenses) (1)	**(97)**	33	NM	**(32)**	(132)	-76%
Net income (loss) as reported under IFRS	**$ 639**	$ (177)	NM	**$ 881**	$ (484)	NM
Adjustments:						
Finance income (1)	**(1)**	(1)	0%	**(3)**	(3)	0%
Finance costs (1)	**26**	25	4%	**74**	60	23%
Depreciation and amortization	**95**	3	NM	**191**	4	NM
Tax expense (recovery)	**1**	-	NM	**1**	-	NM
EBITDA - non-IFRS measure	**760**	(150)	NM	**1,144**	(423)	NM
Loss (gain) on foreign exchange	**32**	(4)	NM	**27**	60	-55%
Loss on disposal of equipment	**-**	-		**-**	12	
Share-based compensation	**30**	-		**30**	-	
Acquistion-related costs	**-**	117		**-**	117	
Loss (gain) on Wegener options	**38**	(52)		**(67)**	3	
Adjusted EBITDA - non-IFRS measure	**$ 860**	$ (89)	NM	**$ 1,134**	$ (231)	NM

NM – not meaningful

(1) The 2016 comparative figures were restated to conform with the 2017 presentation; there was no change to the reported net loss as reported under IFRS.

Revenue and Gross Margin

Q2 2017 vs. Q2 2016

Total revenue increased by 551% or $2.8 million mainly due to the merger with IDC on June 15, 2016. Products revenue benefited primarily from deliveries on the large radio broadcast network project awarded in August 2016, the large encryption system order from a U.S. defense contractor awarded in November 2016, and the IDC LASER™ video broadcast network project in Mexico awarded in December 2016. The increase in services revenue is driven by new and renewed customer support contracts as well as professional installation and training services on the large contracts previously noted.

Our revenue is generally concentrated on a few customers from quarter to quarter (refer to our commentary under the Selected Quarterly Financial Information section of this MD&A). Our top 10 customers accounted for 88% of total revenue for Q2 2017, with the three largest accounting for 45%, 22% and 11%, respectively, or $2.5 million in aggregate. For Q2 2016, our top 10 customers accounted for 85% of total revenue, with the three largest accounting for 34%, 14%, and 12% or $299 thousand in aggregate. No other customers accounted for more than 10% of total revenue.

While our revenue may be concentrated on a few customers quarterly, with approximately 2,000 customers in over 100 countries, including over 200,000 installations since inception, we have a well-established customer base to provide diversification in our revenue base. The following table summarizes the geographic distribution of our revenues for the quarter:

	Q2 2017	**% of Total**	Q2 2016	% of Total
Canada	**$ 1,578**	**48%**	$ 71	14%
Americas ex-Canada	**1,433**	**44%**	292	58%
APAC	**131**	**4%**	72	14%
EMEA	**119**	**4%**	66	13%
	$ 3,261	**100%**	$ 501	100%

The change in geographic distribution was driven mainly by the delivery of the large contracts noted above.

Gross margin was 55.5% for the current quarter, a 2.2 percentage points increase over the comparable quarter in 2016. The improvement was driven by product mix, in particular sale of head-end equipment at higher margin than for our receivers.

YTD 2017 vs. YTD 2016

Total revenue increased by 597% or $4.9 million driven by both Products and Services for the same reasons as noted above for Q2.

Our top 10 customers accounted for 85% of total revenue for YTD 2017, with the two largest accounting for 40% and 20%, respectively, or $3.4 million in aggregate. For YTD 2016, our top 10 customers accounted for 80% of total revenue, with the four largest accounting for 21%, 19%, 12% and 10% or $507 thousand in aggregate. No other customers accounted for more than 10% of total revenue.

The following table summarizes the geographic distribution of our revenues for the first half of the year:

		YTD 2017	% of Total		YTD 2016	% of Total
Canada	$	2,446	43%	$	112	14%
Americas ex-Canada		2,362	42%		514	63%
EMEA		540	10%		68	8%
APAC		336	6%		122	15%
	$	5,684	100%	$	816	100%

Gross margin was 51.7% for the first half of 2017, a 7.9 percentage points increase over the comparable period in 2016. The improvement was driven by the same reason noted for Q2, coupled with minimal low-margin sales of inventory supplies to Wegener in 2017 whereas we had significant sales to Wegener in 2016.

