



NANOSTRUCK TECHNOLOGIES INC.

FORM 2A

LISTING STATEMENT

JULY 29, 2016

NANOSTRUCK TECHNOLOGIES INC.

FORM 2A

Listing Statement

For Fiscal Year Ended September 30, 2015 and second Quarter Ended March 31, 2016

TABLE OF CONTENTS

1.	Table of Contents	
2.	Corporate Structure.....	4
3.	General Development of the Business	4
4.	Narrative Description of the Business.....	12
	Background	13
	Categorization of Crowdfunding Platforms	13
	Investment Crowdfunding	14
	Lending Crowdfunding	15
	Rewards Crowdfunding.....	15
	Donation Crowdfunding.....	16
	Comparative Summary of Crowdfunding Models	17
	Market Information	17
	Outlook	20
	Factors Influencing the Use of Investment Crowdfunding	20
	Crowdfunding Regulation.....	22
	Required Regulatory Authorizations	23
	Compliance Partner	24
	Competitive Landscape.....	27
	Fineqia's Entry Strategy.....	29
	Company Structure	30
	Technology Platform	30
	PRODUCT OFFERINGS	31
	Overview	31
	Mini-bond Market Overview	32
	Mini-bond In-kind Benefits	33
	Market Challenges	34
	Market Evolution	34
	Mini-bond Risk Management	36
	Mini-bond Terms	36
	Platform Fee Structure	38
	Mini-bond Administration.....	39
	Target Investor Market.....	39
	INVESTOR PROTECTION	40
	Due-Diligence of Companies	40
	Information Availability for Investor Review	41
	MARKETING STRATEGY	43
	Foundations for the Marketing Strategy.....	43
	Marketing Strategy Framework.....	43
	Social Media Marketing and Compliance.....	44
	Cost Base.....	45
	Financial Forecasts	46
5.	Selected Consolidated Financial Information.....	49

6.	Management's Discussion and Analysis.....	50
	Annual MD&A.....	50
	Interim MD&A.....	56
7.	Market for Securities	61
8.	Consolidated Capitalization	61
9.	Options to Purchase Securities.....	61
10.	Description of the Securities	61
11.	Escrowed Securities.....	63
12.	Principal Shareholders	64
13.	Directors and Officers	65
14.	Capitalization.....	69
15.	Executive Compensation	71
16.	Indebtedness of Directors and Executive Officers.....	71
17.	Risk Factors	71
18.	Promoters.....	78
19.	Legal Proceedings	79
20.	Interest of Management and Others in Material Transactions.....	79
21.	Auditors, Transfer Agents and Registrars.....	80
22.	Material Contracts	81
23.	Interest of Experts	81
24.	Other Material Facts.....	82
25.	Financial Statements.....	82

CERTIFICATE OF THE ISSUER

SCHEDULE "A" - Excerpt of Executive Compensation contained in Information Circular of the Company dated August 12, 2015

Audited Financial Statements and Management's Discussion and Analysis for the year ended September 30, 2015

Interim Financial Statements and Management's Discussion and Analysis for the second quarter ended March 31, 2016

2. Corporate Structure

- 2.1 State the full corporate name of the Issuer or, if the Issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Issuer's head and registered office.

The head office and registered and records office of NanoStruck Technologies Inc. ("**NanoStruck**" or the "**Company**") is located at Suite 804 - 750 West Pender Street, Vancouver, BC V6C 2T7.

- 2.2 State the statute under which the Issuer is incorporated or continued or organized or, if the Issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Issuer is established and exists. Describe the substance of any material amendments to the articles or other constituting or establishing documents of the Issuer.

The Company was incorporated under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") on June 20, 2006, under the name Golden Cross Resources Inc.

The Company changed its name to Blue Gold Water Technologies Ltd. on May 15, 2013 and consolidated all of its issued and outstanding common shares on a two old for one new share basis on May 21, 2013.

The Company changed its name to NanoStruck Technologies Inc. on October 1, 2013.

The Company will be changing its name to Fineqia International Inc. effective August 2, 2016.

- 2.3 Intercorporate relationships among the Issuer and its subsidiaries (if any).

The Company currently has one wholly-owned subsidiary existing under the *Business Corporations Act* (Ontario), Blue Gold Tailings Technologies Ltd. ("**BGTT**").

- 2.4 If the Issuer is requalifying following a fundamental change or is proposing an acquisition, amalgamation, merger, reorganization or arrangement, describe by way of diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.

The Company currently has one wholly-owned subsidiary existing under the *Business Corporations Act* (Ontario), BGTT.

As described herein, the Company is focused on a change of its business (the "**Change of Business**"). In connection with the Change of Business, the Company will incorporate a new wholly-owned United Kingdom ("**U.K.**") subsidiary, Fineqia Limited. For further details about the Change of Business, see the sections "General Development of the Business – Subsequent Events – Change of Business" and "Narrative Description of the Business".

- 2.5 Non-corporate Issuers and Issuers incorporated outside of Canada must describe how their governing legislation or constituting documents differ materially from Canadian corporate legislation with respect to the corporate governance principles set out in Policy 4.

N/A.

3. General Development of the Business

- 3.1 Describe the general development of the Issuer's business over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the Issuer's business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Issuer that are expected to occur during the current financial year of the Issuer.

The Company was incorporated under the BCBCA on June 20, 2006 as "Golden Cross Resources Inc." The common shares of the Company were listed for trading on the Canadian Securities Exchange (the "**CSE**") on June 25, 2008 under the symbol GOX.

Until the winter of 2011, the Company had been engaged in the exploration of its Holy Cross property located in north-central British Columbia. During the winter of 2011, the Company began to consider a change of its business.

On May 29, 2012, the Company entered into a letter of intent (the “**LOI**”) with BGTT to acquire all of BGTT’s contracts, purchase orders, intellectual property and technology related to its mining tailings and waste water remediation business (the “**Assets**”).

In connection with the LOI, the Company advanced \$1,602,275 as at September 30, 2012 to BGTT pursuant to several agreements dated between June 25, 2012 and September 20, 2012 repayable without interest within one year from the date of issuance. During the year ended September 30, 2012, a discount of \$217,269 was recorded resulting that the outstanding balance of notes receivable was \$1,385,006.

Up to \$1,600,000 of the notes receivable outstanding as at September 30, 2012 were secured by a general security agreement with a floating charge and security interest on all BGTT’s assets, rights, interests and properties.

Between June and August, 2012, the Company raised \$1,457,788 by way of non-brokered private placement, which closed in tranches. A total of 10,412,774 units were issued at \$0.14 per unit. Each unit consisted of one common share and one-half of one transferable common share purchase warrant, with each whole warrant entitling the holder to purchase one common share at a price of \$0.18 per share for a period of two years from the date of issue. The Company paid finders’ fees of \$45,808 and issued 315,000 finders’ warrants having the same terms as the warrants.

Between October and November 2012, the Company raised \$1,295,035 by way of non-brokered private placement, which closed in tranches. A total of 9,250,253 units were issued at \$0.14 per unit. Each unit consisted of one common share and one-half of one transferable common share purchase warrant, with each whole warrant entitling the holder thereof to acquire one additional common share at a price of \$0.18 per share for a period of two years. The Company paid finders’ fees of \$41,687 and issued 169,050 finders’ warrants having the same terms as the warrants.

Pursuant to two promissory note agreements, the Company advanced \$1,400,000 to BGTT: \$800,000 on October 22, 2012 and \$600,000 on November 30, 2012. The notes were due one year after issuance and were non-interest bearing for up to one year and thereafter would be subject to interest at 21% annually compounded. These notes were secured by a general security agreement with a floating charge and security interest on all BGTT’s assets, rights, interests and properties.

Pursuant to an amalgamation agreement dated November 21, 2012, the Company, through its newly incorporated 100% owned subsidiary Golden Cross Acquisitions Inc., and BGTT agreed to amalgamate (the “**Amalgamation**”). The Amalgamation was subject to shareholder approval of each of the companies. Each of the 101,726,888 issued and outstanding common shares of BGTT was exchanged for 0.373549223 shares of the Company and the BGTT shares were then cancelled. Approximately 9,000,000 shares of the Company were issued to individuals designated by BGTT directors. Approximately 3,000,000 common shares were issued as finders’ fees on the Amalgamation.

In May 2013, the Company raised \$1,390,188 by way of non-brokered private placement, which closed in tranches. A total of 9,929,917 units were issued at \$0.14 per unit. Each unit consisted of one common share and one-half of one transferable common share purchase warrant, with each whole warrant entitling the holder thereof to acquire one additional common share at a price of \$0.18 per share for a period of two years. The Company paid finders’ fees of \$75,708 and issued 183,344 finders’ warrants having the same terms as the warrants.

