BLUE GOLD WATER TECHNOLOGIES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013 AND
PERIOD OF INCORPORATION ON APRIL 13, 2012 TO SEPTEMBER 30, 2012

The following management's discussion and analysis ("MD&A") should be read in conjunction with annual audited financial statements, including the notes attached thereto for the year ended September 30, 2013. Additional information relating to Blue Gold Water Technologies Ltd. ("Blue Gold" or the "Company") is available on SEDAR at www.sedar.com. This MD&A is prepared as of January 28, 2014, and has been approved by the Company's Board of Directors. All currency amounts are in Canadian dollars unless otherwise noted.

Forward-looking Information

Certain statements included in this document constitute "forward-looking statements". All statements, other than statements of historical fact, included herein, including but not limited to, statements regarding future anticipated development activities, the nature of future anticipated scientific research programs and the results thereof, business and financing plans and business trends, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct.

Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, variations in the market for, and pricing of, any products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, the Company's inability to produce products successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks and uncertainties identified herein under "Risks and uncertainties".

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in any of those forward-looking statements. For this reason, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant fluctuations in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to develop any of its present or future mineral properties.

OVERVIEW

Blue Gold Tailing Technologies Inc. was incorporated in Ontario under the Business Corporations Act on April 13, 2012. Blue Gold Tailing Technologies Inc. became a public entity by way of a three-cornered amalgamation between the Golden Cross Resources Inc., a public listed company whose shares were listed for trading on the Canadian Securities Exchange ("CSE") formally Canadian National Stock Exchange ("CNSX"). Golden Cross Acquisition Inc. and Blue Gold Tailing Technologies Inc. The amalgamated company was then named Blue Gold Water Technologies Ltd. (the "Company" or "Blue Gold"). This transaction was completed on May 29, 2013 and constituted a reverse takeover transaction pursuant to the terms of the CNSX. On May 29, 2013, the shares of Blue Gold commenced trading on CSE under the ticker symbol "BGO". The Company is revenue generating and the revenue for the year ended September 30, 2013 was $35,400. The Company's current business model is based on either selling water remediation plants or leasing out units and charging customers on a price per liter basis with a negotiated minimum payment per annum. For processing mine tailings, the value of precious metal recovered is shared with tailing site owners on a pre-agreed basis.

The Company has a suite of technologies that remove molecular sized particles using absorptive organic polymers. These versatile biomaterials are derived from crustacean shells or plant fibers, depending on requirements of their usage. Acting as molecular sponges, the nanometer-sized polymers are custom programmed to absorb specific particles for remediation or retrieval purposes. These could be used to clean out acids, hydrocarbons, pathogens, oils and toxins in water via its NanoPure solutions or to recover precious metal particles in mine tailings, such as gold, silver, platinum, palladium and rhodium using the Company's NanoMet solutions.

By using modifications to conventional technologies and adding polymer-based nano-filtration, the Company's offers environmentally safe NanoPure solutions for water purification. The Company uses Environmental Protection Agency (EPA) and World Health Organization (WHO) guidelines as a benchmark for water quality and safety to conform to acceptable agricultural or drinking water standards in jurisdictions where the technology is used. Additionally, the Company's technology can be used to recover precious and base metals from mine tailings, which are the residual material from earlier mining activities. By retrieving valuable metals from old tailing dumps, the Company's NanoMet solutions boosts the value of existing mining assets and reduces the need for new, costly and potentially environmentally harmful exploration and mining.

On May 29, 2013, there was a three-cornered amalgamation between the Golden Cross Resources Inc., Golden Cross Acquisition Inc. and Blue Gold Tailing Technologies Inc. The amalgamated company was then named Blue Gold Water Technologies Ltd. (the "Company" or "Blue Gold"). This transaction was completed on May 29, 2013 and constituted a reverse takeover transaction pursuant to the terms of the CNSX. On closing, the Company issued a total of 38,000,000 common shares to the former shareholders of Blue Gold Tailing Technologies Inc. and completed a concurrent private placement of 7,857,153 units in shares, 17,247,711 of which were placed into escrow in accordance with CNSX policy. The Company also issued 4,478,572 warrants in exchange for warrants held by Blue Gold Tailing warrant holders and 3,000,000 common shares as a finder's fee in connection with the transaction. On closing, the share capital of the Company consisted of (i) 77,995,802 common shares, (ii) 950,000 stock options and (iii) 16,433,722 warrants with exercise prices ranging from $0.20 to $0.38. Mr. David Rowson, Mr. Alfredo Albi, Mr. Raj Kurichh, Mr. John Morita and Mr. Lance Morginn were appointed as the directors of the Company.

