NANOSTRUCK TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2014

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 three months ended December 30, 2014 and 2013. Additional information relating to NanoStruck Technologies Inc. ("NanoStruck" or the "Company") is available on SEDAR at www.sedar.com. This MD&A is prepared as of April 20, 2015, 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

Nanostruck Technologies Inc. (formally known as Blue Gold Water Technologies Ltd.) (the "Company"), was incorporated in British Columbia under the Business Corporations Act on June 20, 2006 under the name Golden Cross Resources Inc. On May 29, 2013 Golden Cross Acquisition Inc. ("Golden Cross"), a subsidiary of Golden Cross Resources Inc. and Blue Gold Tailing Technologies Inc. ("Tailing") amalgamated. The amalgamated company was then named Blue Gold Tailings Technologies Ltd. ("Tailings") and is legal subsidiary of the Company. As a result of this amalgamation, the former shareholders of Tailing 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 Tailing's management team and as a result of Tailing's control of the Company's Board of Directors post amalgamation.

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 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 October 21, 2014 the Company announced 85% recovery rates for 0.68 gms/ton palladium tailings.

On December 19, 2014 Simon Charles resigned from his position as Non Executive Director for personal reasons.

<u>General overview and discussion of the activities of management during the three months ended December 31, 2014.</u>

1 The Company is collaborating with the Halton Hills GO Transit Bus Facility to supply an ecological wastewater plant. The Company will apply its NanoPure technology, to remove toxins like hydrocarbons, oils, grease, xylene, benzene, toluene and phosphates from the detergents used at the bus wash. The treated water will be recycled for rinsing or irrigation.

2. The Company commenced talks with Bacardi, to treat a distillery's effluent water, in Mexico. At the request of Bacardi, the Company submitted a design and quotation to Bacardi Mexico for a treatment facility and co-generation system to treat the vinasse effluent from Bacardi's La Galarza rum distillery, south of Mexico City. The system will be designed to both treat the plant effluent to meet Semarnat (Mexican Secretariat of Environment and Natural Resources) standards and provide a Return on Investment to Bacardi in the form of sellable electricity and fertiliser produced as by-products of the plant. Bacardi has provided specific feedback on the original design supplied by the Company and the Issuer has redesigned parts of the system to meet Bacardi's specifications. The Company is also designing an initial on-site test program for Bacardi to confirm the output of the proposed system. The on-site test program will focus on the result of the reduction of suspended solids in an initial phase utilizing a centrifuge as pre-treatment prior to the full treatment of the solids-reduced liquid by the extended NanoStruck plant. The on-site test program has been designed and presented to Bacardi and the Issuer is responding to questions about the plant design and test work timetable.

3. The Company is in talks with three Hanoi Hotels, in Vietnam to develop wastewater treatment solutions. The Company would design wastewater treatment solutions. The treatment units will treat effluent water from hotel rooms, spa facilities, restaurants and on site laundries.

4. The Company is in talks with the Metropolitan Sewer District of Greater Cincinnati to create a high strength leachate treatment plant. The plant will could produce up to 2 million kilowatts of electricity for sale into the national grid.

5. The Company is discussing collaberation with WRAIN – The Water Research and Innovation Network on three wastewater treatment demo projects.

a) One project would combine the Company's proprietary nano filter technology with established water treatment circuits to produce an on site unit to treat effluent water from a car wash. The water will be reused by the car wash, in a closed loop system.

b) The Company will also combine its proprietary nano filter technology with established water treatment circuits to produce an on site unit that treats effluent water from a food manufacturing facility. The unit could produce salable by products including but not limited to solid fertilizers, with the resulting treated water being available to recycle back for use within the factory.

c) The Company is also discussing with WRAIN to treat a sewage lagoon, in Ontario. The Company will use its non-toxic, biosurfactant-based, bacterial growth enhancer, NanoGro to reduce the odours and meet the COA requirements for discharging wastewater to a stream/river. The Company has designed the system and agreed on a performance criteria for a trial program.

6. The Company is in talks with the Mayor of Paraiso, Tabasco, Mexico to discuss a proposal for the cleaning and rehabilitation of the Seco River. The project includes a municipal water treatment facility to treat the residual wastewater of the town of Paraiso serving the town's 100,000+ population.

7. The Company was an active participant at the World Water Tech Summit in Toronto, Ontario from November 12-14, 2014. The Company had an Information Booth at the Summit and received many requests for follow up information on the Issuer's services to be provided. In addition, the Company's CEO, Bundeep Singh Rangar, was a presenter on the "Technology Showcase" panel.