Effective May 21, 2013, the Company changed its name to Blue Gold Water Technologies Ltd. and consolidated its common shares on the basis of one new post-consolidated common share for each two pre-consolidated common shares (the "**Consolidation**"). As a result, the outstanding common shares were reduced to approximately 29,138,659. The common shares of the Company began trading on a consolidated basis on May 21, 2013 under the symbol BGO.

On May 24, 2013, the Company completed the final tranche of a non-brokered private placement, for total gross proceeds of \$125,000 and the issuance of a total of 446,429 post-consolidated units at \$0.28 per unit. Each unit consisted of one common share and one-half of one transferable common share purchase warrant, with each whole warrant entitling the holder thereof to acquire one additional common share at a price of \$0.38 per share for a period of two years from closing of the offering. No finder's fees were paid in connection with the final tranche private placement.

On May 29, 2013, the Company completed its acquisition of BGTT by way of the Amalgamation. The Company then carried on the business of BGTT.

On closing of the acquisition, the Company issued a total of 45,857,143 post-consolidated common shares to the former shareholders of BGTT, 17,247,711 of which were placed in escrow in accordance with CSE policy. The escrowed shares were subject to the release schedule provided in the escrow agreement dated May 23, 2013 between the Company, Computershare Investor Services Inc. and certain securityholders of the Company whereby 10% was released from escrow on closing of the acquisition, being May 29, 2013, and 15% was released from escrow every 6 months thereafter.

The Company also issued 4,478,572 post-consolidated warrants in exchange for warrants held by BGTT warrant holders and 3,000,000 post-consolidated common shares as finder's fees in connection with the transaction. An additional 9,000,000 post-consolidated common shares were allocated by the directors of the Company (the "**Board**") to be earned by employees and consultants as the Company reaches certain milestones in the future.

On closing of the acquisition, the post-consolidated share capital of the Company consisted of: (i) 77,995,802 common shares, (ii) 950,000 stock options, and (iii) 16,433,722 warrants with exercise prices ranging from \$0.20 to \$0.38 (post-consolidated). The outstanding warrants of the Company were also consolidated at the time the Consolidation occurred on the basis of 1 new post-consolidated warrant for every 2 currently outstanding warrants. The exercise price of the warrants was doubled to reflect the Consolidation.

On closing of the acquisition, David Rowson, Alfredo Albi, Raj Kurichh, John Morita and Lance Morginn were appointed to the Board. David Rowson was appointed as Chief Executive Officer ("**CEO**") and Alfredo Albi was appointed as Chief Financial Officer ("**CFO**") and Corporate Secretary.

On May 31, 2013, the Company appointed Rocky Bellotti to the Board.

During the months following closing of the acquisition, the Company underwent the following changes in management:

- On June 19, 2013, Lance Morginn resigned as a director of the Company.
- On August 13, 2013, David Rowson resigned as CEO and a director of the Company.
- On August 28, 2013, Bundeep Singh Rangar was appointed as interim CEO of the Company.

Year ended September 30, 2014

On October 1, 2013, the Company changed its name to NanoStruck Technologies Inc. to better reflect its proprietary nano polymer technologies used in water remediation and precious metal

retrieval. On October 2, 2013, the Company's common shares resumed trading on the CSE under the new symbol "NSK" and on October 3, 2013 its common shares commenced trading on the OTCQX under the symbol "NSKTF". The Company has chosen to trade on this United States ("U.S.") marketplace to provide its growing number of U.S.-based investors with home country disclosure, current financial disclosures and Real-Time Level 2 quotes on www.otcmarkets.com. The Company also changed its trading symbol with the Frankfurt Exchange to 8NSK.

On October 11, 2013, the Company announced the appointment of Mr. Nicholas Bridges as Vice President International Sales and Business Development. Mr. Bridges has been involved in the mining industry for the past 30 years, principally with Zambia Consolidated Copper Mines (Zambia), Minequip Pvt Ltd (Zimbabwe), San Martin Mining (Kenya), Gecamines (Democratic Republic of the Congo) and in a joint venture with Sentrachem, a listed South African chemicals conglomerate.

On October 25, 2013, the Company announced the resignation of I. Vellmer Inc., Chartered Accountant, as auditor of the Company at the request of the Company, and the Board appointed Collins Barrow Toronto LLP of Toronto, Ontario as successor auditor of the Company. The Company's audit committee and its Board approved the resignation of the former auditor as auditor of the Company.

On November 4, 2013, the Company announced the restructuring of its executive management team. Former CFO, Mr. Alfredo Albi had taken on the new role of Chief Operating Officer (COO). Mr. Rajeev Agarwal was appointed CFO of the Company. Mr. Raj Kurichh assumed the role of Chief Marketing Officer ("**CMO**") of the Company.

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

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

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

On November 13, 2013, the Company announced the completion of a trial period with Food Specialties, a Canadian company specializing in the formulation and development of frozen dessert products and flavorings. Food Specialties was notified by the Ontario Ministry of Food and Agriculture as well as the Municipality of Peel Region in the Greater Toronto area, for exceeding the provincial and municipal levels for acceptable wastewater discharge limits. Specific testing discovered elevated levels of biological oxygen demand and total suspended solids. NanoStruck engineering and scientific teams investigated the issue and employed internal and external lab testing on the water samples provided by Food Specialties. Once the lab analysis results were confirmed, NanoStruck discovered that the water contained 10 times the authorized contaminants in their wastewater discharge. NanoStruck designed and installed a water remediation plant that met the specific environmental and capital expenditure requirements of Food Specialties.

On November 22, 2013, the Company announced the appointment of Mr. Somail S. Bains as the Chair of the NanoStruck Advisory Board, members of which were to assist with science, technology, governance and business development.

On January 24, 2014, the Company announced the resignation of Rocky Bellotti as a director of the Company.

On January 31, 2014, the Company announced the appointment of Brian Mok as Senior Mining Analyst as a consultant-in-residence. Mr. Mok has been involved with the mining industry for the past 17 years.

On February 7, 2014, the Company announced that testing of its mine tailings treatment techniques and preliminary results showed recovery rates of gold from mine tailings from Zimbabwe to be much higher than expected by industry observers. NanoStruck's techniques involve nanotechnology and industrial collaboration for specific innovative milling, pyrometallurgy and hydrometallurgy processes combined with proprietary organic compounds.

On February 18, 2014, the Company announced signing of a non-binding LOI with Tierra Nuevo Mining Ltd ("TNM"), a private exploration company with mining assets in Mexico. The parties were to have explored the potential of TNM engaging NanoStruck to recover gold and silver from TMN's tailings material using the NanoMet Technology at TNM's Noche Buena Mine site, located in Zacatecas state, 10 kilometers northeast of Goldcorp's Peñasquito Mine. The Noche Buena mine began operations sometime between 1926 and 1930 and was worked continuously until 1992 when it was shut down due to the collapse of metal price. This LOI did not convert into a commercial contract and was terminated.

On February 24, 2014, the Company announced that it had reached an agreement with Nano Africa (Pty) Ltd. and its affiliate New World Sanitations (NWS) whereby NWS intended to increase sales of its sanitation system, which utilized NanoStruck's NanoClear Filters as well as Nano Africa marketing and promoting NanoStruck's NanoPure water purification and NanoMet precious metal retrieval systems in South Africa. As consideration, Nano Africa was to have received a commission, based on net revenues achieved by NanoStruck, in relation to each water remediation and/or mineral remediation plant that was sold in South Africa as a result of Nano Africa's efforts. Additionally, Jurgen Graupe, or his assigns, was to have received 500,000 common shares of NanoStruck as consideration for consulting services already provided to NanoStruck. The agreement with Nano Africa and NWS was terminated.

On February 27, 2014, the Company arranged a short term loan facility for up to \$500,000 (subsequently increased to \$600,000), out of which \$260,000 was advanced as of September 30, 2014 and \$536,621 was advanced as of June 30, 2015. The loan bore an annual interest of 10% per annum payable on a quarterly basis in arrears, was unsecured, and was due on demand. The loan and accrued interest was repaid in full on June 4, 2015.

On March 10, 2014, the Company announced the signing of a letter of intent with the town of El Tuito to use the Company's NanoPure technology to treat wastewater from the municipality of Cabo Corrientes in Mexico. This LOI did not convert into a commercial contract and was terminated.

On April 14, 2014, the Company announced the appointment of Steve McCann as a new Board member. In addition, the Company announced that Alfredo Albi had resigned from the Board and as COO. David Rowson also resigned from the Board.

Between May and August 2014, the Company raised \$722,000 by way of non-brokered private placement, which closed in tranches. A total of 9,025,000 units were issued at \$0.08 per unit. Each unit consisted of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to acquire one additional common share at a price of \$0.13 per share for a period of three years. No commission or finder's fees were paid in connection with the private placement.