On May 31, 2013, the Company announced the appointment of Mr. Rocky Belotti as a director of the Company. Mr. Bellotti is the Vice President of Bellotti Goodman Inc., a Canadian-based resource focused investment group that invests in and builds resource companies. At Bellotti Goodman Inc., Mr. Bellotti's main focus is on structuring early stage transactions with a focus on resources.

On the same day, the Company announced that it had completed a private placement of 7,857,153 units at $0.28 per unit, raising a total of $2,200,000 in gross proceeds. Each unit was comprised of one common share and one half non-transferrable common share purchase warrant, with each whole warrant entitling the holder to purchase once additional common share (post consolidated) at an exercise price of $0.38. Finder's fees amount to $154,000 were paid to Bellotti Capital Partners Inc. and an individual on portions of the gross proceeds.

On June 7, 2013, the Company announced that the Company has received a purchase order with New World Sanitation of South Africa to deliver 23,000 nano cartridge units for the Smartsan sanitation unit ("Smartsan"), subject to design, final competition and successful testing of the prototype unit. If the unit is successfully completed in final testing, the gross revenue of the 2-year contract could be up to USD $7.6 million dollars. The nano filter inside of the cartridge has to be replaced on a yearly basis, and is expected to generate recurring revenue. Smartsan is a sewage digester unit developed by New World Sanitation that is designed to reduce water usage for a family of 5 to 300 liters per year, while an average family uses between 70,000- 90,000 liters of water to flush their toilet per year. Smartsan is an environmentally conscious system, which uses no outside sources of water or power. It is suitable for areas where there is not a sewage system in place. Blue Gold will be providing the nano cartridge to be utilized within the Smartsan system. Currently the target market for the Smartsan has been informal settlements in the developing world, but Blue Gold along with New World Sanitation is looking to expand the market to areas in the Developed world that has no access to sewage systems. A prototype of the Smartsan system is currently under construction at Blue Gold's manufacturing plant in Mississauga.

On June 20, 2013 the Company announced the appointment of Mr. Bundeep Singh Rangar as a director and Chairman of the board of directors of the Company. On the same day, Lance Morginn stepped down as a director of the Company to make room for Mr. Rangar's appointment. Mr. Rangar has more than 18 years' combined experience in banking, consultancy, technology and media.

On August 8, 2013 the Company announced that it is establishing an Advisory Board of eminent individuals to assist with science, technology, governance and business development and confirmed the appointment of Dr. Lee D. Wilson as the first member of the Blue Gold Advisory Board. Dr. Wilson completed a PhD in Physical Chemistry from the University of Saskatchewan (1998) and was an NSERC (The Natural Sciences and Engineering Research Council of Canada) visiting Fellow at the National Research Council of Canada at the Steacie Institute for Molecular Sciences. Currently, Dr. Wilson is an Associate professor of Chemistry at the University of Saskatchewan. Dr. Wilson has led the development of a nano chitosan copolymer powder, a derivative of crustacean shells, that's being used exclusively by Blue Gold for its water remediation technologies. He specializes in Physical Chemistry and Materials Science and his current area of research aims at the development of new types of materials (e.g., molecular sponges) that will have a tremendous impact on areas such as the environment, biotechnology, medicine, chemical delivery/separation systems, and membrane materials for water purification. This research will be of great importance to communities in Canada that are compromised by water quality and related health issues that require point-of-use treatment strategies.

On August 14, 2013, the company announced the appointment of Mr. Gerald Garavuso and Mr. George J. Roller as Consulting Engineers, to boost the company's engineering capabilities. Mr. Garavuso is an experienced product delivery manager who has brought benchmark products to the marketplace by pioneering new methods and technologies. Mr. Roller has extensive experience in product development and engineering, having held a variety of technical and managerial positions spanning all phases of product development. His expertise includes product development processes and best practices, product definition, electro-mechanical engineering, system engineering of mixed hardware /software products, technology development and supplier relationship management. He currently consults with companies on a variety of technical and management matters related to these areas.