8. The Company has received drill core samples from a gold mine owned and operated by RioZim (formally Rio Tinto Southern Rhodesia Ltd), known as the Cam & Motor Gold Mine in Zimbabwe. On behalf of RioZim, the Issuer intends to carry out metallurgical test work on the ore samples utilizing the Issuer's proprietary NanoMet extraction technology and others in order to maximize the recovery of gold and other metals of value from RioZIm's Cam & Motor mine property.

9. The Company is in discussions with a renewable energy provider W&Y Environmental to co-market a portable, high capacity NanoStruck Leachate Treatment Plant to an identified Municipal client in China. The client is responsible for a large municipal solid waste landfill site with a repository of 250,000 M3's of leachate. The NanoStruck unit with a capacity of 300 M3's per day will be used to treat the leachate stock over a period of 2 - 3 years. The revised design incorporates a high pressure phase to reduce the solid effluent volume to sub 20% of the liquid volume of the leachate, enabling the solid waste to be efficiently disposed on on-site at the landfill. The intention is for the Municipality to then move the unit in place over a new site to treat a similar stockpile of leachate.

SELECTED ANNUAL INFORMATION

Summary of Quarterly results

The following table sets forth selected audited financial information for the Company's eight most recent quarters ending with the last quarter for the three months ending December 31, 2014.

	For the Three Months Ended							
	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2014	June 30, 2014	March 31, 2014
Revenue	-		-	-	-	-	-	35,400
Income (loss) from continuing operations	(365,105)	(1,870,685)	(1,513,879)	(994,880)	(740,185)	(988,685)	(851,196)	(920,025)
Reverse take over transaction costs	-	-	-	-	-	-	4,964,243	-
Net Income (Loss)	(365,105)	(1,870,685)	(1,513,879)	(994,880)	(740,185)	(988,685)	(5,815,439)	(920,025)
Income (loss) from continuing operations per share -basic and diluted	(0.004)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Income (loss) per share - basic and diluted	(0.004)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.07)	(0.01)

As the Company continues in the research and development stage, the Company has incurred significant operating losses since inception. In the three month period ended December 31, 2014, the operating loss increased at a far lower rate as all non-essential expendirure was curtailed The Company,however, expects that losses will continue until the Company is successful in completing its research and development efforts including the installation of its water remediation plants.

For the three months ended December 31, 2014

The Company's net loss for the period was $365,105 compared to the loss of $740,185 for equivalent three months in 2013. The decrease in loss of $375,080 was primarily due to the following:

a) Professional fees, consulting and advisory decreased by $143,741 from $145,823 in 2013 to $2,082 in 2014. The decrease was primarily due to the development of a more focused internal management team; and

b) Salaries and wages increased by $92,911 from $122,828 in 2013 to $215,739 in 2014. The increase was mainly due to a increase in salaries for management, sales, business development related items; and

c) Research and development costs decreased by $143,207 from $143,207 in 2013 to $nil in 2014. The decrease reflected the Company capitalising on past investment in Research and Development initiatives; and

d) Advertising and promotion fees decreased by $34,706 from $34,706 in 2013 to $nil in 2014. The decrease was facilitated by an increase in face to face marketing; and

e) Share based payments decreased by $106,662 from $106,662 in 2013 to $nil in 2014. The decrease was primarily attributable to options granted to consultants and management during the three months ended December 31, 2013 as well as to debt that was owed by the Company to consultants and management that was converted into shares during that period.

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.

Issue and outstanding warrants at December 31, 2014 were 21,745,790 with exercise prices of $0.13, $0.20 and $0.38 (post consolidated).

Issued and outstanding stock options at December 31, 2014 totaled 8,120,000, with 7,170,000 options having an exercise price of $0.15, with an average contractual life of 1.67 years, and 950,000 options having an exercise price of $0.48, with an average contractual life of 3.66 years

At December 31, 2014, the Company's working capital deficit was $ 1,764,838 (September 30, 2013 deficit of $1,404,763). 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 recognizes the need to obtain equity financing to meet its obligations and fund its development programs. The Corporation is in discussion with potential investors, however, at this time potential investors have made no written commitments. There is no guarantee that the Corporation will be successful in raising sufficient funds to continue as a going concern.

