Condensed Interim Financial Statements

NANOSTRUCK TECHNOLOGIES INC.

For the three and nine months ended June 30, 2014 and 2013
(Unaudited – expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of NanoStruck Technologies Inc. (the "Company") for the three and nine months ended June 30, 2014, have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

NanoStruck Technologies Inc.

Condensed interim statements of financial position

(Unaudited- expressed in Canadian Dollars)

	Note	June 30 2014	September 30, 2013
		$	$
Assets			
Current assets			
Cash and cash equivalents		**62,475**	1,027,605
Other receivables	7	**157,618**	90,308
Inventory		**71,222**	71,222
Prepaid expenses and deposits		**426,695**	302,251
		718,010	1,491,386
Property, plant and equipment	8	**544,530**	946,734
Intangible assets		**100,000**	100,000
		1,362,540	2,538,120
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	10	**912,737**	646,553
Deferred Revenue		**40,378**	-
Short term loan	12	**260,000**	-
		1,213,115	646,553
Shareholders' equity			
Share capital	11	**7,116,125**	6,302,191
Contributed surplus	11	**5,376,336**	4,683,469
Deficit		**(12,343,036)**	(9,094,093)
Total shareholders' equity		**149,425**	1,891,567
		1,362,540	2,538,120

See accompanying notes to the condensed interim financial statements.

Approved on behalf of the Board:

"Bundeep Singh Rangar"

"Stephen John McCann"

NanoStruck Technologies Inc.

Condensed interim statements of loss and comprehensive loss

(Unaudited - expressed in Canadian dollars)

		Three months ended		Nine months ended	
		June 30	June 30	June 30	June 30
	Note	2014	2013	2014	2013
		$	$	$	$
Revenue		**-**	**-**	**-**	35,400
Cost of revenue		**-**	**-**	**-**	27,912
		-	-	**-**	7,488
Expenses					
Professional fees, consulting and advisory		**21,955**	101,500	**349,314**	535,530
Salaries and wages		**142,325**	256,655	**409,734**	810,668
Office		**43,104**	17,507	**170,402**	155,143
Travel and lodging		**98,296**	14,052	**217,518**	235,249
Meals and entertainment		**24,864**	14,757	**66,278**	49,330
Advertising and promotion		**188,291**	57,935	**264,208**	104,313
Research and development		**51,612**	149,589	**361,214**	254,755
Transfer agent and filing fees		**6,753**	9,897	**36,949**	9,887
Insurance		**8,343**	16,330	**36,119**	32,884
Amortization	**8**	**4,055**	56,171	**27,066**	68,720
Freight and shipping		**554**	2,768	**1,644**	7,545
Bank service charges		**409**	765	**2,426**	3,009
Property, plant and equipment impairment	**8**	**490,911**	-	**490,911**	-
Share-based payments	**15**	**430,971**	-	**813,498**	-
		1,512,444	697,926	**3,247,282**	2,267,033
Loss before finance charges		**(1,512,444)**	(697,926)	**(3,247,282)**	(2,259,545)
Finance charges					
Reverse takeover transaction costs		**-**	4,964,243	**-**	4,964,243
Interest expense (income)		**1,435**	153,270	**1,661**	75,086
		1,435	5,117,513	**1,661**	5,039,329
Loss and comprehensive loss		**(1,513,879)**	(5,815,439)	**(3,248,943)**	(7,298,874)
Basic and diluted loss per share		**(0.02)**	(0.08)	**(0.04)**	**(0.09)**
Weighted average number of common shares outstanding		**85,246,021**	78,040,802	**80,504,600**	78,040,802

See accompanying notes to the condensed interim financial statements.

NanoStruck Technologies Inc.

Condensed interim statements of changes in equity

(Unaudited- expressed in Canadian dollars)