On August 29, 2013 the Company announced the appointment of Mr. Bundeep Singh Rangar as its interim Chief Executive Officer (CEO). Mr. Rangar replaced Mr. David Rowson as CEO.

On September 23, 2013 the Company announced that it proposes to change its name to Nanostruck Technologies Inc. to better reflect its proprietary nano polymer technologies used in water remediation and previous metal retrieval.

On October 2, 2013 the Company announced that the Company has changed its name to NanoStruck Technologies Inc. to better reflect its proprietary nano polymer technologies used in water remediation and precious metal retrieval and commence trading on the CSE under the symbol "NSK". The Company also announced that effective October 3, 2013, it will commence trading on OTCQX(R) under the symbol "NSKTF". The Company has chosen to trade on this US marketplace to provide its growing number of US-based investors with home country disclosure, current financial disclosures and Real-Time Level 2 quotes on www.otcmarkets.com. The Company will also be changing its trading symbol with the Frankfurt Exchange to 8NSK.

On October 11, 2013 the Company announced the appointment of Mr. Nicholas Bridges as Vice President International Sales and Business Development. Mr. Bridges has been involved in the mining industry for the past 30 years, principally with Zambia Consolidated Copper Mines (Zambia), Minequip Pvt Ltd (Zimbabwe), San Martin Mining (Kenya), Gecamines (Democratic Republic of the Congo) and in a joint venture with Sentrachem, a listed South African chemicals conglomerate. He has a long-standing business background as an entrepreneur, particularly as founder and proprietor of companies supplying and manufacturing process chemicals and other strategic production consumables to the African mining industry.

On October 25, 2013, the Company announced I. Vellmer Inc., Chartered Accountant (the "Former Auditor") of the Company has resigned, at the request of the Company, as auditor of the Company, and the board of directors have appointed Collins Barrow Toronto LLP (the "Successor Auditor") of Toronto, Ontario as auditor for the Company. The Company's audit committee and its board of directors had approved the resignation of the Former Auditor as auditor of the Company.

On November 4, 2013, the Company announced that the Company has granted stock options to purchase a total of 6,620,000 common shares at an exercise price of $0.15 per share for a period of three years, in accordance with the provisions of the Company's stock option plan.. The options are allocated as to (i) 4,600,000 options to the Company's directors and officers, (ii) 1,420,000 options to the Company's consultants, and (iii) 600,000 options to the Company's advisory board.

On November 6, 2013 the Company announced the restructuring of its executive management team. Former Chief Financial Officer, Mr. Alfredo Albi has taken on the new role of Chief Operating Officer (COO). Mr. Rajeev

Agarwal was appointed as Chief Financial Officer (CFO) of the Company. In addition, Raj Kurichh assumed the role of Chief Marketing Officer (CMO) of the Company.

On November 7, 2013 , the Company announced the shipment of NanoClear field test units for Nanosan. As announced by the Company in June 2013, NanoStruck received a purchase order of 23,000 units from New World Sanitations CC of South Africa.

On November 12, 2013, the Company announced the renaming and rebranding of its product suite:

- its water purification technology solution that utilizes its proprietary chitosan polymer to treat wastewater is renamed and rebranded as NanoPure;
- its custom designed filter to clear water in sanitation systems is rebranded as NanoClear; and
- its proprietary technology system to retrieve precious metals, such as gold, silver and platinum from mine tailings, is renamed and rebranded as NanoMet.

The capacity of each NanoPure plant can range from 0.5 liters to 400 liters per second. The plant model numbers reflect this capacity. A typical model to treat landfill wastewater (leachate) will be NP10 or NP15, for example, to reflect remediation capacity of 10 liters and 15 liters per second respectively. NanoPure's treatment plants can either be built in portable steel containers or constructed on site, with the latter suited for larger remediation capacities. The precious metal retrieval plants are further rebranded for the metals they primarily retrieve: NanoPlat refers to the Platinum Group Metals (PGM) such as platinum, palladium and rhodium; NanoGold to gold and NanoSilver to silver. NanoClear filters also make use of the Company's chitosan polymer to clean sanitation water.