Operating Expenses ("OPEX")

(in thousands)	Second Quarter			Six Months Ended June 30,		
	2017	2016	% Chg	2017	2016	% Chg
General and administrative	$ 167	$ 231	-28%	$ 330	$ 295	12%
Sales and marketing	451	69	NM	782	105	645%
Research and development, net	456	175	161%	915	309	196%
Total operating expenses	$1,074	$ 475	126%	$ 2,027	$ 709	186%

Total OPEX increased by 126% and 186% during Q2 2017 and first half of 2017, respectively, over the comparable prior periods primarily due to an increase in headcount, amortization costs and facility costs from the IDC merger, offset partially by no acquisition-related costs incurred during the first half of 2017.

For financial reporting purposes, we allocate facility costs to OPEX (G&A, S&M, and R&D) and cost of revenues. For Q2 2017 and YTD 2017, total facility costs were $125 thousand and $251 thousand, respectively, an increase of 160% and 292% over the comparable periods in 2016. For Q2 2017, $99 thousand and $26 thousand facility costs were allocated to OPEX and cost of revenues, respectively, compared to $40 thousand and $8 thousand, respectively, for the same prior period. For the first half of 2017, $197 thousand and $54 thousand facility costs were allocated to OPEX and cost of revenues, respectively, compared to $54 thousand and $10 thousand, respectively, for the same prior period. The increase in 2017 was driven by the merger with IDC, which closed on June 15, 2016.

General and administrative ("G&A") expenses consist primarily of compensation paid to the corporate, IT, and finance staff as well as professional fees, and public company related costs. Q2 and YTD 2016 G&A costs include $117 thousand of acquisition-related costs for the IDC merger. Excluding these acquisition-related costs, our G&A increased by 46% and 85% for Q2 and YTD 2017, respectively, over the comparable periods in 2016. The increase in 2017 was driven mainly by the increase in headcount from IDC.

Our Sales and Marketing ("S&M") costs include compensation, including sales commissions, paid to our sales team, as well as tradeshow, promotion and travel and entertainment costs. The increase in Q2 and YTD 2017 was driven by an increase in headcount from IDC, the NAB tradeshow costs as well as significant earned sales commission due to exceeding our minimum sales quota as set by senior management.

Research and Development (R&D) costs will continue to be a significant component of our total operating expenses as we continue to develop innovative products and solutions to remain competitive in our industry. R&D costs include primarily compensation paid to engineering personnel and prototype costs. Additionally, R&D costs include the amortization cost for acquired technology assets. R&D costs are expensed as incurred; we do not capitalize development costs. These R&D costs may also be partially subsidized by Federal and Provincial investment tax credits if qualified as scientific research and experimental development ("SR&ED"). We did not accrue any investment tax credits during 2017 and these were insignificant in 2016. Excluding the amortization cost for acquired technology assets from the IDC merger, R&D costs increased by 115% and 143% in Q2 and first half of 2017, respectively, over the comparable prior periods. The increase was driven by the increase in headcount from IDC.

Foreign Exchange Gain (Loss)

For Q2 and first half of 2017, we incurred a small foreign exchange loss primarily due to weakening of the USD late in the quarter. At June 30, 2017, we had an outstanding forward foreign exchange contact to sell 70 thousand Euro for CAD, which matured on July 25, 2017, to partially hedge our current and anticipated Euro exposure. The fair value of this forward foreign exchange contract at June 30, 2017 was insignificant.

At June 30, 2017, the foreign currency denominated assets and liabilities, subject to remeasurement, were as follows:

(in thousands)		USD		Euro
Assets	$	1,521	€	67
Liabilities		(575)		(28)
Net assets before forward contract	$	946	€	39
Forward contract		-		(70)
Net assets -unhedged	$	946	€	(31)
Impact on Novra's earnings if 5% change in foreign exchange rates	**$**	**47**	**$**	**(2)**

Finance Costs

Finance costs were $26 thousand for Q2 2017, in line with Q2 2016. For the first half of 2017, finance costs were $74 thousand, an increase of 23% over the comparable prior period mainly due to an increase in borrowings to fund Novra's working capital and the purchase of IDC during 2016. During Q1 2017, we have reduced our borrowings by fully repaying the RBC Credit Facilities and partially repaid the unsecured promissory notes due to IMT. Further, the convertible note holder elected to convert the debt into Novra common stock in late Q2 2017. Accordingly, we expect finance cost to continue to decline in the near term. Refer to "Liquidity" section below for further details on the current RBC Credit Facilities.