	Note	Share capital Number of shares	Share capital Amount ($)	Contributed Surplus	Deficit	Total
				$	$	$
Private Blue Gold Tailing Technologies Ltd.						
Balance at September 30, 2012		**1**	**1**	**-**	**(806,536)**	**(806,535)**
Purchase of intellectual property		30,518,075	100,000	-	-	100,000
Builder common shares		48,105,519	89,860	-	-	89,860
Shares issued to current directors		23,103,293	172,583	-	-	172,583
Public Blue Gold Water Technologies Ltd.						
Removal of Blue Gold Tailing Technologies Ltd. share capital		(101,726,888)	-	-	-	-
Shares issued on RTO to Blue Gold Tailing Technologies Ltd. Shareholders		38,000,000	-	-	-	-
Issued on RTO to Golden Cross shareholders- shares		29,138,659	4,486,828	-	-	4,486,828
Issued on RTO to Golden Cross shareholders- warrants		-	-	3,329,540	-	3,329,540
Issued on RTO to Golden Cross shareholders- options		-	-	304,113	-	304,113
Private placement		7,857,143	1,209,859	-	-	1,209,859
Fair value of the warrants issued with the private placement		-	-	990,141	-	990,141
Share issuance costs		-	(96,464)	(78,945)	-	(175,409)
Shares issued as finders fees		3,000,000	461,945	-	-	461,945
Warrants issued to Agent		-	(138,620)	138,620	-	-
Warrants exercised		45,000	16,200	-	-	16,200
Net loss and comprehensive loss		-	-	-	(7,298,874)	(7,298,874)
Balance at June 30, 2013		**78,040,802**	**6,302,191**	**4,683,469**	**(8,105,410)**	**2,880,250**
Public NanoStruck Technologies Inc.						
Balance at September 30, 2013		**78,040,802**	**6,302,191**	**4,683,469**	**(9,094,093)**	**1,891,567**
Share- based payments	**15**	-	-	384,602	-	384,602
Shares issued to consultants	**15**	1,611,706	131,756	-	-	131,756
Shares issued to management & directors	**15**	5,980,538	421,379	-	-	421,379
Warrants issued to a director	**15**	-	-	57,064	-	57,064
Private placement		6,400,000	260,799	-	-	260,799
Warrants issued with the private placement		-	-	251,201	-	251,201
Net Loss and comprehensive loss for the period		-	-	-	(3,248,943)	(3,248,943)
Balance at June 30, 2014	**11**	**92,033,046**	**7,116,125**	**5,376,336**	**(12,343,036)**	**149,425**

See accompanying notes to the condensed interim financial statements.

NanoStruck Technologies Inc.

Condensed interim statements of cash flows

(Unaudited- expressed in Canadian dollars)

		Nine months ended	
	Note	June 30, 2014	June 30, 2013
Cash flows from operating activities			
Net loss		**(3,248,943)**	(7,298,874)
Adjustments for non-cash items:			
Amortization	**8**	**27,066**	68,720
Share-based payments	**15**	**813,498**	-
Property, plant and equipment impairement	**8**	**490,911**	-
Reverse take over transaction costs		-	7,213,812
Changes in non-cash working capital items:			
Other receivables		**(67,312)**	(104,155)
Prepaid expenses and deposits		**(124,444)**	(352,109)
Deferred revenue		**40,378**	-
Intangibles		-	(100,000)
Inventory		-	(71,222)
Accounts payables and accrued liabilities		**447,489**	424,926
Cash flows used in operating activities		**(1,621,357)**	(218,902)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(115,773)**	(921,488)
Cash flows used in investing activities		**(115,773)**	(921,488)
Cash flows from financing activities			
Private Placement		**512,000**	2,200,000
Short term loan		**260,000**	-
Cash acquired on acquisition of GOX		**-**	553,081
Increase in amount due from related party		**-**	(189,302)
Cash flows from financing activities		**772,000**	2,563,779
Net decrease in cash		**(965,130)**	1,423,389
Cash and cash equivalents, beginning of period		**1,027,605**	242,312
Cash and cash equivalents, end of period		**62,475**	1,665,701

See accompanying notes to the condensed interim financial statements.

1. Nature of operations:

Blue Gold Water Technologies Ltd. (the “Company” or “Blue Gold”) 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”) (previously known as 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 CSE. On October 2, 2013 the Company changed its name to NanoStruck Technologies Inc. The Company’s main focus is the business of water remediation and tailings processing, using nanotechnology solutions to clean wastewater and recover precious metals from mine tailings. The Company’s corporate head office and principal place of business is 2660 Meadowvale Blvd., Suite 6B, Mississauga, Ontario, L5N 6M6, Canada.

2. **Going concern:**

These unaudited condensed interim 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 assets 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 unaudited condensed 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 negative working capital of ($495,105) as at June 30, 2014 (September 30, 2013: surplus $844,833) and has incurred losses to date of $12,343,036. 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.

2. Going concern (continued):

The Company is currently seeking alternative financing for project development and working capital. In the event the Company is unable to arrange 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.

3. Significant accounting policies:

Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB").

These unaudited interim condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended September 30, 2013 and the period from incorporation on April 13, 2012 to September 30, 2012.