On May 20, 2014, the Company announced a new sales contract with Buttcon Limited, a Canadian general contractor specializing in industrial, commercial, institutional and high-rise

residential construction. The Company was to have supplied a wastewater treatment plant for Metrolinx, the public transportation agency for the Greater Toronto and Hamilton Area, which operates the regional public transit service, GO Transit. This sales contract was terminated.

On May 21, 2014, the Company announced that it had signed a one-year agreement, renewable yearly, with Metrolinx to maintain its bus wash treatment unit at the GO Transit Halton Hills bus facility. This agreement was terminated.

On May 27, 2014, the Company announced signing a non-binding LOI with Purple Grid Trading Pvt. Ltd ("**Purple Grid**"), a Zimbabwean company pursuant to which Purple Grid was to have co-operated with NanoStruck for the purpose of utilizing the Company's NanoMet technology to extract gold and other precious metals from the tailings that arise from mining projects accessed or owned by Purple Grid in Zimbabwe. This LOI did not convert into a commercial contract and was terminated.

On June 18, 2014, the Company announced signing of an LOI with the Municipality of Puerto Vallarta, Mexico to treat the leachate water at the Puerto Vallarta Landfill site. This LOI did not convert into a commercial contract and was terminated.

On June 19, 2014, the Company announced that it was to issue common shares to a third party consultant, Board members and certain key management for amounts owed for consulting fees, board fees and expenses. The Company issued a total of 6,480,538 common shares of the Company at a deemed value of \$0.08 and 1,453,850 warrants exercisable at \$0.13 per share for a term of three years.

On June 23, 2014, the Company announced the appointment of Brij P.S. Chadda and Martin Bernholtz as new Board members. In addition, the Company entered into an investor relations consulting agreement with First Canadian Capital Corp. ("**First Canadian**") under which First Canadian would provide consulting services to the Company to raise investor awareness, attract investment and find strategic, financial partners, for a term of 12 months from the date of execution of the consulting agreement, for a fee of (i) \$5,000 per month, plus HST, and (ii) the grant a total of 400,000 incentive stock options to First Canadian, exercisable at \$0.15 per share for a period of three years. The agreement with First Canadian was terminated.

On July 15, 2014, the Company announced that it had signed a binding agreement to acquire a technology business in order to strengthen the Company's technology and operations. Upon completion of accretive acquisition, the Company would be able to consolidate financial results of the two companies. The parties have signed a binding agreement subject to the signing of a definitive purchase and sale agreement upon completion of final due diligence and receiving regulatory approval. During the course of due diligence, it was noted that the technology business had experienced a significant drop in revenue and profitability in the preceding financial year when compared with previous years on account of the downturn in the metals and minerals industries. Lower revenue and profit was not, however, reflected in a lower asking (purchase) price by the shareholders of the technology business making the desired acquisition untenable.

On September 9, 2014, the Company announced the appointment of Simon Charles to its Board to replace John Morita, who resigned.

On September 24, 2014, the Company announced the appointment of Richard Goldman as the Company's CFO to replace Rajeev Agarwal, who resigned.

Year ended September 30, 2015

On December 24, 2014, Simon Charles resigned as a director of the Company. On January 15, 2015, Richard Goldman resigned as CFO of the Company and Stephen McCann was appointed the CFO of the Company.

Effective February 2, 2015, the Company's listing was transferred down from the OTCQX to the OTCQB, and effective March 11, 2015, the Company's listing was transferred down from the OTCQB to OTC Pink Sheets.

On May 20, 2015, Raj Kurichh resigned as a director and CMO of the Company.

On August 11, 2015, the Company raised \$1,579,000 by way of non-brokered private placement. A total of 157,900,000 units were issued at \$0.01 per unit. Each unit consisted of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to acquire one additional common share at a price of \$0.05 per share for a period of 5 years. The Company paid finders' fees by the issuance of a total of 6,838,854 finders' units on the same terms as the offering units.

On August 12, 2015, Collins Barrow Toronto LLP, Chartered Accountants, resigned as auditor of the Company, and on the same day, the Company appointed McGovern, Hurley, Cunningham, LLP, Chartered Accountants, as the successor auditor. This was recommended by the Audit Committee of the Company at the Audit Committee meeting held on August 12, 2015.

Subsequent Events

The Company received CSE approval to increase its private placement from \$2,000,000 to \$5,000,000, and is completing the final tranches of a non-brokered private placement (the "**Final Placement**") to issue up to an additional 342,100,000 units at a price of \$0.01 per unit, of which the first tranche completed on August 11, 2015, as detailed above. Each unit consists of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to acquire one additional common share at a price of \$0.05 per share for a period of 5 years, provided that in the event that the closing price of the Company's common shares on the CSE (or such other exchange on which the Company's common shares may become traded) is CAD\$0.20 or greater per common share during any twenty (20) consecutive trading day period at any time subsequent to four months and one day after the closing date, the warrants will expire at 4:00 p.m. (Vancouver time) on the 30th day after the date on which the Company provides notice of such accelerated expiry to the warrant holders. The units that will be issued to directors, officers, promoters or persons acquiring over 10% of the voting common shares of the Company will be subject to escrow, as required by the CSE.

In addition, the Company plans to complete a concurrent debt settlement (the "**Debt**") pursuant to which a maximum of 150,000,000 common shares of the Company may be issued in settlement of existing Debts at a price of \$0.01 per share to non-insiders and at a price of \$0.05 per share to insiders of the Company.

On March 24, 2016, the Company's common shares was halted pending announcement of the Change of Business. On March 31, 2016, the Company announced the conditional approval of the Change of Business, subject to majority shareholder approval. The Company's common shares remains halted until the completion of the Change of Business.

On July 29, 2016, the Company announced that it had received majority shareholder approval for the Change of Business to become a platform for the emerging area of alternative finance known as crowdfunding and discontinue its water remediation and tailings processing business. The Company's management deems the Change of Business to be necessary to deliver improved shareholder returns and long-term shareholder value. The Company also announced that, effective August 2, 2016, it will be changing its name to Fineqia International Inc. on the CSE. The Company's common shares will remain halted until the Company completes its Final Placement, Debt and Change of Business. The Final Placement and Debt (together, the "**Completion of the Transactions**") is expected to complete in early August 2016 prior to the completion of the Change of Business. Upon final CSE approval of the Change of Business, the Company's common shares will resume trading under the new name and new trading symbol,

FNQ. Effective August 2, 2016, the new CUSIP number for the Company's common shares will be 31788W102 and ISIN number will be CA31788W1023.

As of the date hereof, the Company's Board consists of Bundeep Singh Rangar, Stephen John McCann, Brij Chadda and Martin Bernholtz.

Change of Business

NanoStruck's Board and management believe that a Change of Business model is necessary to deliver improved shareholder returns and long-term shareholder value. It has rigorously explored different business opportunities to this end that do not require the upfront capital expenditure on machinery, raw material dependencies, manufacturing facilities, supply chain management, financing to cover the amortised payment plans asked by customers and that avoid the cyclicity of demand in resource-related industries.

Over the past year, management has conducted in-house research, data analysis, and prospecting in respect of the emerging area of alternative finance known as crowdfunding. Crowdfunding, the practice of funding a cause or project by raising small amounts of money from a large number of people, is a concept popularized by rewards and donations based crowdfunding platforms such as Kickstarter, Indigogo and Kiva.

NanoStruck's management believes that a change of its business should be led by incorporation of a new U.K. subsidiary which will operate a crowdfunding platform for debt instruments, specifically referred to as "investment crowdfunding", which will allow individuals to explore and invest in high yield crowdfunded debt securities issued by vetted companies that require capital for specific growth and expansion projects. This is because the U.K. is one of the more advanced economies for such a business and has the most enhanced crowdfunding regulations and guidelines.

The Company and its consolidated subsidiaries, following the Change of Business, are referred to herein collectively as the "**New Issuer**" or "**Fineqia**".

For details of the Change of Business, see "Narrative Description of the Business" below.

3.2 Disclose:

- (1) (a) any significant acquisition completed by the Issuer or any significant probable acquisition proposed by the Issuer, for which financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus; and
- (b) any significant disposition completed by the Issuer during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus.

See section 3.1 above. The Change of Business would not qualify as a "significant acquisition" under NI 51-102 as no business is being acquired, therefore, this response is not applicable.

3.3 Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, providing forward-looking information based on the Issuer's expectations as of the date of the Listing Statement.

Management of the Company does not know of any trends, commitments, events or uncertainties that are expected to materially affect the Issuer's business other than as disclosed herein under "Risk Factors" and "Narrative Description of the Business".

4. Narrative Description of the Business

4.1 General

- (1) Describe the business of the Issuer with reference to the reportable operating segments as defined in the Handbook and the Issuer's business in general. Include the following for each reportable operating segment of the Issuer:
 - (a) state the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;

Following NanoStruck's rigorous exploration of different business opportunities, it has decided to implement the Change of Business which will redirect the Company's resources and change the nature of its business from water remediation and tailings processing to the area of alternative finance known as crowdfunding. Concurrently with the Change of Business, NanoStruck will incorporate a new U.K. subsidiary.