On November 13, 2013, the Company announced the completion of a trial period with Food Specialties, a Canadian company specializing in the formulation and development of frozen dessert products and flavorings. Food Specialties were notified by the Ontario Ministry of Food and Agriculture as well as the Municipality of Peel Region in the Greater Toronto area, for exceeding the provincial and municipal levels for acceptable wastewater discharge limits. Specific testing discovered elevated levels of BOD (Biological Oxygen Demand) and TSS (Total Suspended Solids). NanoStruck engineering and scientific teams investigated the issue and employed internal and external lab testing on the water samples provided by Food Specialties. Once the lab analysis results were confirmed, NanoStruck discovered that the water contained 10 times the authorized contaminants in their wastewater discharge. NanoStruck designed and installed a water remediation plant that met the specific environmental and CAPEX requirements of Food Specialties. It has now successfully treated more than 200,000 liters of water.

On November 19, the Company announced that it has issued shares to a consultant for amounts owed for consulting fees. The Company issued a total of 111,706 common shares of the Company at a deemed value of $0.12 per share based on the discounted market price on the day of issuance in accordance with the CSE policy.

On November 22, 2013, the Company announced the appointment of Mr. Somail S. Bains as the Chair of the NanoStruck Advisory Board effective immediately. The Company, in its press released had announced establishing an Advisory Board of eminent individuals to assist with science, technology, governance and business development.

On January 24, 2014, the Company announced that Rocky Bellotti has resigned as a member of Board of Directors of the Company.

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SELECTED ANNUAL INFORMATION

	Year Ended September 30, 2013	Period Ended September 30, 2012
	$	$
Statement of Operations		
Revenue	35,400	-
Gross profit	7,488	-
Deficit and Cash Flow		
Reverse takeover transaction cost	4,964,243	-
Net loss	(8,287,557)	(806,536)
Basic and diluted loss per share	(0.42)	(806,536)
Financial Position		
Total Assets	2,538,120	768,788

As the Company is still in the research and development stage, the Company has incurred significant operating losses since inception. In the current year ended September 30, 2013, the operating loss increased significantly due to reverse takeover transaction costs. Most of aforementioned costs are non-cash transactions. The Company expects the loss will continue until the Company is successful in completing its research and development efforts including the installation of its water remediation plants.

For the Year ended September 30, 2013

The Company's net loss for the period was $8,287,557 compared to the loss of $806,536 for last period. The increase in loss of $7,481,021 was primarily due to the following:

a) Professional fees, consulting and advisory increased by $192,748 from $288,367 in 2012 to $481,115 in 2013. The increase was primarily due to general corporate legal and legal fees (excluding RTO fees) of $222,969 and a payment to Belotti Goodman $61,000; and

b) Salaries and wages increased by $712,558 from $383,236 in 2012 to $1,095,794 in 2013. The increase was mainly due to founder's expenses amounting to $526,163 and twelve months of salaries for production, engineering and accounting as compared to six months in the preceding period of 2012; and

c) Bad debt of $426,332 including $354,371 relating to Blue Gold Holding Ltd and was considered unrecoverable and was therefore written off in 2013; and

d) Research and development costs of $416,064 (2012 – nil) include engineering advisory $217,164, scientific advisory $131,391 and the costs related to the commercialization of the technology $67,509; and

e) Advertising and promotion fees increased by $94,834 from $15,051 in 2012 to $109,885 in 2013. The increase was due to corporate website development, promotional and investor relation activities; and

f) As disclosed in Note no. 6 of financial statements, reverse take over transaction costs were $4,964,243 comprising of $4,074,286 of unidentified assets acquired and $889,958 of transaction costs.

g) Office expenses increased by $271,042 from $200,817 in 2012 to $471,859 in 2013 due to rent and other office expenses for 12 months as compared to 6 months in the year 2012

LIQUIDITY AND CAPITAL RESOURCES

The financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Company may revise commercialization and development programs depending on its working capital position.

In June 2013, 45,000 warrants were exercised for proceeds of $16,200. Issue and outstanding warrants at September 30, 2013 were 16,388,722 with exercise prices of $0.20, $0.36, and $0.38 (post consolidated).

In May 2013, the Company granted 950,000 stock options at an exercise price of $0.48. These options vested immediately. Issued and outstanding stock options at September 30, 2013 remained at 950,000.