The accounting principles applied in the preparation of these unaudited condensed financial statements included herein have been applied consistently for each of the periods presented. These unaudited condensed interim financial statements were authorized for issuance by the Board of Directors of the Company on August 29, 2014.

(a) Basis of preparation

These unaudited condensed financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. They are presented in Canadian dollars unless otherwise noted.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash held on deposit with banks, other highly liquid short-term interest bearing investments with maturities of 90 days or less than the original date of acquisition and bank overdrafts.

(c) Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments

(Unaudited - expressed in Canadian dollars)

3. Significant accounting policies (continued):

issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to contributed surplus. The fair value of share-based payments is determined using a Black-Scholes option pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. When options are exercised, their fair value is reclassified from contributed surplus to share capital.

(d) New accounting standards adopted

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 13	*Fair Value Measurement*	January 1, 2013
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 13 Fair Value Measurement: This standard defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurements.

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.

3. Significant accounting policies (continued):

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.

There was no impact to the Company on the adoption of these standards.

(e) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated amortization. Cost includes expenditures directly related to the acquisition of the asset, which includes costs to bring the asset to a working condition for its intended use. If major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Amortization of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

Assets are amortized using the straight-line method over their estimated useful lives up to their residual value and both useful lives and residual values are reviewed annually. The estimated useful lives for the current and comparative periods are as follows:

Manufacturing and equipment	Straight line over 15 years
Furniture and fixtures	Straight line over 5 years
Computer and electronics	Straight line over 5 years
Leasehold improvements	Over the term of the lease, which is five years

3. Significant accounting policies (continued):

Major improvements and extraordinary repairs that extend the life of an asset are capitalized; other repairs and maintenance are expensed. When assets are retired or otherwise disposed of, their carrying values and accumulated amortization are removed from the accounts. Assets that are in progress, where development and installation is not substantially complete, are not amortized.

(f) Intangible assets

Intangible assets consist of patent applications and licenses, which are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives of 25 years once they are available for use. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(g) Impairment of property, plant and equipment and intangible assets

Asset are grouped at the smallest identifiable group of assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets, known as cash-generating units. Hence, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment. An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. To determine the value in use, management estimates expected future cash flows from each asset or cash-generating unit, and then determines an appropriate interest rate for the calculation of the expected present value of the cash flows.

The impairment loss reduces the asset or is charged pro-rata on the basis of the carrying amount of each asset in the cash-generating unit. All the assets are assessed whether there is any indication that an impairment loss is recognized in prior periods may no longer exist.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

3. Significant accounting policies (continued):

(h) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, warrants and share options are recognized as a deduction from equity, net of any tax effects. In situations where the Company issues units the value of warrants is bifurcated and is included in contributed surplus.

(i) Basic and diluted loss per share

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of the diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the “if converted” method.

Since the Company has losses, the exercise of outstanding options and warrants has not been included in this calculation as it would be anti-dilutive.

The calculation also excludes common shares that are being held in escrow at period end where the terms of release are dependent on requirements other than the passage of time. During the periods ended June 30, 2014 and 2013, all outstanding warrants and share options were anti dilutive.

For June 30, 2014, the weighted average number of shares used as the denominator for the calculation was 80,504,600 for the reporting period.

(j) Revenue recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured. Revenue is recognized net of any applicable discounts or other allowances.

(k) Foreign exchange

The Company’s functional and presentation currency is the Canadian dollar. Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each balance sheet date to reflect exchange rates prevailing at that

3. Significant accounting policies (continued):

date. Foreign exchange gains and losses are included in the statement of loss and comprehensive loss.

(l) Research and development

The Company incurs costs associated with the design and development of new products. Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized if each of the following criteria are met: i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, ii) its intention to complete the intangible asset and use or sell it, iii) its ability to use or sell the intangible asset, iv) how the intangible asset will generate probable future economic benefits, v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development; otherwise they are expensed as incurred.

(m) Comparative figures:

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current period.

4. Significant management judgments and estimates:

The preparation of the Company's condensed interim 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 period. Financial statements include judgments and estimates, which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the condensed interim 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:

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

4. Significant management judgment and estimates (continued):

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.

Fair value measurements for share-based payments and other equity-based transactions.

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.

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.

Recognition and valuation of provisions for restoration and environmental liabilities.

5. 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 period ended June 30, 2014, 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 condensed interim 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 9	*Financial Instruments*	*TBD*
IAS 32	*Financial Instruments: Offsetting Financial Assets and Financial Liabilities*	January 1, 2014

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. In February 2014, the IASB tentatively decided that the mandatory effective date of

5. Accounting standards issued but not yet effective (continued):

IFRS 9 would be annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of adopting IFRS 9 on its financial statements.