Depreciation and Amortization

The significant increase in depreciation and amortization costs in Q2 and first half of 2017 over the comparable prior periods was mainly due to the merger with IDC. We acquired $143 thousand of equipment and $940 thousand of intangible assets. These assets are being depreciated over their respective useful lives.

Tax Expense

While we earned a taxable income for Q2 and first half of 2017, we have negligible corporate income tax expense due to the availability of non-capital loss carry forwards.

Loss (Gain) on Wegener Options

In Q2 2017, we had $38 thousand unrealized loss on the 15 million Wegener stock options, compared to $52 thousand unrealized gain in Q2 2016. For the first half of 2017, we had $67 thousand unrealized gain, compared to $3 thousand unrealized loss for the same period in 2016. The variances are driven by the fair value remeasurement at each reporting period, which is significantly influenced by the underlying stock price of Wegener and time decay on the options.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-IFRS measures. EBITDA is defined as earnings before income tax expense, net financing costs, depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for foreign exchange gain or loss, acquisition-related costs, gain or loss on Wegener options, share-based compensation, restructuring charges, material write-down of inventories, and any other material impairment charges.

Management believes that EBITDA and Adjusted EBITDA provide important financial measures of Novra's operating performance because they allow management, investors, and other stakeholders to evaluate and compare Novra's core operating results from period to period by removing the impact of its capital structure (interest expense), asset base (depreciation and amortization), and tax consequences. Because EBITDA and Adjusted EBITDA do not have any standardized meanings prescribed by IFRS, other companies may calculate these non-IFRS measures differently, and therefore our EBITDA and Adjusted EBITDA may not be comparable to similar titled measures of other companies. Accordingly, *readers are cautioned to not place undue reliance on these financial measures and encouraged to read all IFRS accounting disclosures presented in the audited Consolidated Financial Statements the year ended December 31, 2016 and the unaudited interim Condensed Consolidated Financial Statements for the second quarter 2017.*

Adjusted EBITDA for Q2 and first half of 2017 were $860 thousand and $1.1 million, respectively, compared to $(89) thousand and $(231) thousand for the comparable prior periods in 2016. This significant improvement in operating performance was primarily driven by higher revenues at higher margins, partially offset by an increase in OPEX.

Outlook

We have now completed delivery on the large contracts awarded in 2016. While we believe there are strong indications that we are in the early phase of a significant technology upgrade cycle for our industry, particularly for the multimedia content distribution, the timing for large capital expenditure (CAPEX) by customers remains lumpy and uncertain. For example, we have recently responded to a Request for Proposal from a current U.S. customer for a large radio network refresh to be deployed in 2018. While there is no guarantee we will win this project, we believe we are well positioned to succeed.

In addition, we are actively pursuing various diverse sales opportunities and see significant market interest in our next-generation audio cloud distribution solution – MISTiQ, and have many requests for technical demonstrations. We are also continuing to pursue large opportunities in Mexico leveraging our professional broadcast content distribution solutions into consumer devices. Although we're seeing significant sales opportunities and market interest in our products, we have observed recently a trend in delayed customer orders. This is consistent with historical ordering trends for Novra and we expect orders to pick up in the fall. While we are well positioned to close on many of these opportunities soon, the timing for receiving these potential orders is uncertain and consequently we have low visibility on our profitability outlook for the second half of 2017. Our strategy for addressing this volatility in revenue, cash flows and earnings continues to be making accretive acquisitions. See Proposed Transactions section of this MD&A.

SELECTED QUARTERLY FINANCIAL INFORMATION

(dollars in thousands, except per share data)

The following table sets out selected financial information for our current and eight most recently completed quarters.