At September 30, 2013, the Company's working capital was $844,833 (September 30, 2012 - $(1,257,743)). As of the date of this MD&A, the Company has no outstanding commitments other than its on-going trade payable, lease commitments and has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. The Company has sufficient working capital for one to two months to meet its ongoing financial obligations.

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TRANSACTIONS WITH RELATED PARTIES

The Company has entered into certain transactions with related parties during the year ended September 30, 2013. A description of these related parties' transactions are as follows:

(a) The following amounts due from related parties:

	September 30, 2013	September 30, 2012
	$	$
Due from Directors	1,950	-
Blue Gold Holdings Ltd.	-	189,302

The amounts due from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

(b) The following is the detail of remuneration/ consulting paid / accrued to related parties:

Name of Officer / Director	Position	Category	Amt Paid ($)
Alfredo Albi	Director, CFO	Consulting fees	150,700
Rocky Bellotti	Director	Professional Fees (1)	61,000
David Rowson	Director, Ex-CEO	Consulting fees (2)	15,000
Bundeep Singh Rangar	Director, Interim CEO	Consulting Fees	22,500
Board Fees Accrual	Directors	Accrual (4)	10,000
John Morita	Director	Consulting fees	5,100
Raj Kurichh	Director, Officer	Consulting fees (3)	85,000
Lance Morgan	Ex-Director	Consulting Fees	4,000
Derek Blackburn	Former Director	Consulting Fees	62,500

(1) Amounts paid to Bellotti Capital Partners, in which Rocky Bellotti is an officer, for advisory fees $57,000 and Board fees $4,000.
(2) Amount paid as Consulting fees effective May 29th 2013 to August 31, 2013
(3) Consulting Fees paid to Raj Kurichh in shares $57,527, and in cash $27,473.
(4) Board fees accrued for 5 directors for 2 months.
(5) Consulting Fees paid to Derek Blackburn in shares $57,527 and in cash $4,973.

Key management personnel were not paid post-retirement benefits, termination benefits or other long-term benefits during the twelve months ended September 30, 2013.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and continent liabilities at the date of the financial statements and reported amounts of expenses during the reporting year. Financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

1. Impairment of property, plant & equipment and intangible assets – in assessing impairment, management must determine the level at which independent cash flows exist, the asset or an asset grouping. Estimates of the recoverable amount of each asset or cash generating unit is determined; based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.
2. Fair value measurements for share-based payments and other equity-based transactions.
3. Useful lives of depreciable assets – management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of water remediation and mining tailings recovery equipment.
4. Recognition of deferred tax assets and liabilities – the extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.
5. Determination of the recoverability of the carrying value of exploration and evaluation assets.
6. Recognition and valuation of provisions for restoration and environmental liabilities.

CONTRACTUAL OBLIGATIONS

Future minimum payments under operating leases for premises & equipment and payment to a consultant are approximately as follows:

	September 30, 2013 $
Due within one year	281,882
Due from one to five years	139,265
Due after five years	-
	421,147

In addition the Company made a commitment to issue 223,412 shares to the consultant on satisfaction of a predetermined criteria. Subsequent to year-end, 111,706 shares were issued.

The Company is also required to pay its share of maintenance, taxes and other costs of the leased premises. The Company has the option to renew the lease for another three years.

ACCOUNTING POLICIES

Accounting standards issued but not yet effective

Several new standards, interpretation and amendments to existing standards have been issued by the IASB and IFRIC that are mandatory but not yet effective for the year ended September 30, 2013, and have not been applied in preparing these financial statements. Many of these are not applicable or inconsequential to the Company and have been excluded from the discussion below. The Company is currently assessing the impact of standards that may be applicable on the financial statements.

The following standards or interpretations have been issued by the IASB and IFRC and are effective in the annual period beginning on or after the date shown:

IFRS 7	*Financial Instruments: Amendment Regarding Offsetting Financial Assets and Financial Liabilities*	January 1, 2013

IFRS 9	*Financial Instruments*	January 1, 2015
IFRS 13	*Fair Value Measurement*	January 1, 2013
IAS 32	*Financial Instruments: Offsetting Financial Assets and Financial Liabilities*	January 1, 2014
IFRS 10	*Consolidated Financial Statements*	January 1, 2013
IFRS 11	*Joint Arrangements*	January 1, 2013
IFRS 12	*Disclosure of Interests in Other Entities*	January 1, 2013

IFRS 7 Financial Instruments: Amendment Regarding Offsetting Financial Assets and Financial Liabilities: This amendment enables users of the financial statements to better compare financial statements prepared in accordance with IFRS and US Generally Accepted Accounting Principles.