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

6. Amalgamation:

On May 29, 2013 there was a three-cornered amalgamation between the Golden Cross Resources Inc. (“Golden Cross”), a public listed company whose shares were listed on the Canadian Securities Exchange (“CSE”), formerly 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”). As a result of this amalgamation, the former shareholders of Tailings were considered to have acquired control of the Company as a result of their controlling share ownership in the resulting entity, the assumption of management of the Company by Tailings management team and as a result of Tailings control of the Company's Board of Directors post amalgamation.

The amalgamation transaction was accounted for as a reverse take-over (“RTO”) transaction that did not constitute a business combination for accounting purposes under IFRS. Tailings was deemed to be the accounting acquirer.

The September 30, 2013 comparatives in the consolidated interim statements of financial position includes the full results of operations of Tailings for the period from October 1, 2012 to September 30, 2013 and the results of operations of Golden Cross from the closing date, May 29, 2013 to September 30, 2013.

7. Other receivables:

Other receivables consist of HST receivable and other non-trade receivables. They are non-interest bearing, unsecured with no stated repayment terms.

(Unaudited - expressed in Canadian dollars)

8. Property, plant and equipment

	Construction in Progress	Manufacturing Equipment	Furniture & Fixture	Computer & Electronics	Leasehold Improvements	Total
	$	$	$	$	$	$
Cost						
Balance as at September 30, 2013	765,489	147,998	20,185	23,323	51,080	1,008,075
Additions made during the period	196,987	-	-	5,279	743	203,009
Disposals during the period	-	(87,236)	-	-	-	(87,236)
Total cost on June 30, 2014	**962,476**	**60,762**	**20,185**	**28,602**	**51,823**	**1,123,848**
Accumulated Amortization						
Balance as on 30th September 2013	-	29,554	6,210	11,662	13,915	61,341
Charge for the period	-	9,114	3,028	7,150	7,773	27,066
Impairment	490,911	-	-	-	-	490,911
Total Accumulated Amortization on June 30, 2014,	**490,911**	**38,668**	**9,238**	**18,812**	**21,688**	**579,318**
Net Book Value on June 30, 2014	**471,565**	**22,094**	**10,947**	**9,790**	**30,135**	**544,530**
Net Book Value on September 30, 2013	**765,489**	**118,444**	**13,975**	**11,661**	**37,165**	**946,734**

For the period ended June 30, 2014, (June 30, 2013 - $Nil) the company recognized an impairment loss on fixed assets of $490,911 related primarily to construction in progress for two tailing projects and one water remediation project as a result of future development uncertainty. The loss was determined using a fair value less cost to sell methodology.

(Unaudited - expressed in Canadian dollars)

9. Related party transactions:

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

Name of Officer / Director	Position	Nature of Payment	Fees Accrued/ Paid ($)	Share based Payment ($)	Number of Shares issued (1)	Oct 1, 2013- June 30, 2014) Total ($)
Bundeep Singh Rangar	Chairman, Interim CEO	Consultancy fees/ expenses	79,425	303,183*	3,789,788	382,608
Rajeev Agarwal	CFO	Consulting fees	85,560	53,848**	673,100	139,408
Raj Kurichh	Director, Officer	Consulting fees	67,500	50,850**	635,625	118,350
Alfredo Albi	Ex-Director, Ex-COO	Consulting fees	72,000	-	-	72,000
John Morita	Director	Board Fees	5,438	16,312	203,900	21,750
Steve McCann	Director	Board Fees	-	4,250	53,125	4,250
Rocky Belotti	Ex-Director	Board Fees	4,000	-	-	4,000
Michael Morris	Strategic Advisor	Consultancy	-	50,000	625,000	50,000

* Includes out of pocket expenses of $116,308 that were converted into 1,453,850 shares and an equivalent number of warrants.

**Includes HST

(1) A total of 5,980,538 shares were issued to directors and key management for amounts owed for board fees, consulting and expenses. The shares were issued at a deemed price of $0.08 per share. Key management personnel were not paid post-retirement benefits, termination benefits or other long-term benefits during the nine months ended June 30, 2014 and 2013.

