Consolidated Financial Statements
(Expressed in Canadian dollars)

NANOSTRUCK TECHNOLOGIES INC.

(Formally Blue Gold Water Technologies Ltd.)

Years ended September 30, 2015 and 2014

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NanoStruck Technologies Inc.

We have audited the accompanying consolidated financial statements of NanoStruck Technologies Inc. and its subsidiary, which comprise the consolidated statement of financial position as at September 30, 2015, and the consolidated statement of loss and comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of NanoStruck Technologies Inc. and its subsidiary as at September 30, 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated financial statements of NanoStruck Technologies Inc. for the year ended September 30, 2014, were audited by other auditors who expressed an unmodified opinion on those statements on April 7, 2015.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which indicates that the Company had continuing losses during the year ended September 30, 2015 and a working capital deficit as at September 30, 2015. These conditions along with other matters set forth in Note 2 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
January 25, 2016

NANOSTRUCK TECHNOLOGIES INC.

Consolidated statements of financial position

(Expressed in Canadian Dollars)

	Notes	September 30, 2015	September 30, 2014
		$	$
Assets			(Note 3(n))
Current assets			
Cash		**52,208**	8,405
Receivables		**214,368**	172,444
Prepaid expenses and deposits	**6**	**307,000**	155,671
Total current assets		**573,576**	336,520
Property, plant and equipment	**7**	**-**	48,780
Total assets		**573,576**	385,300
Liabilities and Shareholders' Deficit			
Current liabilities			
Accounts payable and accrued liabilities	**6**	**866,285**	1,467,881
Short term loan	**10**	**-**	273,402
Total current liabilities		**866,285**	1,741,283
Shareholders' deficit			
Share capital	**8**	**8,076,052**	7,291,552
Equity to be issued	**8**	**494,990**	**-**
Contributed surplus	**9**	**2,839,541**	4,852,215
Deficit		**(11,703,292)**	(13,499,750)
Total shareholders' deficit		**(292,709)**	(1,355,983)
Total liabilities and shareholders' deficit		**573,576**	385,300

Nature of operations (Note 1), going concern (Note 2), commitments (Note 11), contingencies (Note 14), and subsequent events (Notes 8, 14 and 15)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

"Bundeep Singh Rangar"

"Stephen John McCann"

NANOSTRUCK TECHNOLOGIES INC.

Consolidated statements of loss and comprehensive loss

(Expressed in Canadian dollars)

	Notes	**September 30, 2015**	September 30, 2014
		$	$
Expenses			
Salaries and wages	**6**	**785,682**	889,269
Professional fees, consulting and advisory		**305,515**	511,888
Travel and lodging		**96,881**	289,000
Office and laboratory		**77,226**	230,803
Insurance		**37,734**	61,485
Meals and entertainment		**26,971**	91,752
Impairment of property, plant and equipment	**7**	**26,801**	1,257,213
Transfer agent and filing fees		**14,777**	35,190
Loss on sale of fixed assets	**7**	**6,114**	-
Promotion		**4,050**	549,360
Bank service charges		**2,898**	3,068
Research and development		**-**	479,668
Freight and shipping		**-**	12,328
Amortization	**7**	**-**	24,798
Intangible asset impairment	**5**	**-**	100,000
Inventory obsolescence		**-**	71,222
Share-based payments	**6**	**-**	664,081
Gain on debt converted to shares	**8**	**(60,500)**	(165,143)
Debt settlement gain	**8**	**(349,775)**	**-**
Total Expenses		**974,374**	5,105,982
Loss before undernoted items		**(974,374)**	(5,105,982)
Finance charges			
Interest expense	**10**	**26,342**	13,647
Loss before tax		**(1,000,716)**	(5,119,629)
Tax recovery	**13(a)**	**(303,799)**	-
Net loss and comprehensive loss for the year		**(696,917)**	(5,119,629)
Basic and diluted net loss per share	**3(j)**	**(0.01)**	(0.06)
Weighted average number of common shares outstanding		**117,225,012**	83,352,236

See accompanying notes to the consolidated financial statements

NANOSTRUCK TECHNOLOGIES INC.