Fineqia aims to be the premier platform for distributing mini-bonds as a "debt first" platform. Key strategic focus will be to manage administration of debt securities such as mini-bonds on the platform that provides associated services to support debt and equity security issuance. Fineqia's platform will bring an issuing company's mini-bonds to market, by distributing and marketing mini-bonds to the crowd, as well as transparently highlighting the risks and opportunities involved (in a non-advisory role). In the context of its post issuance administration services, its focus will be on managing the investor register, enabling cash flow payments and facilitating company-investor communications through the platform.

Fineqia will initially be a dedicated debt security crowdfunding platform and drive innovation in this space to make it a more active and safer source of funding and investment. The key attributes of the business include:

- Crowd access to select investment-grade, high-yield debt offered as mini bonds
- Regulated by the UK's Financial Conduct Authority
- All deals backed by verified assets
- Few risky equity deals

Fineqia platform incorporates risk-management, transaction scheduling, community dashboard, social media marketing and account management. The Company's objective over the next 12 month period is to launch 10-15 mini-bonds of a cumulative value of between \$30 million and \$75 million, with the size of each mini-bond ranging from \$100,000 to \$5 million.

Mini-bonds are offered by companies looking to raise capital via an alternative to using a bank. They seek investment from private individuals and institutions through a bond – a fixed term 'loan' from the individual to the company on which the company typically pays interest in the form of money and/or alternative benefits. These bonds benefit both sides, as the company can raise its profile with the investment community, its stakeholders and customers while avoiding banks in adverse lending climates. The investor can generally enjoy better rates of return than from a bank and may be attracted by additional benefits such as loyalty rewards or vouchers from the company.

For the New Issuer's investment objectives for the next 12 months, see NanoStruck Crowdfunding Costbase for first 12 months – Financial Forecasts on page 46.

The Company's management believes that the New Issuer will meet the listing requirements of the CSE as a "financial services" company.

Background

The recent financial crisis has resulted in a sharp reduction in the amount of capital available to be lent to both individuals and companies in the U.K. While it has always been challenging for new firms and small and medium-sized enterprises (“SMEs”) in their early stages of development and growth to gain funding, this challenge has been exacerbated by the crisis. Even as we emerge from the crisis, most lending institutions and investors are even more cautious about where they lend and invest their capital. As a result many ventures remain unfunded, partly due to lack of collateral and insufficient cash flows and partly because of unsuccessful attempts by businesses and entrepreneurs to convince investors.

Entrepreneurs have increasingly started to rely on alternative channels of financial support for their projects, enabled by advances in web technology, payment services and social media. Such alternative approaches are based on gaining and aggregating many financial contributions from the general public (the crowd) instead of specialized investors or institutions such as banks or venture capital funds. This approach of financing is known as crowdfunding.

Crowdfunding, the practice of funding a cause or project by raising small amounts of money from a large number of people, is a concept popularized by rewards and donations based crowdfunding platforms (e.g. Kickstarter Inc. Indigogo Inc. and Kiva). On these platforms individuals can pre-purchase products they cannot find anywhere else in the market (e.g. virtual reality headsets) or donate money directly to charitable causes they believe in (e.g. disaster relief efforts). These platforms have made it easy to build high impact and accessible funding pages, and by combining these with social media tools they have provided individuals and organizations the channels to reach vast national and international audiences. Crowdfunding has effectively revolutionized fundraising: what previously required many months of planning, significant resources and large amounts of sponsorship, can now be achieved by a small team (even a single person), in a short period of time (over a few weeks) and with very little financial outlay (potentially a few hundred pounds).

Growth in the early days of crowdfunding was dominated by rewards and donations based platforms. While these ‘sectors’ are still growing strongly across the world, the recent growth in crowdfunding, in particular within the U.K. and the rest of Europe, has mainly been driven by loan based crowdfunding and a new emerging sector called investment crowdfunding. This is likely an unintended consequence of structurally low interest rates over the past few years. Unlike rewards and donations based crowdfunding platforms, individuals pledging money on loan and investment based crowdfunding platforms expect a financial return. Crowdfunding is now being seen as a viable and alternative means of raising funds by leveraging the efficiencies provided by online services.

Fineqia will be focused on investment crowdfunding, which will allow individuals to explore and invest in high yield crowdfunded debt securities issued by vetted companies that require capital for specific growth and expansion projects.

Categorization of Crowdfunding Platforms

There are four main categories of crowdfunding platforms:

- Investment crowdfunding
- Lending crowdfunding
- Rewards crowdfunding
- Donation crowdfunding

While the focus of Fineqia will be as an investment based crowdfunding platform, an overview of all key sectors of the industry is provided here to ensure a complete description of the industry and to highlight overlaps across sectors.

Investment Crowdfunding

Investment crowdfunding consists of companies (normally start-ups and SMEs) issuing and marketing unlisted equity and debt securities to the general public through online investment crowdfunding platforms. This sector emerged in 2011 with the U.K. based Crowdcube being the first to enter the market. Crowdcube's platform enabled entrepreneurs to list business ideas or details of their existing companies and offer an equity share in return for capital investment. Individual investors could then register on the platform and make an investment from as little as £10 (C\$20) in the companies listed on the equity crowdfunding platform.

In general the process for equity crowdfunding starts with a company listing its business and disclosing key details related to the business model, operations and future plans and forecasts. They then request a target investment amount e.g. £150,000 (C\$306,000), in return for an equity stake defined by the valuation of the company, e.g. 10% equity for £150,000 (C\$306,000) investment if post-money valuation is £1.5million (C\$3.06 million). Registered individuals on the platform can then review the listing and choose to invest a particular amount. When the target amount is reached, £150,000 (C\$306,000) in this example, the campaign can either continue to overfund by giving away more equity or the campaign ends and the money is collected from the investors and transferred to the company. On successful funding and closure of the campaign, share certificates are issued by the equity crowdfunding platform. The end-to-end process is normally conducted entirely through the platform apart from external work that might be required related to tax credit schemes such as Enterprise Investment Scheme ("EIS") and Seed EIS ("SEIS") in the U.K. that are linked to investments.

On average a successfully funded project on Crowdcube has approximately 170 investors and the average investment per person is approximately £750 (C\$1,530). In this way the risks of investing in start-ups or early stage businesses can be split amongst a large number of people (the crowd). In addition to splitting the risk amongst the crowd, the other key idea behind investment crowdfunding is that the crowd would be efficient and effective at assessing and picking the best investments over a long period, which is an untested hypothesis due to the early stage of this sector.

Equity is one key asset class (sub sector) in investment crowdfunding, and over the last year debt securities in the form of mini-bonds have also started to emerge as another key asset class. In this case Crowdcube was again one of the first crowdfunding platforms to offer the possibility of marketing mini-bond debt securities through a crowdfunding platform. However, unlike the case of unlisted equity issuance, the controls around debt issuance are more stringent on Crowdcube. As a result of the debt issuance controls, most of the crowdfunded mini-bonds have been issued by known high street food and drink businesses. One of the most popular of these is Chilango's burrito chain, which issued a 3-year mini-bond with an 8% annual interest. As an additional incentive for investors mini-bond issuing companies are also encouraged to offer other rewards, for example Chilango's gave away a free burrito each week to individuals who invested above a certain threshold.

The investment process for mini-bonds is very similar to that of equity crowdfunding, however the key difference being the post investment process, which requires administration of the debt securities, i.e. keeping a register of the investors, managing cashflow and return of principal on maturity, etc. This administration process is currently not automated, most of the activity is carried out manually by Crowdcube and investors have little visibility of status of the mini-bond cashflows until a communication email is manually sent by Crowdcube.

As investment crowdfunding was a novel concept when it emerged in 2011, it wasn't officially within the scope of the Financial Conduct Authority (the "FCA") (U.K. regulator) until 2014, at which point the FCA released a policy statement covering the rules for investment crowdfunding [7]. While the U.K. has taken a less stringent approach on investment crowdfunding, slowly implementing policies and monitoring impact, other jurisdictions have taken more stringent measures, which have slowed the growth of investment crowdfunding in those locations, such as

in the U.S. However, over the next 5 years the regulatory framework in most global jurisdictions will potentially become more coordinated as the risks in the industry become more obvious and best practice risk control and monitoring approaches are devised.

Lending Crowdfunding

Lending based crowdfunding enables the direct borrowing and lending of funds, bypassing the traditional financial institutions, such as banks. This type of crowdfunding is largely an evolution of the peer-to-peer lending model pioneered by firms such as U.S. based LendingClub (2006) and U.K. based Zopa (2005).