Name of Officer / Director	Position	Nature of Payment	Fees Accrued/ Paid ($)	Share based Payment ($)	Number of Shares issued (2)	Oct 1, 2012- June 30, 2013) Total ($)
Raj Kurichh	Director, Officer	Consulting fees	45,000	57,527	7,701,098	102,527
Alfredo Albi	Ex-Director, Ex-COO	Consulting fees	108,000	-	-	108,000

(2) As part of consultancy agreements, Blue Gold Tailings Ltd. issued 7,701,098 shares to Raj Kurichh at a deemed value of $0.00747. The share issued as consideration for services were measured on the basis of the services rendered. Pursuant to the amalgamation agreement each of the each of the share of Tailings immediately before the effective date of the transaction, May 29, 2013, were exchanged for 0.373549223 of Golden Cross shares.

(Unaudited - expressed in Canadian dollars)

10. Accounts payables and accrued liabilities:

	June 30, 2014 ($)	September 30, 2013 ($)
Accounts payables	**750,974**	491,112
Accrued liabilities	**136,161**	131,544
Deferred lease Inducement	**8,571**	12,000
Payroll iabilities	**17,031**	11,897
	912,737	646,553

11. Share capital:

a. Authorized share capital: The Company is authorized to issue an unlimited number of common shares without par value.

b. As at June 30, 2014 the Company has 92,033,046 common shares issued and outstanding.

During the quarter ended December 31, 2013, as part of settlement agreement with a consultant, a total of 111,706 shares were issued for a value of $16,756, which was based on the fair value of the shares on the date of issue.

On April 25, 2014, as consideration for consulting services already provided to the Company by Nano Africa (Pty) Ltd. and its affiliate New World Sanitations CC of South Africa, Jurgen Graupe, and his assignees, were issued a total of 500,000 shares for a value of $35,000, which was based on the fair value of the shares on the date of issue.

On May 02, 2014 the Company completed the first tranche of private placement of 6,400,000 units at $0.08 per unit, raising a total of $512,000 in gross proceeds. Each unit is comprised of one common share and one non-transferrable common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at an exercise price of $0.13. Of the $512,000 in gross proceeds $260,799 was allocated to the fair value of the shares and $251,201 was allocated to the value of the warrants. No finder's fee was paid.

During the quarter ended June 30, 2014, the Company issued 500,000 shares to a consultant for marketing and business development services for a value of $40,000, which was based on the fair value of the shares on the date of issue. In addition the Company issued 500,000 shares to a third party consultant for business

(Unaudited - expressed in Canadian dollars)

11. Share Capital (continued):

development for a value of $40,000, which was based on the fair value of the shares on the date of issue. In addition 5,980,538 shares and 1,453,850 warrants were issued to certain directors and key management for amounts owed for board fees, consulting fees and expenses for a value of $478,443.

As part of acquisition on May 29, 2013, a further 9,000,000 common shares were allocated by the board of directors of the Company as earn out share for employees and consultants as the Company achieves certain milestones in the future. The milestones for earn out shares will be determined by the Company at a future date.

c. Options

The Company's stock option plan allows for 10% of the issued share capital at any point in time. The Board of Directors of the Company may terminate the plan at any time provide that the termination does not alter the terms or conditions of any options granted or impair the right of any shareholder. Amendments to any provisions of the plan are subject to any necessary regulatory approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of this plan to service providers.

During the period, the Company issued a total of 8,370,000 share options with an exercise price of $0.15 per share. The options are exercisable for 3 years from the date of grant. The fair value of the stock options granted during the period was estimated using the Black-Scholes option-pricing model with the following assumptions:

Grant date	Nov 4, 13	May 23,14	June 4, 14	June 18, 14
Options granted	6,620,000	100,000	500,000	1,150,000
Share price	$0.15	$0.07	$0.08	$0.09
Strike price	$0.15	$0.15	$0.15	$0.15
Risk free interest rate	1.13%	1.11%	1.16%	1.18%
Expected life (years)	3	3	3	3
Expected volatility *	81%	81%	81%	81%
Expected dividends	-	-	-	-

* Based on comparable entities

(Unaudited - expressed in Canadian dollars)

11. Share Capital (continued):

Share purchase options outstanding	Number of options	Weighted average exercise price
Balance, September 30, 2013	950,000	0.48
Granted	8,370,000	0.15
Exercised	-	-
Expired	(550,000)	0.15
Forfeited	(650,000)	0.15
Balance, June 30, 2014	8,120,000	0.19

Options outstanding				**Options exercisable**	
Range of exercise prices	Options outstanding	Remaining contractual life (years)	Exercise price	Number of options exercisable	Exercise price
$0.15	7,170,000	1.92	$0.15	2,710,000	$0.15
$0.48	950,000	3.91	$0.48	950,000	$0.48
Total				3,660,000	$0.24