Consolidated statements of changes in equity

(Expressed in Canadian dollars)

	Notes	Share capital Number of shares	Share capital Amount ($)	Equity to be issued ($)	Contributed Surplus ($) (Note 3(n))	Deficit ($) (Note 3(n))	Total ($)
Balance at September 30, 2013		**78,040,802**	**6,302,191**	**-**	**4,683,469**	**(9,094,093)**	**1,891,567**
Share-based payments		-	-	-	624,836	-	624,836
Share issued to consultants	**8**	1,611,706	117,873	-	-	-	117,873
Share issued to officers and directors		5,980,538	358,832	-	-	-	358,832
Value of warrants issued to director	**8**	-	-	-	38,269	-	38,269
Private placements	**8**	9,025,000	512,656	-	219,613	-	732,269
Expired options and warrants		-	-	-	(713,972)	713,972	-
Net loss and comprehensive loss for the year		-	-	-	-	(5,119,629)	(5,119,629)
Balance at September 30, 2014		**94,658,046**	**7,291,552**	**-**	**4,852,215**	**(13,499,750)**	**(1,355,983)**
Private placement	**8**	157,900,000	789,500	-	789,500	-	1,579,000
Units issued as finders fees	**8**	6,838,854	34,192	-	34,192	-	68,384
Costs of private placement		-	(39,192)		(39,192)	-	(78,384)
Expired options and warrants		-	-	-	(2,797,174)	2,493,375	(303,799)
Equity to be issued	**8**	-	-	494,990	-	-	494,990
Net loss and comprehensive loss for the year		-	-	-	-	(696,917)	(696,917)
Balance at September 30, 2015		**259,396,900**	**8,076,052**	**494,990**	**2,839,541**	**(11,703,292)**	**(292,709)**

See accompanying notes to the consolidated financial statements.

NANOSTRUCK TECHNOLOGIES INC.

Consolidated statements of cash flows

(Expressed in Canadian dollars)

	Notes	September 30, 2015	September 30, 2014
		$	$
Cash flows from operating activities			
Net loss		**(696,917)**	(5,119,629)
Adjustments for non-cash items:			
Tax recovery		**(303,799)**	-
Amortization		**-**	24,798
Loss on the sale of equipment		**6,114**	-
Interest on short term loan		**26,341**	13,402
Share-based payments		-	664,081
Property, plant and equipment impairment		**26,801**	1,257,213
Impairment of intangible assets		-	100,000
Gain on debt settlement		**(410,275)**	(165,143)
Changes in non-cash working capital items:			
Sales tax receivable		**(41,924)**	(82,136)
Prepaid expenses and deposits		**(307,000)**	(78,997)
Inventory		-	71,222
Accounts payables and accrued liabilities		**117,300**	1,777,999
Cash flows from operating activities		**(1,583,359)**	(1,537,190)
Cash flows from investing activities			
Purchases of property, plant and equipment		-	(178,479)
Proceeds from sale of equipment		**15,865**	-
Cash flows from investing activities		**15,865**	(178,479)
Cash flows from financing activities			
Proceeds from private placement		**1,579,000**	436,469
Share issuance costs related to priviate placement		**(10,000)**	-
Proceeds received for units to be issued		**342,040**	-
Receipt of short term loan		**276,620**	260,000
Repayment of short term loan		**(576,363)**	-
Cash flows from financing activities		**1,611,297**	696,469
Net increase (decrease) in cash		**43,803**	(1,019,200)
Cash, beginning of year		**8,405**	1,027,605
Cash, end of year		**52,208**	8,405
Supplemental information			
Shares to be issued in settlement of debt	**8**	152,950	-
Shares issued in settlement of debt	**8**	-	476,705
Finders units issued	**8**	68,388	-
Interest paid	**10**	39,742	-

See accompanying notes to the consolidated financial statements.

1. Nature of operations

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. 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 Suite 804, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, Canada. The Company's shares are listed on the Canadian Securities Exchange ("CSE") exchange under the symbol NSK.

2. Going concern

These consolidated 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. These conditions represent a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. In the event the Company is not able to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the statement of financial position classification used.

The Company had a loss of $696,917 for the year ended September 30, 2015 (September 30, 2014 - $5,119,629), a deficit as at September 30, 2015 of $11,703,292 (September 30, 2014 - $13,499,750) and a working capital deficit of $292,709 as at September 30, 2015 (September 30, 2014 - deficit of $1,404,763). The Company does not currently have any revenue-generating assets.