IFRS 9 Financial Instruments: This standard replaces the current IAS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classifying and measuring financial assets and liabilities.

IFRS 13 Fair Value Measurement: This standard defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurements.

IAS 32 Financial Instruments: Offsetting Financial Assets and Financial Liabilities: The amendment provides further clarification on the application of the offsetting requirements

IFRS 10 Consolidated Financial Statements: This standard will replace IAS 27 Consolidated and Separate Financial Statements ("IAS 27") and SIC-12 Consolidation – Special Purpose Entities ("SIC-12"). Concurrent with IFRS 10, the IASB issued IFRS 11 Joint Arrangements ("IFRS 11"), IFRS 12 Disclosures of interests in Other Entities ("IFRS 12"), IAS 27 Separate Financial Statements, which has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements; IAS 28 Investments in Associates and Joint Ventures ("IAS 28"), which has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11.

IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee, eliminating the risks and rewards approach included in SIC-12, and requires continuous assessment of control over an investee.

IFRS 11 Joint Arrangements: This standard introduces new accounting requirements for joint arrangements replacing IAS 31 Interests in Joint Ventures. It eliminates the option of accounting for jointly controlled entities by proportionate consolidation.

IFRS 12 Disclosure of Interests in Other Entities: This standard includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

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Financial assets and liabilities are measured subsequently as described below.

FINANCIAL RISK MANAGEMENT

The Company's activities may expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity price risk). The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

1. *Credit risk* is the risk that a customer or a related party receivable will be unable to pay the Company in full when an amount becomes due. The Company does not have material exposure to customer credit risk as there has been minimal revenue generated. However, the Company has risk that the related party receivable will be collected. The Company's other exposure to risk is on its other receivables. This risk is minimal.

2. *Liquidity risk* is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities to ensure it has sufficient funds available to meet current and foreseeable financial requirements. As at September 30, 2013, the Company had a working capital of $844,833 (September 30, 2012 – deficit of $1,257,743). The accounts payables and accrued liabilities are due within one year.

3. *Foreign exchange risk* is the risk to the Company's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not have material exposure to these risks, as the extent of business transaction in foreign currencies is minimal.

4. *Interest rate risk* is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company is not exposed to interest rate risk.

5. *Capital management:* The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, contributed surplus net of accumulated deficit. The Company's capital was $1,891,567 as at September 30, 2013 (September 30, 2012 – $(806,535)) with an increase in the amount of capital of $2,698,102 during the year ended September 30, 2013.

   The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets. Management reviews the capital structure on a regular basis to ensure that the Company's capital management objectives are achieved.

   There were no changes in the Company's approach to capital management during the year ended September 30, 2013. The Company is not subject to any externally imposed capital requirements. The Company's objectives when managing capital are:

   - To maintain and safeguard it's accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds to support its mine tailings, water remediation and NanoSan.

- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk of loss of principal.
- To obtain the necessary financing, if and when it is required.

In the management of capital, the Company includes shareholders' equity in the definition of capital. The Company is not exposed to externally imposed capital requirements.

In order to maximize ongoing development efforts, the Company does not pay dividends. Notwithstanding the risks described in notes to the financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

6. *Fair value:* The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:
   Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilitie
   Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
   Level 3 – Inputs that are not based on observable market data

RISK FACTORS

Share Price Volatility: During the past year, worldwide securities markets, particularly those in the United States and Canada, have experienced a high level of price and volume volatility, and the market price of securities of many companies have experienced unprecedented declines in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise funding.

Financing Risks and insufficient Financial resources: The Company has limited financial resources, has limited source of operating cash flow and has no assurance that additional funding will be available to it for for its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through private placements, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further development of its projects with the possible loss of such projects.