TRANSACTIONS WITH RELATED PARTIES

The Company has entered into certain transactions with related parties during the three months ended December 31, 2014. A description of these related parties' transactions are as follows:

(a) The following is the detail of remuneration/ consulting paid / accrued (excluding out of pocket expense) to related parties:

Name of Officer/Director	Position	Nature of Payment	Oct 1 - Dec 31, 2014 Fees Accrued/Paid ($)	Balance unpaid as at Dec 31 2014 incl. Expenses ($)
Bundeep Singh Rangar	Chairman, Interim CEO	Consulting Fees	63,000.00	91,191
Raj Kurichh	Director, Officer	Consulting Fees	37,500.00	94,021
Richard Goldman	CFO	Consulting Fees	21,238.95	0
Steve McCann	Director, Chair of Audit Committee	Board Fees	5,500.00	11,333
Brij Chadda	Director	Board Fees	4,500.00	9,750
Marty Bernholz	Director	Board Fees	4,500.00	9,750
IndusView UK Ltd	A company with common Director	Consulting fees	7,500.00	125,263
Michael Morris	Strategic Advisor	Consulting fees	30,000.00	77,520

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:

	December 31, 2014
	$
Due within one year	98,902
Due from one to five years	40,662
Due after five years	-
	139,564

The Company is also required to pay its share of maintenance, taxes and other costs of the leased premises..

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, 2015, 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
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.

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.

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.

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.

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

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:

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.

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 December 31, 2014, the Company had a negative working capital of $1,764,838 (September 30, 2014: negative $1,404,763). 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 exposed to interest rate risk on its Short Term Loan. The annual interest rate is set at 10%, however the Short Term Loan is payable upon demand.

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 (deficit) was ($1,721,089) as at December 301 2014 (September 30, 2014 – deficit of $1,355,983).

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 three months ended December 31, 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 accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds for its operational needs.
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 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 1 and 2 of the 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.

OTHER INFORMATION

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

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 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 consolidated 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.

The Company has incurred losses to date of $14,578,827 and had a working capital deficit of $1,764,838 as at December 31, 2014 (deficit of $1,404,763 – September 30, 2014). The Company does not currently have any revenue-generating assets.

The Company, therefore, reduced all of its expenditure and has limited such expenditure to external essential costs only. Whilst operating in this manner the Company continues to explore and develop further revenue and funding targets which could lead for the eventual improvement in the Company's cash position going forward.

Given the uncertainty over the future funding the Directors recognize that there is a material uncertainty that casts significant doubt over the Company's ability to operate as a going concern. These financial statements do not contain the adjustments that would be necessary if the Company was unable to continue as a going concern. Such adjustments would include presenting assets at their recoverable amounts, which would be likely to result in further provisions to the current carrying amounts in these consolidated financial statements and to providing for further liabilities that might arise on a break up basis of preparation.

OUTSTANDING SHARE DATA

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

Outstanding Securities:	Number
Common Shares	94,658,046
Warrants	21,754,790
Stock options	8,120,000

CONTINGENCIES

The Company is aware that there is currently an ongoing investigation by Ontario Securities Commission (OSC) over the dealings of a private company, Holdings during the period July 2010 to April 2013, related to alleged breaches of Ontario Securities Law and conduct contrary to public interest. Holdings is not a subsidiary of the Company nor does the Company have any say in the affairs of Holdings.

During 2013, the Company issued shares to Holdings for the exclusive license and assignment agreement to the University of Saskatchewan license and patents. In addition, in 2013 the Company issued builder common shares and common shares in consideration for services provided. The OSC has raised concern over these dealings with Holdings. Holdings, as well as three of Holdings' founders, including Raj Kurichh, a director of the Company, have been named as respondents in the investigation.

The Company has not been named as a respondent and the OSC hearing has not commenced. Although the eventual outcome cannot be predicted, there is a possibility that there could be repercussions of the Company's dealings with Holdings or Raj Kurichh. As such the outcome or potential impact on the Company is not known at this time.

It should also be noted that the company's interim CEO instructed its legal counsel Bachhus Law to conduct a governance audit on July 3, 2013. The audit report was prepared and submitted to the Company's Board by Bachhus Law on July 11, 2013, which implemented its recommendations, including the set up of a temporary Special Governance Committee with its own charter in September 2013.

SUBSEQUENT EVENTS

Subsequent to the September 30, 2014 year end, on October 21, 2014 the Company announced recent results of test work carried out on palladium mine tailings, utilizing a proprietary recovery technology that recovered in the order of 84.8% of palladium, from samples grading 0.68 parts per million (ppm), or 0.68 grams per metric ton.

On January 27, 2015, the Company announced the appointment of Stephen McCann as NanoStruck's Chief Financial Officer (CFO). Stephen McCann takes over the CFO position from Richard Goldman, who had decided to step down from that position as of January 15, 2015.

Subsequent to the three months ended December 31, 2014, the following advances were received against the Short Term Loan:

January 6, 2015	15,120
Previous Principal Balance	376,500
Total	$391,620