

NANOSTRUCK TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2015

The following management's discussion and analysis ("MD&A") should be read in conjunction with the condensed annual audited financial statements, including the notes attached thereto for the three months periods ended December 31, 2015 and with annual audited financial statements, including the notes thereto for the year ended September 30, 2015. 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 February 28, 2016, 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.

General overview and discussion of the activities of management during the three months ended December 30, 2015.

Management of the Company continues to monitor all existing projects to evaluate potential success and profitability. At the same time management is exploring other projects.

On October 1, 2015 the Company completed a debt settlement in which a creditor agreed to accept shares in the Company for past consulting services provided to the Company totaling \$15,625 by the issuance of 312,500 common shares of the Company at a deemed price of \$0.05 per share.

During October-December 2015 the Company received deposits totalling \$651,500 for 65,150,000 private placement units. The shares were not issued prior to December 31, 2015 and the value of the shares is accounted for in share capital as shares to be issued.

During December 2015 the Company confirmed that the license to use the patent held by the University of Saskatchewan would not be renewed.

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, 2015.

\$	For the Three Months Ended							
	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014
Revenue	-	-	-	-	-	-	-	-
Income (loss) from continuing operations	(473,576)	132,643	(13,966)	(450,489)	(365,105)	(1,870,685)	(1,513,879)	(994,880)
Net Income (Loss)	(473,576)	132,643	(13,966)	(450,489)	(365,105)	(1,870,685)	(1,513,879)	(994,880)
Income (loss) from continuing operations per share -basic and diluted	(0.002)	0.000	(0.001)	(0.006)	(0.004)	(0.02)	(0.020)	(0.010)
Income (loss) per share - basic and diluted	(0.002)	0.000	(0.001)	(0.006)	(0.004)	(0.02)	(0.020)	(0.010)

As the Company continues in the research and development stage, the Company has incurred significant operating losses since inception. In the three months ended December 31, 2015, the operating loss increased at a far lower rate as all non-essential expenditure was curtailed. In addition, the Company has been in discussion with the majority of significant creditors and has been able to negotiate mutually acceptable terms for payment. The effect was that a saving could be posted as a debt settlement 'gain'. The Company, however, expects that losses will continue, albeit at a controlled and targeted level until the Company starts to generate income as result of new management initiatives.

For the three months ended December 31, 2015

The Company's net loss for the period was \$473,576 compared to the loss of \$365,105 for the three months ended December 31, 2014. The net increase in loss of \$108,471 was primarily due to the following:

- a) Professional fees, consulting and advisory increased by \$266,418 from \$2,082 in 2014 to \$268,500 in 2015. The increase was due a focused exploratrion and research of possible new business opportunities undertaken by the Company current management; and
- b) Salaries and wages decreased by \$64,738 from \$215,738 in 2014 to \$151,000 in 2015. The decrease was mainly due to the Company maintaining a lean operation and retaining only key personnel whilst focussing on new business development related items; and
- c) Travel and subsistence costs reduced by \$5,264 from \$29,657 in 2014 to \$24,393 in 2015. The decrease was due to the reduced number of employees, the cut back of entertaining and greater control of costs; and
- d) Office and Laboratory costs decreased by \$84,014 from \$84,614 in 2014 to \$600 in 2015. The decrease is totally due to the Company having closed the Mississauga premises, including office and laboratory in May 2015, to avoid unnecessary expenditure; and
- e) Insurance costs decreased by \$6,264 from \$16,220 in 2014 to \$9,956 in 2015. This was due to the reduction of employees and closure of premises; and
- f) Gain on debt conversions increased by \$26,980 from \$nil in 2014 to \$26,980 in 2015. This is in respect of 674,500 shares issued at \$0.05 per share, converted from a total debt of \$33,725 giving a gain versus the current share price of \$0.01.

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, 2015 were 179,217,704 with exercise prices of \$0.05, \$0.13 and \$0.20 (post consolidated). This includes 164,738,854 with exercise price of \$0.05 issued in the Private Placement in August 2015.

Issued and outstanding stock options at December 31, 2015 totaled 4,320,000, with all options having an exercise price of \$0.15, with an average contractual life of 0.67 years.

At December 31, 2015, the Company's working capital deficit was \$108,040 (September 31, 2014 deficit of \$292,709). As of the date of this MD&A, the Company has no outstanding commitments other than its on-going trade payable 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, 2015 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, 2015 - Dec 31, 2015 Fees Accrued/Paid (\$)
Bundeep S. Rangar	Chairman, CEO	Consulting/Board Fees	63,500
Steve McCann	CFO, Chair of Audit Committee	Consulting/Board Fees	46,000
Brij Chadda	Director	Board Fees	6,000
Marty Bernholz	Director	Board Fees	5,500
IndusView UK Ltd	A company with common Director	Consulting fees	7,500

Key management personnel were not paid post-retirement benefits, termination benefits or other long-term benefits during the three months ended December 31, 2015.

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 contingent 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

There are no future payments under operating leases for premises & equipment nor contractual payments to consultants.

Effective May 15, 2015, the Company had returned the office equipment and vacated the Mississauga premises.

ACCOUNTING POLICIES

New accounting standards adopted during the year

No additional accounting standards have been adopted since September 30, 2015. 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 equity settled share based payments reserve of \$713,972 at September 30, 2014 and \$nil at September 30, 2013.

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.

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.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. The fair value of cash, accounts receivable, accounts payable, and accrued liabilities approximate their carrying value due to their short-term nature.

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, 2015, the Company had a negative working capital of \$108,040 (September 30, 2015: negative \$292,709). 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 was exposed to interest rate risk on its Short Term Loan. The annual interest rate is set at 10%, however the Short Term Loan was 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 (\$108,040) as at December 31, 2015 (September 30, 2015 – deficit of \$292,709).

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, 2015. 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.

OTHER INFORMATION

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Going concern

These unaudited consolidated 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. 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 that 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 balance sheet classification used.

The Company has incurred losses to date of \$12,176,868 and had a working capital deficit of \$108,040 as at December 31, 2015 (deficit of \$292,709 – September 30, 2015). The Company does not currently have any revenue-generating assets.

The Company, therefore, limited expenditure to external essential costs only. Whilst operating in this manner the Company is focused on exploring and develop further business possibilities which could lead to the eventual improvement in the Company's cash position going forward.

These interim 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:

	NSK
Common Shares	259,709,400
Stock Options	4,320,000
Warrants	179,217,704

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 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.

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

SUBSEQUENT EVENTS

Subsequent to December 31, 2015, the Company received an additional \$236,370 in share subscription proceeds. The Company has agreed to issue 23,637,000 units for this cash consideration of \$236,370. Each unit will consist of one common share and one common share purchase warrant exercisable at \$0.05 for a period of five years.