The Company, therefore, reduced all of its expenditures and has limited such expenditures 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.

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.

3. Significant accounting policies

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The accounting principles applied in the preparation of these consolidated financial statements included herein have been applied consistently for each of the yearss presented.

These financial statements have been authorized for issuance by the Company's Board of Directors on January 25, 2016.

Basis of Consolidation

Golden Cross Acquisition and Blue Gold Tailing Technologies ("Tailing") amalgamated on May 29, 2013 forming Blue Gold Tailings Technologies (BGTT). BGTT is the operating company and 100% owned legal subsidiary of NanoStruck Technologies Inc., which changed its name from Blue Gold Water Technologies Inc. (formerly Golden Cross Resources Inc.) on October 3, 2014.

Subsidiaries are consolidated from the date on which the Company obtains control and continue to be consolidated until control ceases. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Basis of Preparation

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

(a) 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.

3. Significant accounting policies (continued)

(b) 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 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.

In situations where the Company issues units, the value of warrants is included in the contributed surplus. The grant date fair value of warrants included in units is determined using the Black-Scholes option pricing model.

When options or warrants expire unexercised, their fair value is reclassified from contributed surplus to deficit.

In accordance with IFRIC 19, when debt is extinguished with equity, the difference between the carrying amount of the debt extinguished and the fair value of the equity is recognized in the consolidated statement of loss.

(c) Financial instruments

Financial assets and financial liabilities are initially measured at fair value and 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 liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

a. Loans and receivables;
b. Financial assets at fair value through profit or loss;
c. Held-to-maturity investments; and
d. Available-for-sale financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash falls into this category of financial instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The Company has no financial assets in this category.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company has no financial assets in this category.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Available-for-sale financial assets are measured at the fair value and the net change in fair value is recognized in other comprehensive income and reported within the available-for-sale reserve within equity. The Company has no financial assets in this category.

Impairment of financial assets

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables is presented in profit or loss, if applicable.

Financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities and short term loan. Financial liabilities are measured subsequently at amortized cost using the effective interest method.

3. Significant accounting policies (continued)

(d) 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

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.

(e) 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.

(f) 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.

3. Significant accounting policies (continued)

(f) Impairment of property, plant and equipment and intangible assets (continued)

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 cost of disposal 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.

(g) Income taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in net loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss, in which case the related tax is recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or recoverable for the current year based on substantively enacted tax rates at the reporting date. Deferred income tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases ("temporary differences") and loss carry forwards that are probable, and for which taxable profit will be available against which the asset can be realized. Deferred income tax assets and liabilities are measured using substantively enacted tax rates that are anticipated to be in effect when the differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the period that substantive enactment occurs. Deferred income taxes are reviewed at each reporting date and to the extent that the Company does not consider it probable that a deferred income tax asset will be recovered, a deferred tax asset is not recognized.

(h) Operating lease agreements

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

3. Significant accounting policies (continued)

(h) Operating lease agreements (continued)

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred. Related expense such as maintenance and insurance expense are charged to income as incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(i) 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.

(j) 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.

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.

Since the Company had losses during the years ended September 30, 2015 and 2014, all outstanding warrants and share options were not included in this calculation as they would be anti-dilutive.

(k) Foreign exchange

The Company’s and its subsidiary’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 reporting date to reflect exchange rates prevailing at that date. Foreign exchange gains and losses are included in the consolidated statement of loss.

3. Significant accounting policies (continued)

(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) Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related long-term asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as the related long-term assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of restoration costs, are charged to profit and loss for the period.

The Company evaluated its restoration costs and environmental obligations to be $Nil at September 30, 2015 (September 30, 2014 - $Nil).

(n) *New accounting standards adopted during the year*

During the year ended September 30, 2015, the Company elected to change its accounting policy for the treatment of share options and warrants whereby amounts recorded for expired unexercised share options and warrants are transferred to deficit. Previously, the Company's policy was to leave such amounts in contributed surplus. This policy has been applied retrospectively. The impact of the change was a decrease to deficit and a decrease to contributed surplus of $713,972 at September 30, 2014 and $nil at September 30, 2013.

3. Significant accounting policies (continued)

(n) *New accounting standards adopted during the year (continued)*

The Company adopted the following new standards along with any consequential amendments, effective October 1, 2014. The adoption of these new standards did not materially impact the Company's financial statements.