Dilution to the Company's existing shareholders: The Company will require additional financing to be raised in the near future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design the water remediation and tailings projects; (ii) the ability to attract and retain additional key personnel responsible for technology, marketing, development and finance. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.

*The industry is subject to rapid technological change and our solution may become obsolete**:*** The market for water remediation technology is characterized by rapid technological change, including new product introductions by our competitors and new entrants to the market and changes in the industry standard components. There can be no assurance that our solution will remain highly competitive regardless of such future technological changes. If the Company fails to anticipate or respond quickly to such changes by bringing new developments to market in a timely and cost-effective manner, the solution may become obsolete, which could affect competitiveness and could have a material adverse effect on our business, results of operations, and financial condition.

Currency fluctuation risks and other risks relating to international operations: Since most of the projects of the Company are based out of Canada, therefore the Company may be subject to additional foreign exchange and operations risks. These foreign operations face risks arising from local political, legal, and economic factors, such as varying regulatory requirements, compliance with international and local trade, labor and other laws, and differences in intellectual property protections in certain jurisdictions. The Company may also face difficulties in managing these international operations, collecting receivables in a timely fashion, and repatriating earnings. These factors could materially impact the Company's international operations and adversely affect the results of our operations as a whole.

Intellectual property risks: The Company relies on various intellectual property protections, including contractual provisions, patents, copyright, trademark, and legislation governing trade secrets, to protect the intellectual property rights. Despite these measures, third parties may misappropriate our intellectual property, which could result in lost revenue opportunities and impair our ability to compete. Alternatively, the Company could be subject to claims by third parties that its products or services infringe their intellectual property rights. In either case, this would result in costly litigation that would divert the attention of the management away from our ongoing business. Third party claims also could result in damages or other costs which could materially disrupt our business, and could adversely affect our financial condition and the results of our operations and could have a material adverse effect on our business, results of operations, and financial condition.

Competition risk: The Company's competitors may continue to improve the existing technologies. Many of the competitors have substantially greater financial and other resources with which to pursue research and development, marketing, and distribution of their products. New technology announcements or introductions by our competitors could impact our ability to compete effectively. The intensely competitive market in which we conduct our business also could require us to reduce our prices. If the competitors offer deep discounts on certain products or services in an effort to recapture or to gain market share, the Company may be required to lower prices or to offer other favorable terms to compete successfully. Any such changes would be likely to reduce the margins and could adversely affect the operating results.

Limited Experience with Water remediation and Tailings Operations: The Company has limited experience in placing water remediation and tailings projects into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its placing water remediation and tailings projects into production.

No Assurance of Profitability: The Company has no history of earnings and, due to the nature of its business there can be no assurance that the Company will be profitable in the short term. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The major source of funds available to the Company is from the sale of its common shares or, possibly private placements. While the Company may generate additional working capital through further equity offerings there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

OTHER INFORMATION

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. The ability of the Company to continue as a going concern is dependent upon its ability to obtain financing on reasonable terms and to attain profitable operations and further fund operations. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate additional financing in the future, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its asses and discharge its liabilities in the normal course of operations, the net realizable value of its assets may be substantially less than the amounts recorded on the statements of financial position. These financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

There is significant doubt about the Company's use of the going concern assumption as the Company does not currently have revenue-generating assets and has a working capital of $844,833 as at September 30, 2013 (deficit of $1,257,743 – September 30, 2012) and has incurred losses to date of $9,094,093 ($806,535 – September 30, 2012). Furthermore, unlike the water treatment business, there is some uncertainty as to whether the Company's use of nanotechnology solutions can economically recover precious metals from mine tailings and therefore there is doubt as to future income and cash flows from operations.

The Company estimates that it has sufficient working capital to cover administrative expenses for the next one to two months. The Company is actively pursuing funds for project development and to cover other expenses. In the event the Company is unable to arrange appropriate financing, the carrying value of the Company's assets could be subject to material adjustment. Furthermore, certain market conditions may cast significant doubt upon the validity of the going concern assumption.

These financial statements do not reflect any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes to the statements of loss and comprehensive loss that might be necessary if the Company was unable to continue as a going concern.

INVESTOR RELATIONS

The Company is currently managing investor relations internally.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the following securities were outstanding:

Common shares	–	78,152,508
Stock options	–	7,570,000
Warrants	–	16,388,722