	Jun 30 2017	Mar 31 2017	Dec 31 2016	Sep 30 2016	**Jun 30 2016**	Mar 31 2016	Dec 31 2015	Sep 30 2015	**Jun 30 2015**
Revenue	**$ 3,261**	$ 2,422	$ 3,056	$ 1,170	**$ 501**	$ 816	$ 679	$ 663	**$ 258**
Gross profit	**1,810**	1,130	1,350	463	**268**	357	73	263	**54**
Operating expenses	**1,074**	953	979	1,056	**476**	708	146	208	**188**
Foreign exchange gain (loss)	**(32)**	5	24	8	**4**	(64)	23	71	**(20)**
Net income (loss) as reported under IFRS	**639**	242	344	(656)	**(177)**	(307)	(23)	(78)	**(158)**
Adjusted EBITDA income (loss)	**860**	274	464	(465)	**(89)**	(118)	(71)	62	**(132)**
Earnings (loss) per share - diluted	**$ 0.021**	$ 0.008	$ 0.012	$ (0.023)	**$ (0.008)**	$ (0.014)	$ (0.001)	$ (0.004)	**$ (0.007)**
Weighted average shares outstanding	**30,369**	29,079	29,077	29,077	**23,564**	22,388	22,388	22,388	**22,388**

We occasionally receive large orders from customers and partners which can provide revenue visibility for future quarters. This was the case for the most recent and previous two quarters. However, for other quarters, our quarterly revenues are generated from orders received in the quarter rather than from order backlog going into the quarter. Further, new product introduction, component availability (inventory procurement lead-time), and customer project timelines can drive significant fluctuations in our quarterly results. This is the nature of our industry and the CAPEX cycle in which we operate in.

LIQUIDITY

<u>Quick Ratio</u>

Our principal liquidity requirements are for working capital, capital expenditures and for pending acquisitions as previously announced. Management measures liquidity based on Novra's unrestricted cash and accounts receivable. The following table shows our total liquid assets at the indicated reporting periods.

	June 30, 2017	December 31, 2016
Cash	**$ 1,821**	$ 1,265
Accounts receivable	**1,244**	2,804
Total liquid assets	**$ 3,065**	$ 4,069
Quick ratio (1)	**2.86:1**	1.07:1

(1) Total liquid assets over total current liabilities, excluding amounts due to related parties and deferred revenue

The quick ratio as defined above is a non-IFRS financial measure. We believe this an important financial metric to investors and other stakeholders to assess Novra's ability to meet its third party short-term obligations with its most liquid assets. The related parties have expressed no intent to call on their debt in the near term until such time that Novra is in a stronger capital position. We also excluded deferred revenue in the quick ratio calculation as it does not represent a contractual financial obligation i.e. it is a liability that will reverse once revenue recognition has been met.

Our cash position increased to $1.8 million at June 30, 2017 from $1.3 million at December 31, 2016, and our quick ratio at June 30, 2017 (as defined above), significantly improved to 2.86:1 or $2.86 of liquid assets available to cover each $1.00 of third party current liabilities. The improvement in the first half of 2017 was mainly due to strong collections, partially offset by full repayment of borrowings under the RBC Credit Facilities and partial repayment under the IMT unsecured promissory note as well as certain payables.

The following is a summary of cash flows by activities for the first half of 2017 vs. the same period in 2016.

Operating activities

We generated $2.5 million cash flows from operating activities for the first half of 2017, compared to $(108) thousand for the same period in 2016. The significant improvement was mainly driven by strong cash conversion of our receivables and inventories during 2017. Our accounts receivable decreased by $1.6 million from $2.8 million at December 31, 2016 and our inventories decreased by $1.0 million from $2.2 million at December 31, 2016.

Investing activities

We made negligible purchase of equipment in 2017. In 2016, we acquired IDC for a net cash outflow of $51 thousand – for further details refer to Note 4 of the audited Consolidated Financial Statements for Novra's year ended December 31, 2016.

Financing activities

We applied $1.9 million net cash to financing activities in the first half of 2017, driven mainly by full repayment of borrowings under the RBC Credit Facilities and partial repayment on the IMT unsecured promissory note. These repayments were partially offset by proceeds of $204 thousand from issuance of common shares due to exercised warrants and $120 thousand of additional repayable funding from the Western Economic Diversification Canada. For the first half of 2016, we generated $851 thousand net cash from financing activities, mostly in the form of unsecured promissory notes with IMT to fund Novra's working capital and acquisition of IDC.