IFRS 13 – Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32.

IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity.

IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(o) Future accounting policies

The Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after October 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

4. Significant management judgments and estimates

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

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. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Share-based payments - The estimation of share-based payment costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's share price, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

Impairment – 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. Estimation uncertainty relates to assumptions about the value in use of such assets.

Useful lives of depreciable assets and intangible 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 the equipment.

(Expressed in Canadian Dollars)

5. Intangible assets

On January 16, 2013, Tailing entered into an exclusive license and assignment agreement with Blue Gold Holdings Ltd. ("Holdings"), a related party with directors in common, whereby Tailing purchased a license to use 5 patents applications from Holdings, including a patent held by the University of Saskatchewan ("University"), payable by the issuance of 30,518,075 shares. As part of the agreement with the University, the Company is required to:

a. Pay an annual license fee of $20,000 on every anniversary of the effective date of the agreement; and
b. Pay milestone payments of $50,000 upon 1st application of licensed product in a pilot scale and an additional $50,000 upon 2nd application of licensed product in a pilot scale; and
c. Pay royalties:
    i. 5% of sales revenue; and
    ii. 25% of sublicense compensation.

In 2014, the Company had exercised the option to acquire the patents for $1. During 2014, the patents expired. The Company recognized an impairment in the amount of $100,000 in the year ended September 30, 2014, which was due to the uncertainty of the status of the agreement with the University.

6. Related party transactions

The following is the detail of remuneration paid or accrued to key management personnel during the year ended September 30, 2015:

Name of Officer/ Director	Position	Nature of Payment	Fees Accrued/ Paid ($)	Shares to be issued ($)	Year ended September 30, 2015 Total ($)
Bandeep S. Rangar	Chairman, Interim CEO	Consulting fees	254,000	-	254,000
Steve McCann	Director, Chair of Audit Committee	Board fees	132,177	1,000	133,177
Brij Chadda	Director	Board fees	23,500	-	23,500
Martin Bernholz	Director	Board fees	21,500	-	21,500
Raj Kurichh (resigned May 20, 2015)	ex Director, Officer	Consulting fees	87,500	53,000	140,500
Richard Goldman	Ex-CFO	Consulting fees	32,319	-	32,319
Michael Morris	Strategic Advisor	Consulting fees	22,500	-	22,500
IndusView UK Limited	A company with common Director	Consulting fees	40,000	-	40,000

Included in accounts payable and accrued liabilities as at September 30, 2015 is $201,610 owing to these related parties (September 30, 2014 - $346,026). These amounts are unsecured, non-interest bearing and due on demand. See Note 15.

(Expressed in Canadian Dollars)

6. Related party transactions (continued)

Included in prepaid expenses and deposits as at September 30, 2015 is $289,000 advanced to corporations with a common officer of the Company (September 30, 2014 - $nil) for services to be provided during the ensuing year.

The following is the detail of remuneration paid or accrued to key management personnel during the year ended September 30, 2014:

Name of Officer/ Director	Position	Nature of Payment	Fees Accrued/ Paid ($)	Shares issued ($)	Stock Options ($)	Warrants ($)	Year ended September 30, 2014 Total ($)
Bandeep S. Rangar	Chairman, Interim CEO	Consulting fees	76,073	162,377	216,049	38,270	492,769
Raj Kurichh	Director, Officer	Consulting fees	116,000	45,000	59,413	-	220,413
Rajeev Agarwal	Ex-CFO	Consulting fees	126,809	38,191	64,815	-	229,815
Alfredo Albi	Ex-Director, Ex-COO	Consulting fees	66,600	-	59,413	-	126,013
John Morita	Ex-Director	Board fees	5,000	16,312	32,407	-	53,719
Steve McCann	Director, Chair of Audit Committee	Board fees	5,833	4,250	-	-	10,083
Richard Goldman	Ex-CFO	Consulting fees	4,000	-	-	-	4,000
Rocky Bellotti	Ex-Director	Board fees	4,000	-	64,815	-	68,815
Michael Morris	Strategic Advisor	Consulting fees	30,000	50,000	-	-	80,000
IndusView UK Limited	A company with common Director	Consulting fees	30,000	-	-	-	30,000
Brij Chadda	Director	Board fees	5,250	-	-	-	5,250
Martin Bernholz	Director	Board fees	5,250	-	-	-	5,250

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity.