Over the last decade two key sub-sectors have emerged that replicates the lending structure of traditional financial services firms:

- Personal lending (“**P2P**”), and
- Business lending (“**P2B**”)

While the major growth over the earlier part of the last decade has been within the personal loans space, over the last few years crowd lending to SMEs has become one of the fastest growing areas across all forms of crowdfunding. Peer-to-business resembles microfinancing, pioneered by Grameen Bank (1983). In the P2B case projects and businesses seeking loans apply through a crowd lending platform by uploading their pitch. Then financing of the loan takes place as members of the crowd (general public) fund small chunks of the overall loan, for which they receive a fixed interest payment. In both cases, for P2P and P2B, the platform is responsible for assessing the people and businesses seeking loans, and the terms of the loan are defined by credit history and use of funds.

From the FCA perspective, crowd lending platforms are not defined to be in the same category as investment based crowdfunding platforms, e.g. those issuing debt securities [7]. The reason for this is that companies issuing debt securities have most of the control over the terms of the security being issued, e.g. the interest rate offered. So, while investors can negotiate security terms and platforms conduct due-diligence, ultimately the security is structured and marketed by the companies issuing them. On the lending side, however, the platform performs analysis of the borrower and defines an appropriate interest rate. For this reason crowd lending platforms function more like retail banks while crowd investment platforms function more like investment banks.

Historically the P2P and P2B loans have been non-transferable, so once an investment is made in a loan this must be held to maturity, over which the lender receives periodic interest payments, and repayment of the principal is normally upon completion of the loan. However, more recently some P2B platforms (such as Money&Co) are allowing lenders to sell their share of a loan to others on the platform using a simple listing service. An increase in such post funding services will further reduce consumer risk in the crowd-lending sector.

As the FCA considers crowd lending a lower risk investment compared to equity and debt securities (issued on investment crowdfunding platforms) a key impact is that P2P and P2B loans are being reviewed by the U.K. government to be included in the Individual Savings Account (“**ISA**”) framework (tax free retail investment product), which would drive even further growth in the crowd lending industry as such products would be offered on a much more wider scale to retail investors by advisors [8].

Rewards Crowdfunding

Rewards based crowdfunding was one of the first incarnations of crowdfunding to capture the public imagination and go mainstream. Rewards crowdfunding, popularised by the early pioneers such as Indigogo (2007) and Kickstarter (2009), allows artists and engineers to market their creative and technical project ideas to the general public (the crowd), and ask for financial

contributions (pledges) to help realise the idea. In return for the financial backing the crowd would then receive rewards, which would normally consist of the finished product. In most cases the rewards are tiered, so the more an individual pledges the more valuable the reward, e.g. for production of a music album the first tier (pledges under £10 (C\$20)) would be acknowledgements on the band's web site; second tier (between £10 - £20 (C\$20-C\$41)) would be digital track downloads; third tier (between £20 - £30 (C\$41-C\$61)) would be a final CD; fourth tier (between £30 - £40 (C\$61-C\$82)) could be a signed CD; fifth tier (between £40 - £50 (C\$82-C\$102)) would be an invitation to the live launch party, etc.

Over the last five years rewards crowdfunding has come to be known as one of the most efficient methods of bringing new products to market. In this approach, known as pre-selling, a product only goes past the design and prototype stage and into manufacturing when sufficient pledges are secured on the crowdfunding platform to cover initial setup and development costs. The most extreme and risky case of pre-selling is where only concept sketches are in place for the crowdfunding campaign, and product prototypes are only developed when funding has been raised through a crowdfunding campaign. Pre-selling as a means to bringing products to market has seen huge successes with start-ups such as Pebble raising over £6.37 million (C\$13 million) for their first watch in 2012 and over £12.74 million (C\$26 million) for their second version in 2015. One of the most famous uses of this approach by a large company has been by Sony, which "tested the water" for a new product, being a wrist watch entirely made of e-ink paper.

As a result of the rewards, crowdfunding commercial successes and the increasing disruptive nature of pre-selling to the retail sector, Amazon is now known to be in the process of developing a pre-selling (rewards crowdfunding) platform.

One of the biggest controversies of the rewards crowdfunding sector are the risks involved in bringing highly technical ideas to market. Over the last few years a number of projects have fallen into difficulties and were unable to deliver their products on time or at all. In some cases where a product was delivered it was of far less quality and functionality as originally proposed in the crowdfunding pitch. In addition, there has been significant controversy that contributors, who take huge risks by pledging on early stage products, have no ongoing benefits as a start-up delivering those products as it grows. An example that is usually highlighted is that of the Oculus Rift, where the virtual reality headset raised over £1.47 million (C\$3 million) on Kickstarter, and then went on to sell the company to Facebook for £12.7 billion (C\$26 billion). In this case the original backers of the project only had the first version of the inferior product to show for their belief in the company. As a result, many in the crowdfunding industry use this example to demonstrate the benefits of investment crowdfunding, i.e. if the original backers received equity instead of the first headset, they would have made over 1,000 times their original investment. However, it has been repeatedly discussed in the media that such thinking is potentially superficial as most companies do not go onto such huge acquisitions, and in some cases the companies raising capital on Kickstarter either fail to deliver (as mentioned above) or they cease trading after the first delivery.

Donation Crowdfunding

Donation based crowdfunding is an extension of the traditional charitable giving model, where a specific charitable cause is marketed to the public and financial contributions are collected. The key differences between donation crowdfunding and the traditional charitable giving model is that in traditional giving a charitable cause is normally marketed, e.g. cancer research or animal welfare, however, in the crowdfunding model a specific project would be marketed along with a target amount of funding that would allow that project to be realised. This provides greater transparency on how the financial donations will be used, and enables donors to follow and be a part of a specific story thus driving greater engagement with the overall charitable cause.

As there are minimal regulatory/compliance requirements for donation platforms this sector is one of the most globally widespread in terms of volume of transactions. In addition there are a number of platforms that combine the donation model with a form of charitable micro lending. For example, Kiva, a U.S.-based non-profit platform, operates a micro lending and donation model

where very small amounts are lent to individuals and businesses in developing and developed countries. However, Kiva lenders do not expect to make money but only expect their money to be paid back. Because of this model Kiva's crowdfunding platform falls outside of the U.S. Securities and Exchange Commission ("SEC") rules [5].

Over the next decade it is expected that crowdfunding will be applied in novel ways in order to drive greater efficiency, effectiveness and transparency across the end-to-end charitable giving process. This will have a similar impact on non-profits as ecommerce had on bricks and mortar businesses.

Comparative Summary of Crowdfunding Models

Type of Crowdfunding	Form of Contribution	Form of Return	Motivation for Funder
DONATION	Donation	Intangible benefits	Intrinsic and social motivation
REWARD	Donation / Pre-purchase	Rewards but also intangible benefits	Combination of intrinsic and social motivation and desire for reward
LENDING	Loan	Repayment of loan with interest; Some socially motivated lending is interest-free	Combination of intrinsic, social and financial motivation
EQUITY	Investment	Return of investment through investor exit by initial public offering or trade sale; rewards also offered sometimes to equity holders, e.g. discounts at business	Combination of intrinsic, social and financial motivation

Market Information

Based on the Massolution industry report [1][9], the crowdfunding market grew 167% in 2014 to £10.32 billion (C\$21.1 billion) from £3.89 billion (C\$7.9 billion) in 2013. The report forecasts the market to reach £21.91 billion (C\$44.7 billion) in 2015.

The report notes that North America remains the largest market, with Asia growing the fastest in 2014.

Market Volumes by Region 2014:

- North America: crowdfunding volumes grew 145% to £6.02 billion (C\$12.3 billion)
- Asia: crowdfunding volumes grew 320% to £2.17 billion (C\$4.4 billion)
- Europe: crowdfunding volumes grew 141% to £2.08 billion (C\$4.2 billion)
- South America, Oceania and Africa grew 167%, 59% and 101%, respectively to a total of £0.17 billion (C\$0.4 billion)

In addition, the report highlights that the lending sector is globally the largest, with other investment sectors, being equity, hybrid and royalty, still in their infancy.