Option pricing models require the input of highly subjective assumptions included the expected price volatility. Changes subjective input assumptions can materially affect the fair value estimate and therefore the existing models may not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

d. Warrants

Issue Date	Warrants	Exercise Price	Exercised Warrants	Exercise Date
29-May-13	4,000,000	$0.20		
29-May-13	648,012	$0.36		
29-May-13	1,258,549	$0.36		
29-May-13	2,160,686	$0.36	45,000	06-Jun-13
29-May-13	231,402	$0.36		
29-May-13	1,945,935	$0.38		
29-May-13	628,218	$0.38		
29-May-13	223,215	$0.38		
29-May-13	4,478,572	$0.38		
02-May-14	6,400,000	$0.13		
19-Jun-14	1,453,850	$0.13		
Total	**23,428,439**			

(Unaudited - expressed in Canadian dollars)

11. Share Capital (continued):

The warrants, if not exercised, will expire as follows:

Expiry date	Total warrants issued	Exercise price
August 17, 2014	648,012	$0.36
August 30, 2014	1,258,549	$0.36
October 19, 2014	2,160,686	$0.36
November 6, 2014	231,402	$0.36
May 7, 2015	1,945,935	$0.38
May 13, 2015	628,218	$0.38
May 24, 2015	223,215	$0.38
May 29, 2015	4,478,572	$0.38
February 28, 2017	4,000,000	$0.20
May 2, 2017	6,400,000	$0.13
June 19, 2017	1,453,850	$0.13
	23,428,439	

12. Short term loan:

Pursuant to the loan agreement dated February 27, 2014, the Company arranged a short term loan for up to $500,000, out of which $260,000 (September 30, 2013 - $Nil) has been advanced to date. The loan bears an annual interest of 10% per annum payable on a quarterly basis in arrears, is unsecured, and is due on demand.

13. Commitments

Operating leases and consulting agreement:

Future minimum payments under operating leases for premises & equipment and payments under consultancy agreement(s) are approximately as follows:

	June 30, 2014 $
Due within one year	326,141
Due from one to five years	29,825
Due after five years	-
	355,966

In addition, the Company has made the following commitments to issue shares:

a. Commitment to issue 111,706 shares to a consultant on satisfaction of predetermined criteria.
b. Commitment to issue 93,750 shares to a consultant for sales & marketing services.

14. Financial instruments and 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:

Credit Risk

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. The Company's other exposure to risk is on its other receivables excluding HST receivables. This risk is minimal.

Liquidity Risk

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 June 30, 2014, the Company had a negative working capital of ($495,105) (September 30, 2013: surplus $844,833).

The accounts payables and accrued liabilities are due within one year.

Foreign currency risk

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.

Interest rate risk

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 except short term loan.

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

14. Financial Instruments and risk management (continued):

surplus net of accumulated deficit. The Company's capital was $149,425 as at June 30, 2014 (September 30, 2013 - $1,891,567).

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 period ended June 30, 2014. The Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are:

a. 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.
b. 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.
c. To obtain the necessary financing, if and when it is required.

In order to maximize ongoing development efforts, the Company does not pay dividends. Notwithstanding the risks described in notes 1 and 2 of the condensed interim financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

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 liabilities;

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

(Unaudited - expressed in Canadian dollars)

15. Share based payment

	June 30,2014 $	June 30, 2013 $
Share based payment on stock options	384,602	-
Shares issued to consultants	131,756	-
Shares issued to directors and key management for consulting fees and board fees	297,140	-
Total amount expensed	813,498	-
Shares issued to directors and key management for past payables	181,303	
Total share based payment	994,801	-

16. Subsequent events:

a. The Company has signed a binding agreement to acquire a technology business in order to strengthen the Company's technology and operations. Upon completion of accretive acquisition, the Company will be able to consolidate financial results of the two companies. The parties have signed a binding agreement subject to the signing of a definitive purchase and sale agreement upon completion of final due diligence and receiving the regulatory approval.

b. The Company completed interim second and third tranches of a non-brokered private placement in the amount of $210,000. Pursuant to the private placement, the Company issued 2,625,000 units at a price of $0.08 per unit. Each unit sold in the private placement consists of one common share and one common share purchase warrant. The shares, warrants and warrant shares underlying the units are subject to a four-month and a day hold period. Each warrant is exercisable at $0.13 per share on or before 36 months from the closing date.