Key management personnel were not paid post-retirement benefits, termination benefits or other long-term benefits during the years ended September 30, 2015 and 2014.

See also Notes 8 and 15.

(Expressed in Canadian Dollars)

7. Property, plant and equipment

	Construction in Progress	Manufacturing Equipment	Furniture & Fixtures	Computer & Electronics	Leasehold Improvements	TOTAL
	$	$	$	$	$	$
COST						
Balance, September 30, 2013	765,489	147,998	20,185	23,323	51,080	1,008,075
Additions	172,467	-	-	6,012	-	178,479
Impairment	(937,956)	(113,679)	-	-	-	(1,051,635)
Balance, September 30, 2014	**-**	**34,319**	**20,185**	**29,335**	**51,080**	**134,919**
Disposals	-	-	(5,000)	(10,865)	(46,489)	(62,354)
Impairment	-	(34,319)	(15,185)	(18,470)	(4,591)	(72,565)
Balance, September 30, 2015	**-**	**-**	**-**	**-**	**-**	**-**
ACCUMULATED AMORTIZATION						
Balance, September 30, 2013	-	29,554	6,210	11,662	13,915	61,341
Amortization	-	4,765	4,037	5,632	10,364	24,798
Balance, September 30, 2014	**-**	**34,319**	**10,247**	**17,294**	**24,279**	**86,139**
Assets written off	-	(34,319)	(10,247)	(17,294)	(24,279)	(86,139)
Balance, September 30, 2015	-	**-**	**-**	**-**	**-**	**-**
NBV, September 30, 2014	-	-	9,938	12,041	26,801	48,780
NBV, September 30, 2015	-	**-**	**-**	**-**	**-**	**-**

All contracts related to construction in progress were cancelled and therefore, the value of construction in progress was written down to $Nil during the year ended September 30, 2014. Accordingly, the manufacturing equipment related to these projects had no useful value and was also written down to $Nil during the year ended September 30, 2014.

On May 15, 2015, the Company vacated its premises, realised proceeds on the sale of equipment of $15,865, and wrote off its remaining assets.

8. Share capital

The Company is authorized to issue an unlimited number of common shares without par value.

As at September 30, 2015 the Company had 259,396,900 common shares issued and outstanding.

8. Share capital (continued)

On May 2, 2014 the Company completed a private placement of 6,400,000 units at $0.08 per unit, raising a total of $512,000 in gross proceeds. Of the 6,400,000 units, 3,900,000 were issued via settlement of outstanding debt. Therefore, cash proceeds were $200,000 on this issue. 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 expiring on May 2, 2017. Of the $512,000 in gross proceeds, $343,532 was allocated to the fair value of the shares and $168,468 was allocated to the value of the warrants. No finder's fees were paid.

On July 15, 2014 the Company completed a private placement of 750,000 units at $0.08 per unit, raising a total of $60,000 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 expiring on July 15, 2017. Of the $60,000 in gross proceeds, $45,185 was allocated to the fair value of the shares and $14,815 was allocated to the value of the warrants. No finder's fees were paid.

On August 21, 2014 the Company completed a private placement of 1,875,000 units at $0.08 per unit, raising a total of $150,000 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 expiring on August 21, 2017. Of the $150,000 in gross proceeds, $113,673 was allocated to the fair value of the shares and $36,327 was allocated to the value of the warrants. No finder's fees were paid.

In 2014, the Company issued 1,611,706 shares to consultants valued at $117,873 as consideration of debt settlement with a carrying value of $163,405. In 2014, the Company also issued 5,980,538 shares to certain directors and management valued at $358,832 as consideration of debt settlement with a carrying value of $478,443.

On August 11, 2015, the Company completed a private placement of 157,900,000 units at $0.01 per unit, raising a total of $1,579,000 in gross proceeds. Each unit was comprised of one common share and one non-transferable common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at an exercise price of $0.05 expiring August 11, 2020. Of the $1,579,000 in gross proceeds, $789,500 was allocated to the fair value of the shares and $789,500 was allocated to the value of the warrants.