Market Volumes by Funding Type 2014:

- Lending-based crowdfunding grew 223% to £7.06 billion (C\$14.40 billion)
- Equity-based crowdfunding grew 182% to £0.7 billion (C\$1.43 billion)
- Hybrid-based (e.g. profit sharing) crowdfunding grew 290% to £310.22 million (C\$0.63 billion)
- Royalty-based crowdfunding grew 336% to £173.90 million (C\$350 million)
- Donation-based and Reward-based crowdfunding grew 45% and 84%, respectively, to a total of £2.08 billion (C\$4.24 billion)

U.S. Market

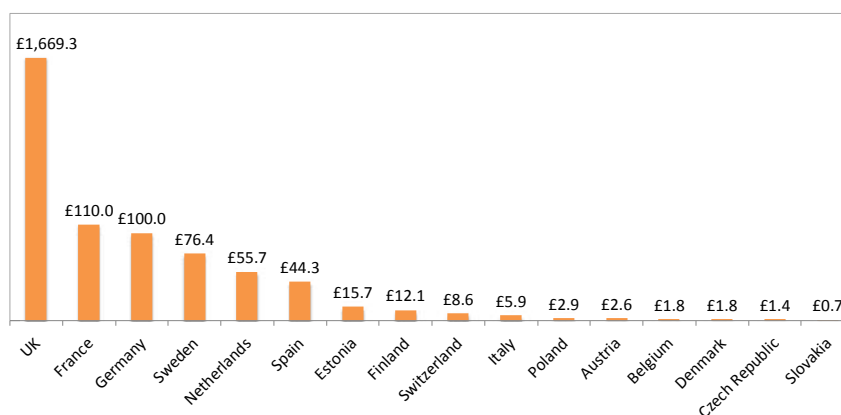
While globally North America dominates in terms of overall crowd funding volumes, the regulatory environment in this jurisdiction has been one of the most challenging for investment crowdfunding over the last few years. While the European market is moving fast in terms of defining regulations and driving market growth within investment crowdfunding, the North American markets have progressed more slowly (compared to their relative market size) in this area due to investor protection concerns by the regulators. This has resulted most platforms in the U.S. and Canada being targeted more towards accredited investors. However, in the second quarter of 2015 the U.S. has adopted rules to allow investment crowdfunding beyond accredited investors, however, the restrictions on issuing companies makes the fundraising process more costly compared to the U.K./European model [5][12].

Canadian Market

Similarly in Canada, also in the second quarter of 2015, six provincial securities regulators (British Columbia, Saskatchewan, Manitoba, Quebec, New Brunswick and Nova Scotia, and together, previously defined as the “**Participating Jurisdictions**”) announced a set of harmonized equity crowdfunding rules that permit start-up and early stage companies in the Participating Jurisdictions to raise capital without having to comply with costly prospectus and dealer registration requirements. However, the Canadian rules place significant restrictions on the investment process, such as defining maximum amounts that can be invested through such processes and how an investment campaign can operate, e.g. the length of time it can be open for investment [6]. In addition, while the investment crowdfunding sector is more controlled, the debt securities crowdfunding sector is non-existent due to the regulatory environment.

U.K. and European Market

In the European market the U.K. is the clear leader in terms of total crowdfunding volumes, which accounts for £1.7 billion (C\$3.47 billion) of the European market compared to the next biggest market, France, at £0.11 billion (C\$0.22 billion) [11].



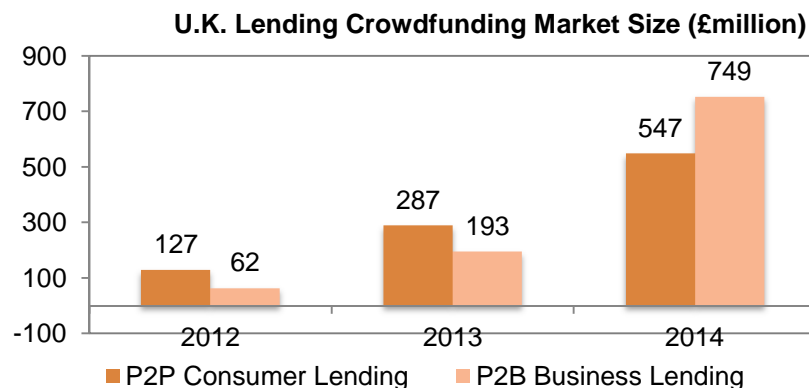
European Crowdfunding Volumes (£million)

U.K.: Leading the Crowd

Not only is the U.K. the biggest overall crowdfunding market in Europe, it has the least rigid and most forward-looking regulatory policy compared to most global jurisdictions, which allows experimentation in the industry, but is supported by stringent monitoring controls to ensure investor protection [3].

The U.K. has seen the biggest growth in retail investor focused Investment crowdfunding compared to anywhere else in the world. As highlighted above, this is largely due to the U.K. being one of the pioneers in this sector, combined with a less rigid regulatory environment. This is also the key driver in choosing U.K. as the primary market to focus the Fineqia business. And while the product focus of this business will be in the debt security investment crowdfunding sector, it will heavily compete with the lending crowdfunding sector, in particular when it comes to smaller value issuances, e.g. between £100k to £500k ((C\$204k to C\$1020k)).

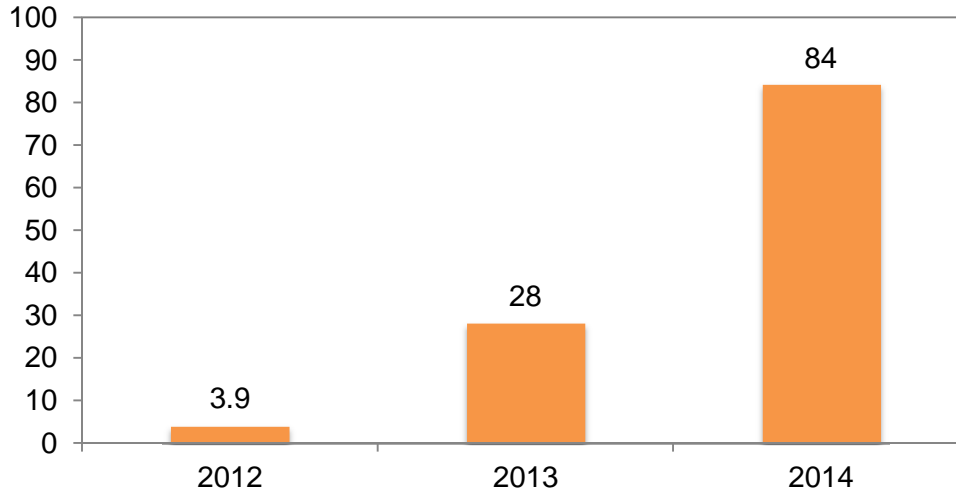
In the U.K., loans made on lending crowdfunding platforms in 2014 were estimated to be almost £1.3 billion (C\$2.65 billion), as highlighted in the industry report by Nesta and the University of Cambridge [13]. The sector was almost three times larger in 2014 than in 2013, when it raised about £480 million (C\$979 million).



In 2014, for the first time, business loans, which made up £749 million (C\$1.5 billion) accounted for a greater proportion of the market compared to loans raised on consumer-lending platforms at £547 million (C\$1.1 billion). Nesta and the University of Cambridge report also highlighted that around 2% to 3%, approximately £11 million (C\$22 million) and £16 million (C\$33 million) of borrowers using consumer-lending platforms are borrowing for their businesses. The average loan amount borrowed by personal consumers using these platforms in 2014 was £5,471 (C\$11,165), while the average amount borrowed for business purposes in 2014 was £73,222 (C\$149,432).

The Nesta and the University of Cambridge report also highlights the significant growth and potential of the investment crowdfunding sector, which has been noted at a growth over the last three years of 410%, while second place is to P2P business lending at 250%.

U.K. Investment Crowdfunding Market Size (£million)



Equity-based crowdfunding grew by 201% in 2014. The average amount raised through equity-based crowdfunding is £199k (C\$406k). Almost 95% of the funded deals were eligible for the EIS) or SEIS.

Outlook

While lending crowdfunding has seen huge growth and has reached significant volumes globally, this sector has been operating since 2005. On the other hand the investment crowdfunding sector has emerged in 2011 and is only now reaching a tipping point to become an established source of financing for early stage businesses. The growth to date within this sector has so far been dominated by start-ups and small companies issuing equity securities. However, as investment platforms become more sophisticated, risk management tools improve and extended services are developed (such as efficient secondary markets), larger companies will likely consider issuing equity through crowd-funded platforms prior to or as an alternative to an initial public offering due to the significant benefits in speed and cost. In addition, investment crowdfunding is predominantly made up of equity securities, however this is expected to change over the next half decade as issuance of debt securities such as mini-bonds becomes more prominent. This is an asset class that will be increasingly leveraged by more well established firms, and potentially even publicly traded firms seeking to raise debt financing as quickly and efficiently as possible which would traditionally have been provided by wholesale banking firms.

As Fineqia is aiming to focus on the U.K. investment crowdfunding sector, initially on debt and then potentially equity, the balance of this section of the Listing Statement pertaining to the Narrative Description of the Business will be orientated solely on this market and sector.

Factors Influencing the Use of Investment Crowdfunding

Crowdfunding is based on the close cooperation between three primary actors:

- Businesses, who can be described as creators
- Investors, who can be described as funders
- Platforms, which are the intermediaries for facilitating deals

Engaging investment crowdfunding for a project has advantages (incentives) and disadvantages. The process of choosing the optimal solution for financing should be

carried out after taking into account several factors, as seen through the view of each of the actors.