As of the date of this MD&A, we continue to have access to the following RBC Credit Facilities:

	Currency	Borrowing Limit	Availability Based On	Outstanding Amounts	Remaining Borrowing Limit	Interest Rate	Maturity
Revolving Demand Facility (for general use)	CAD	$ 350	75% of Good Accounts Receivable in Canada and 50% of unencumbered inventories up to $150	$ -	$ 350	Royal Bank Prime + 0.50%	None; Due on demand
Revolving Demand Facility (for pre-shipment financing)	CAD	$ 495	100% of eligible pre-shipment costs	$ -	$ 495	Royal Bank Prime + 0.75%	None; Due on demand

Working Capital Ratio

Novra's working capital ratio was as follows:

		June 30, 2017		December 31, 2016
Working Capital:				
Current assets	**$**	**5,193**	$	7,096
Current liabilities		**2,408**		5,891
Working capital	**$**	**2,785**	$	1,205
Working capital, excluding related party and deferred revenue balances	**$**	**4,120**	$	3,301
Working capital ratio(1)		**4.84:1**		1.87:1

(1) Total current assets over total current liabilities, excluding amounts due to related parties and deferred revenue

Our working capital increased by $1.6 million since December 31, 2016 mainly due to completing delivery on the large contracts previously noted, resulting in the release of significant related deferred revenue previously reported at December 31, 2016, coupled with collections on most of the related receivables by June 30, 2017. With the excess cash, we took the opportunity to repay all borrowings under the RBC Credit Facilities and partially repay the IMT promissory notes.

"Working capital, excluding related party and deferred revenue balances" and "Working capital ratio" as defined above are both non-IFRS financial measures. Management believes these are useful, relevant financial measures to investors and other stakeholders in order to assess the available working capital to fund Novra's day-to-day operations.

Excluding related party and deferred revenue balances, Novra's working capital increased by $819 thousand since December 31, 2016. Our working capital ratio (as defined above) further improved to 4.84:1 or $4.84 per $1.00 of current third-party liabilities at June 30, 2017.

Based on our Outlook, we expect our working capital will decline in the third quarter because of current soft market condition.

Contractual obligations and commitments

At June 30, 2017, Novra's contractual obligations and commitments were as follows:

Payment due:	**Total**	**Within 1 year**	**1 to 3 years**	**3 to 5 years**
Bank borrowings	**$ -**	$ -	$ -	$ -
Operating leases	**485**	258	227	-
Loan payable to Crocus (1)	**386**	105	281	-
Purchase commitments	**220**	67	147	6
Repayable government contribution	**185**	-	185	-
Trade payables and other payables	**182**	182	-	-
Total third party contractual obligations	**1,458**	612	840	6
Promissory notes from related party	**1,076**	345	626	105
Advances from related parties	**367**	367	-	-
Total contractual obligations	**$ 2,901**	**$ 1,324**	**$ 1,466**	**$ 111**

(1) Crocus owns 3,666,660 common shares of Novra or 11% of total issued and outstanding common shares at June 30, 2017.

Based on June 30, 2017 liquid assets and working capital (as defined above), we believe that we have sufficient liquid resources to fund all third party contractual obligations coming due within one year.

CAPITAL RESOURCES

Our key objectives and policies for managing capital are to maintain a strong capital base in order to:

- maintain investor, creditor and market confidence;
- advance Novra's corporate strategies to generate attractive risk-adjusted return over the long-term for our shareholders;
- sustain Novra's operations and growth through all cycles; and
- ensure compliance with the covenants of any applicable credit facility and other financing facilities.

At June 30, 2017, our total outstanding voting common shares were 33,284,312, an increase of 14% since December 31, 2016 due to the exercise of warrants and conversion of Convertible Note. The exercise price and conversion price were both set at $0.12 per common share. Due to the conversion of the Convertible Note to equity, our President & CEO directly and indirectly owns approximately 16% of Novra's total outstanding common shares as of the date of this MD&A.