In addition, a finders' fee of 6,838,854 units was paid valued at of $68,388. Each finders' fee unit was comprised of one common share and one non-transferable common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at an exercise price of $0.05 expiring August 11, 2020. The Company also incurred an additional $10,000 in share issue costs. The finders' fees and share issue costs were split between shares and warrants based on the allocation noted above. Officers and a director of the Company, and a corporation controlled by an officer of the Company subscribed for 57,702,090 units in this private placement for total proceeds of $577,021.

(Expressed in Canadian Dollars)

8. Share capital (continued)

Equity to be issued

During the year ended September 30, 2015, the Company entered into agreements to convert $213,450 of debt into 15,294,983 common shares of the Company valued at $152,950. These shares have not been issued as at September 30, 2015. A gain of $60,500 was recorded in relation to this debt to share conversion in the consolidated statement of loss. Included in these conversions, an officer, a corporation controlled by a former director and a former director of the Company converted $85,625 of fees owing to them for 5,712,500 shares, of which 312,500 of these shares were issued subsequent to September 30, 2015.

In addition, private placement subscriptions of $342,040 received in September 2015 for the issue of 34,204,000 units have also been disclosed in share capital as equity to be issued. Each unit will consist of one common share and one warrant exercisable at $0.05 for a period of five years.

9. Contributed surplus

	# of options	Weighted average exercise price ($)	Grant date fair value of options ($)	# of warrants	Weighted average exercise price ($)	Grant date fair value of warrants ($)	Total value ($)
September 30, 2013	950,000	0.48	304,113	16,388,722	0.33	4,379,356	4,683,469
							-
Granted	8,370,000	0.15	624,836	10,478,850	0.13	257,882	882,718
Expired	(550,000)	(0.15)	(46,666)	(2,720,694)	(0.36)	(612,156)	(658,822)
Forfeited	(650,000)	(0.15)	(55,150)	-	-	-	(55,150)
September 30, 2014	8,120,000	0.19	827,133	24,146,878	0.24	4,025,082	4,852,215
Granted	-	-	-	164,738,854	0.05	784,500	784,500
Expired	(3,800,000)	(0.23)	(504,362)	(9,668,028)	(0.38)	(2,292,812)	(2,797,174)
September 30, 2015	4,320,000	0.15	322,771	179,217,704	0.06	2,516,770	2,839,541

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.

(Expressed in Canadian Dollars)

9. Contributed surplus (continued)

During the year ended September 30, 2015, the Company did not grant any share options. During the year ended September 30, 2014, the Company granted a total of 8,370,000 share options. The options are exercisable for 3 years from the date of grant and vest in equal tranches every quarter over a one-year period. The grant date fair value of the share options granted was estimated using the Black-Scholes option pricing model with the following assumptions:

Grant date	Nov 4, 2013	May 23, 2014	June 4, 2014	June 18, 2014
# of options granted	6,620,000	100,000	500,000	1,150,000
Share price	$ 0.09	$ 0.07	$ 0.06	$ 0.07
Strike price	$ 0.15	$ 0.15	$ 0.15	$ 0.15
Risk free interest rate	1.13%	1.13%	1.16%	1.18%
Expected life (years)	3	3	3	3
Expected volatility *	81%	81%	81%	81%
Fair Value	$ 0.11	$ 0.02	$ 0.02	$ 0.02

* Based on comparable entities

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.

Share options outstanding as at September 30, 2015:

Options outstanding and exercisable	Remaining contractual life (years)	Exercise price	Number of options exercisable	Exercise price
4,320,000	0.92	$0.15	4,320,000	$0.15

Warrants

Pricing models require the input of highly subjective assumptions included the expected price volatility. Changes to 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 warrants.

Grant date	May 2, 2014	June 19, 2014	July 15, 2014	Aug 21, 2014	Aug 11,2015
# of warrants	6,400,000	1,453,850	750,000	1,875,000	164,738,854
Share price	$ 0.07	$ 0.07	$ 0.06	$ 0.07	$ 0.005
Strike price	$ 0.13	$ 0.13	$ 0.13	$ 0.15	$ 0.05
Risk free interest rate	1.16%	1.16%	1.14%	1.18%	0.73%
Expected life (years)	3	3	2.89	3	5
Expected volatility *	81%	81%	81%	81%	282%
Fair Value	$ 0.03	$ 0.03	$ 0.02	$ 0.02	$ 0.005