1. Business Incentives

The main benefits that can be achieved through investment crowdfunding rather than traditional channels of financing are:

- **Lower Cost of Financing:** Cost of financing through equity or debt securities is significantly lower compared to traditional forms of investment financing. This is due to a combination of reduced regulatory requirements for crowdfunded issues as well as operational and marketing efficiencies leveraged through online platforms.
- **Greater Geographical Reach:** The pool of potential investors is substantially greater through crowdfunding than traditional channels of investment financing such as angel networks, as people interested in a project can support it from any part of the world (subject to regulations in their jurisdictions).
- **Boost in Profile:** Businesses can see a positive increase in their reputation if they list a compelling project that encourages a large spectrum of supporters.
- **Wisdom of the Crowd:** Businesses and entrepreneurs can engage the crowd and aggregate multiple opinions to answer queries, refine ideas and validate products. In this way the wisdom of the crowd can be leveraged to serve the same function as a board of directors and expert consultants to help drive efficient and effective financing campaigns.

2. Investor Incentives

A crucial aspect of crowdfunding is the question of compensation, acknowledgement or rewards for potential supporters. The crowdfunders' motivation to participate in investments can be divided into economic and intrinsic incentives.

- **Economic Incentives:** The fundamental focus of investment crowdfunding is the incentive of financial returns. The financial returns can be split into two based on asset class:
 - For debt securities, investors have an expectation of periodic cashflows. While there is a risk that the issuer of the debt security could default it is understood that this risk is compensated by an appropriate interest rate spread above the risk-free rate.
 - For equity securities, the key investor incentive is the prospect of capital gains on the investment, and a realisation of the profits through an exit based on a trade sale or initial public offering. While the possibility of dividends also exists this is not a significant factor in an investor's decision-making process on investment crowdfunding platforms.
- **Intrinsic incentives:** While intrinsic incentives are fundamental drivers for reward and donation platforms, they also play a key role in investment crowdfunding. This is due to some funders not being primarily motivated by material rewards, such investors would be those closely connected to the business owners or those who believe in the cause. Some key motives include:
 - Support and contribution to socially important projects. Some funders are willing to participate without receiving a tangible return in order to be a part of something that they consider to be valuable.
 - Personal identification with the project's subject and its goals.
 - Satisfaction from being part of a certain community with similar priorities they value.
 - Satisfaction of being in direct communication with a project's team and observing the realisation and success of the project.
 - Opportunity to expand one's own personal and professional network.

- The pleasure derived from contribution to an innovation or being among the pioneers of a new technology or business.

3. Platform Incentives

Investment Crowdfunding platforms are for profit businesses where revenues are derived from transaction fees of successfully funded projects (success fees). To maximise success fees there are a number of key intricately connected incentives that drive platforms:

- **Nurturing an Active Community:** To attract interesting and or innovative companies to a crowdfunding platform it is fundamental for the platform to have a strong and active investor community. While each project will ideally bring along some core supporters, existing platform members who are classified as repeat investors are a key success factor for the sustainability and success of a platform. When companies raise capital through crowdfunding they are increasingly choosing platforms that have a “ready made” pool of investors they can tap into. So for platforms creating an engaging and vibrant user experience to attract and keep members is fundamental.
- **Attracting Quality Projects:** In the early days of investment crowdfunding the focus of a platform was all about volume of deal flow, i.e. the more projects coming on the platform was seen as a healthy sign. But as regulatory oversight increased and the possibility of reputational impact from failed businesses became real the focus shifted more to quality deal flow. This meant attracting more high growth start-ups and SMEs that have plausible possibilities of investor exits. So now platforms are incentivised to show a vibrant and engaging community that drives greater success rates for fast growth companies.

Regulatory Compliance: Until the FCA started focussing on the industry, most investment crowdfunding platforms didn’t take risk management as a core competency of their business. However, the FCA highlighted that the risk of loss for investors on equity and debt security platforms is significant when compared to any other form of crowdfunding, hence a set of investor protection policies were laid out (as discussed in next section). Non-compliance with the regulatory policies meant FCA-approved platforms would lose approvals and had to cease operations. This led to platform and investor incentives to become aligned, i.e. platforms couldn’t just push projects to increase profits and look the other way on risks.

Crowdfunding Regulation

To undertake or carry out specific regulated financial activities in the U.K., a person or legal entity must be authorised and regulated to do so. On April 1, 2014, the regulation of the consumer credit market was transferred to the FCA, including responsibility for regulating loan and investment based crowdfunding platforms. Hence the FCA is now responsible for regulating:

- Loan crowdfunding platforms, on which investors lend money to individuals or businesses in the hope of a financial return in the form of interest payments and a repayment of capital over time; and
- Investment crowdfunding platforms, on which businesses can issue unlisted equity or debt securities.

From the investment crowdfunding perspective the FCA rules specifically apply to “**non-readily realizable securities**”, that are regarded as illiquid, hard-to-price securities for which there is no, or only a limited, secondary market. This new term catches all securities that are not “readily realizable securities” (e.g. listed shares), “packaged products” (e.g. authorised funds) or “non-mainstream pooled investments”. From a crowdfunding perspective this implies equity products and structured equity products

(e.g. convertible notes) and mini-bond debt and structured debt products (e.g. mini-bonds with embedded optionality).

The FCA makes it clear in its Policy Statement PS14/4 that the key distinction between a loan and an investment security is that companies issuing unlisted (debt) securities on investment platforms are free to set the terms of the securities they issue to suit themselves. For example, some firms issuing securities not only deny investors the opportunity to trade them on a recognized investment market, but also make them non-transferable. In contrast, a company or individual borrowing money under a P2P/P2B loan agreement facilitated through a loan crowdfunding platform usually does so under terms they do not control. As the P2P/P2B platforms control the loan terms and manage debt on their books they are held to a higher standard of client money rules and have minimum capital requirements, which are not directly applicable to equity/debt investment security platforms. Furthermore, individuals investing in the P2P/P2B loan market can usually lower their overall risks by diversifying their investments more easily than investors in equity/debt securities.

Therefore the FCA highlights the significant consumer risks posed by non-readily realizable securities, and for the purposes of consumer protection the marketing and promotion of equity and debt securities is restricted. The restrictions apply to direct offer financial promotions, which includes controls on the information being communicated and the persons being targeted. For example, anyone offering or promoting investments such as equity and mini-bond securities will need to comply with legislation governing financial promotions, including the Financial Services and Markets Act 2000 (the “**FSMA**”).

In addition to the FSMA, the legal and regulatory framework for debt and equity investment products is complex and continuously evolving, especially with the raft of recent EU directives being transposed into law in the U.K. Therefore, it is important that investments are structured in the correct way so that they do not inadvertently fall under the areas of regulation primarily aimed at different types of financial products and investment vehicles.

Further the Markets in Financial Instruments Directive (the “**MiFiD**”) has been incorporated into the FCA’s handbook for rules and guidance when dealing with crowdfunding. However, platforms are often not subject to the MiFiD regime, and often do not have an incentive to apply for MiFiD authorization if they do not intend to operate on a cross-border basis under the MiFiD European passport. Fineqia will use the principles of the MiFiD regime in running its crowdfunding platform to enable a higher degree of protection for investors in the security issuances listed on its platform.

It is worth noting that crowdfunding in any form is not included within the Financial Services Compensation Scheme (the “**FSCS**”) (and accordingly Fineqia will not be liable for the levy to pay for the scheme). This will need to be made absolutely transparent to investors, in particular when offering debt securities that provide periodic cash flows, as unsophisticated investors could construe such products being similar to deposit accounts.

Required Regulatory Authorizations

- **FCA Authorization:** Under the terms of section 19 of FSMA operating an investment business in the U.K. requires authorization, unless it falls within the terms of a relevant exemption. In the case of an investment crowdfunding platform for equity and debt securities appropriate FCA authorization would be required before it can begin operations. There is a lead-time of approximately 6-12 months for a firm to obtain full authorization. However, Fineqia will seek to become an Appointed Representative (“**AR**”) of a regulated firm so it can operate under its regulatory umbrella. As it continues to operate it will apply for full approval.

- **CF30s and CF1/4:** Once the firm obtains an FCA Registration Number (“**FRN**”) or is under the regulatory umbrella of a regulated firm through an AR arrangement, the firm will need individuals from the firm to apply for their CF30s. These registrations enable the firm to promote/market, arrange and advise. Selected individuals from the firm will need to be CF1 or CF4 accredited to oversee the CF30s.

Compliance Partner

As mentioned under the sections *Crowdfunding Regulation* and *Required Regulatory Authorisations*, a firm must be authorized by the FCA to carry out lending or investment crowdfunding operations. Given the long lead-time required to gain full approval, Fineqia will be using an interim solution to enable it to operate as an investment crowdfunding platform to facilitate issuance of investment securities until full permission is granted.