Our capital resources were as follows:

	June 30, 2017	December 31, 2016
Bank borrowings (drawn)	**$ -**	$ 2,130
Promissory notes from related party	**1,076**	1,172
Convertible note from related party	**-**	285
Loan payable - Crocus	**386**	377
Repayable government contribution	**185**	64
Shareholders' equity	**2,213**	806
Total capital resources	**$ 3,860**	$ 4,834

The significant change in capital resources during 2017 was due to the following:

- Full repayment of bank borrowings to manage efficiently our cost of capital. As previously noted, we continue to have access to the borrowing capacity under the RBC Credit Facilities.

- With the remaining excess cash, we also partially repaid the IMT unsecured promissory note, including accrued interest.

- The Convertible Note with IMT was converted to common shares.

- Shareholders' equity increased by $1.4 million mainly due to net earnings and common stock issuance for the first half of 2017.

Based on Novra's current liquidity and capital resources, management believes Novra has sufficient capital resources to fund Novra's operations for the foreseeable future, including the contractual obligations and commitments as noted above. However, in the event we complete the acquisition of

Wegener it may be necessary to raise additional capital to fund its working capital and restructuring initiatives.

OFF BALANCE SHEET ARRANGEMENTS

At June 30, 2017, we had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

In addition to key management personnel compensation, we have material unsecured promissory notes with IMT (IMT is a shareholder and our President & CEO has a controlling interest in IMT) as disclosed in the "Liquidity" and "Capital Resources" sections of this MD&A. Refer to Note 5 of the unaudited interim Condensed Consolidated Financial Statements for a complete disclosure of all related party transactions, including amounts due at June 30, 2017.

PROPOSED TRANSACTIONS

On September 16, 2013, we entered a strategic agreement with Wegener Corporation ("Wegener"), formerly a listed U.S. based communications technology company, in which we agreed to acquire Wegener subject to due diligence and restructuring. We are currently in active discussions to consummate a transaction in 2017.

In February 2014, we also announced that we intended to acquire Westport Research and Associates ("Westport"), a U.S. private company. Since 2014, Westport has made some changes to its operational and ownership structure, positioning itself well for us to successfully negotiate an acceptable term sheet; once we have completed a transaction with Wegener.

ACCOUNTING MATTERS

Critical Accounting Estimates

The unaudited interim Condensed Consolidated Financial Statements include certain amounts that are inherently uncertain and judgmental in nature. As a result, management is required to make assumptions and best estimates in order to determine the reported values. We consider an accounting estimate to be critical if: (1) it requires that significant assumptions be made in order to deal with uncertainties; and (2) changes in the estimate could have a material impact on our results of operations, financial condition or liquidity.

We believe that the critical accounting policies and estimates disclosed in Novra's Audited Financial Statements and MD&A for the year ended December 31, 2016 continue to describe the significant estimates and judgments included in the preparation of the unaudited interim Condensed Consolidated Financial Statements for the current quarter. These are as follows:

- Revenue recognition
- Inventory obsolescence
- Fair value of Wegener options
- Impairment of non-financial assets
- Product warranty

Refer to Note 3 of the 2016 Consolidated Financial Statements for further details. We believe that the amounts included in these financial statements reflect management's best judgment. However, factors including, without limitation, those noted under "Risks and Uncertainties" below could cause actual events or results to differ materially from our underlying assumptions and estimates. Accordingly, this could lead to a material adverse impact on our results of operations, financial condition and/or liquidity.

Future Accounting Pronouncements

The IASB has recently issued the following accounting standards which are not yet effective:

New Accounting Standards	Effective Date
IFRS 15 – Revenue from Contracts with Customers	January 1, 2018
IFRS 9 – Financial Instruments	January 1, 2018
IFRS 16 - Leases	January 1, 2019

We have begun to assess the impact of the new revenue standard (IFRS 15) on Novra's Consolidated Financial Statements; however, we have not yet assessed the impact of adopting the remaining new accounting standards. Refer to Note 3 of the Condensed Consolidated Financial Statements for further details on the above new accounting standards.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

There were no new financial instruments during the current quarter except for the forward foreign exchange contract as previously noted. Refer to Note 5 of the 2016 Consolidated Financial Statements for disclosure relating to Novra's financial instruments and financial risk management objectives and policies.

RISKS AND UNCERTAINTIES

Refer to our 2016 MD&A for a list of risks and uncertainties facing Novra. We are currently not aware of any new material risks and uncertainties.