* Based on comparable entities

(Expressed in Canadian Dollars)

9. Contributed surplus (continued)

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

Expiry date	Total warrants issued	Exercise Price
28 February 2017	4,000,000	$0.20
2 May 2017	6,400,000	$0.13
19 June 2017	1,453,850	$0.13
15 July 2017	750,000	$0.13
21 August 2017	1,875,000	$0.13
11 August 2020	164,738,854	$0.05
Total	**179,217,704**	

10. Short term loan

Pursuant to a loan agreement dated February 27, 2014, the Company arranged a short term loan for up to $500,000. Subsequently the facility was increased to $600,000. $276,620 was advanced during the year ended September 30, 2015 and $260,000 was advanced during the year ended September 30, 2014 for a total of $536,621. The loan bears interest of 10% per annum payable on a quarterly basis in arrears, is unsecured, and is due on demand. The total amount of interest accrued during the year ended September 30, 2015 was $26,341 (2014 - $13,402). On June 4, 2015 the loan and interest in the total amount of $576,363, was repaid.

11. Commitments

Effective May 15, 2015, the Company returned all office equipment under operating leases and vacated its premises.

12. 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.

12. Financial instruments and risk management (continued)

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 September 30, 2015, the Company had a negative working capital of $292,709 (September 30, 2014: negative $1,404,763). The accounts payables and accrued liabilities are due within one year. See also Notes 2 and 15.

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 was exposed to interest rate risk in the year on its short term note described in Note 10. The annual interest rate was set at 10%, however the short term loan was payable upon demand.

Capital management

The capital structure of the Company consists of equity, comprising share capital, shares to be issued, contributed surplus, net of accumulated deficit. The Company's deficit was $292,709 as at September 30, 2015 (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.

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.

There were no changes in the Company's approach to capital management during the year ended September 30, 2015.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the CSE which requires adequate working capital of $50,000. As of September 30, 2015, the Company may not be compliant with the policies of the CSE. The impact of this violation is not known and is ultimately dependent on the discretion of the CSE.

(Expressed in Canadian Dollars)

12. Financial instruments and risk management (continued)

Notwithstanding the risks described in Note 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, given their short term nature. 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

As at September 30, 2015 and 2014, the Company did not hold any financial instruments measured at fair value.

13. Income taxes

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate for the year ended September 30, 2015 to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2014 - 26.5%) were as follows:

	2015 $	2014 $
(Loss) before income taxes	(1,000,716)	(5,119,628)
Expected income tax recovery based on statutory rate	(265,000)	(1,356,000)
Adjustment to expected income tax benefit:		
Non-deductible items	292,000	533,000
Other	(306,799)	-
Change in benefit of tax assets not recognized	(24,000)	823,000
Deferred income tax (recovery)	(303,799)	-

(Expressed in Canadian Dollars)

13. Income taxes (continued)

b) Deferred Income Tax

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2015 $	2014 $
Non-capital loss carry-forwards	8,291,000	8,396,000
Share issue costs	72,000	20,000
Mineral property costs	195,000	196,000
Other	1,485,000	1,526,000
Total	10,043,000	10,138,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the

Non-Capital Losses Carryforwards
As at September 30, 2015, the Company has income tax loss carry forwards of approximately $8,291,000 expiring as follows:

Expires in	$
2028	84,000
2029	83,000
2030	86,000
2031	160,000
2032	1,407,000
2033	3,434,000
2034	3,037,000
	8,291,000

14. Contingencies

The Company is aware that there is currently an ongoing investigation by the Ontario Securities Commission (OSC) over the dealings of a private company, Holdings (Note 5) 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 (Note 5). 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 former 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.

15. Subsequent events

Subsequent to September 30, 2015, the Company received an additional $222,000 in share subscription proceeds. The Company has agreed to issue 22,200,000 units for this cash consideration of $222,000. Each unit will consist of one common share and one common share purchase warrant exercisable at $0.05 for a period of five years. Of these proceeds, $72,000 was received from corporations controlled by officers of the Company.

Subsequent to September 30, 2015, the Company entered into additional debt settlement agreements with directors and a corporation controlled by an officer of the Company, whereby it agreed to issue 674,500 common shares in settlement of accounts payable in the amount of $33,725.