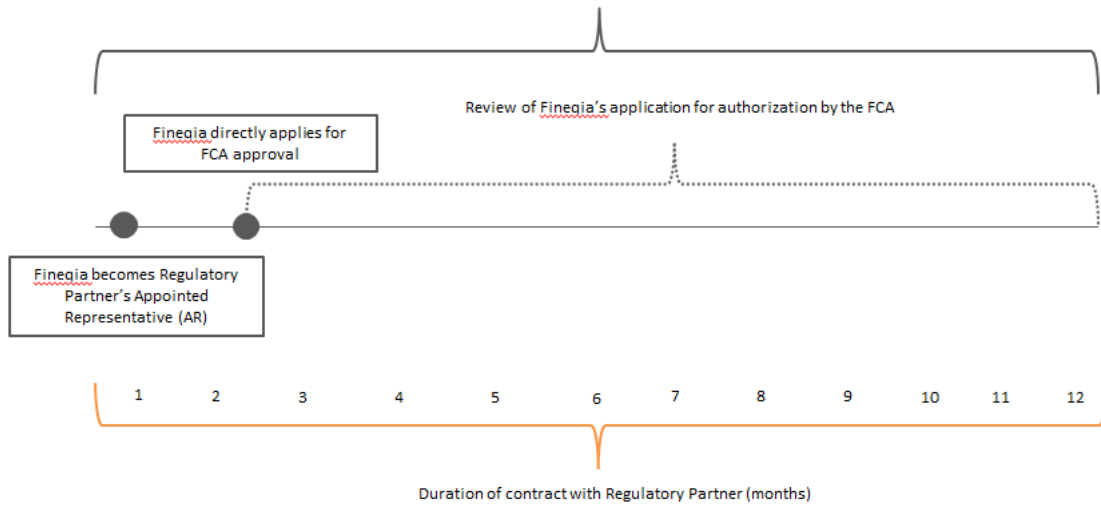
An AR allows an entity to carry out certain regulated financial activities without it being directly authorised and regulated by the FCA in its own right. An AR effectively ‘borrows’ some of the permissions of another firm. An AR is an ‘agent’ of a ‘principal’ firm that is already directly authorised by the FCA. The principal firm effectively rents out its FCA license to another firm but is still responsible for the activities of the AR agent. As part of this responsibility the principal performs periodic monitoring duties to ensure all activity being performed by the AR agent are within the bounds of the FCA and other relevant regulatory policies and requirements.

While Fineqia applies for its own authorization with the UK’s FCA, which could take as long as 12 months, it will become an AR of an existing compliance partner, and will remunerate the compliance partner according to mutually decided payment terms. This allows Fineqia to be fully operational at launch with relevant authorizations from the FCA in place.

To this end, Fineqia has been in discussions with a firm (the “**Regulatory Partner**”) authorized and regulated by the FCA, to become its Appointed Representative. The Regulatory Partner is a London-based market-leading provider of regulatory compliance consulting services and technology to the financial services industry. The Regulatory Partner provides FCA regulatory hosting and AR services to many diverse clients who use their compliance oversight and monitoring solution. The Regulatory Partner is one of the U.K.’s largest FCA umbrella firms.

While “in principle” discussions have taken place with the Regulatory Partner, an AR Agreement can only be signed once a new UK subsidiary is set up upon the Change of Business approval by majority NanoStruck shareholders.

Regulatory Partner performs:
regular compliance monitoring, approved person evaluations and appraisals, compliance training, financial promotion checks, complaints management, conflicts of interest monitoring, financial health checks, business and governance reviews



Steps to set up Fineqia as a Regulated Entity:

1. Fineqia sets up UK operating subsidiary called Fineqia Ltd. following shareholder approval of Change of Business;
2. Fineqia Ltd. signs commercial contract with the Regulatory Partner to become its Appointed Representative;
3. The Regulatory Partner reviews Fineqia's systems, processes, IT platform and validates directors' Personal Information Forms;
4. The Regulatory Partner approves Fineqia as an Appointed Representative allowing Fineqia to commence activities as a mini-bond platform; and
5. Fineqia independently applies for its own authorization from the UK's FCA.

Once the UK entity is set up, the contract will be signed and executed. Thereafter, it will take approximately 4-6 weeks to become The Regulatory Partner's AR. This AR arrangement will continue until Fineqia has received its own "full authorization" from the FCA. For full FCA approval, documentation will be finalised and submitted post launch. The estimated time of receiving an approval is 12 months. During that time, the AR agreement will be continued until full FCA approval is received. Even after full FCA approval is received, Fineqia can potentially retain the Regulatory Partner as a compliance partner to ensure it operates its business according to regulatory norms.

It is important to note that while Fineqia is effectively utilising the compliance capabilities as an AR for purposes of launching as quickly as possible, it is Fineqia's full intention to design and deploy fully functional and efficient in-house compliance processes prior to the platform being opened to the public for marketing investments, which will be overseen by the Regulatory Partner.

While one of the key purposes of developing a robust in-house compliance capability is to ensure a faster turnaround for direct FCA approval, the other more fundamental purpose is to differentiate Fineqia from other players in the market. This hands-on compliance strategy will be one key aspect of Fineqia's marketing plan, which is to demonstrate the

world-class investment solution being created by Fineqia that places the safety of its users and the industry as a whole above short-term profit taking. By gaining the confidence of investors and businesses in this way, Fineqia aims to develop a fast-growing yet sustainable company that can efficiently and effectively expand into new jurisdictions and product areas.

Technology Partner

Simultaneous to the regulatory permission arrangement with the Regulatory Partner, Fineqia will finalise its agreement with a Software-as-a-Service (“**SaaS**”) provider (the “**IT Partner**”) to provide the IT system needed by Fineqia to launch its business as a debt and equity securities issuance platform.

While “in principle” discussions have taken place with IT Partner, an SaaS usage agreement can only be signed once a new UK subsidiary is set up upon the Change of Business approval by majority NanoStruck shareholders.

Once the UK entity is set up, an agreement will be signed and executed by an IT Partner. Thereafter, it will take approximately 4-6 weeks to complete the software development on a beta site, including customizations and third party integration with online payments, Know Your Customer (KYC) and Anti-Money Laundering (AML) service providers as well as test the IT platform for bugs and defects.

Upon completion of the above, the platform will be in alpha mode and ready for use by Fineqia in the market. Attributes of this platform are further explained in the section titled Technology Platform.

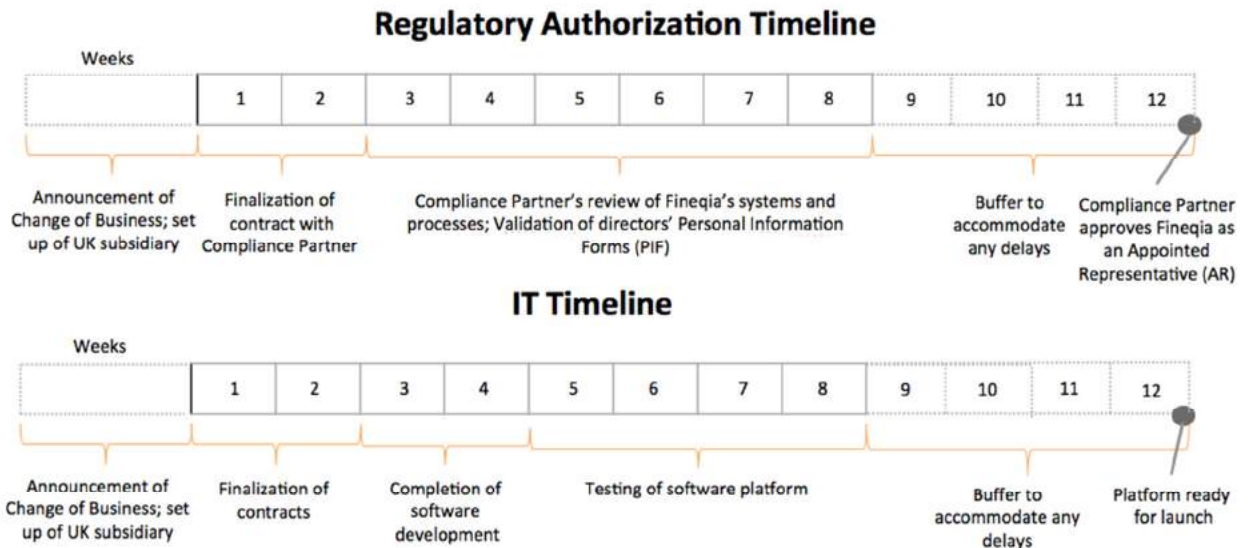
Steps to set up Fineqia’s IT Platform:

1. Fineqia sets up UK operating subsidiary called Fineqia Ltd. following shareholder approval of Change of Business;
2. Fineqia Ltd. signs commercial contract with IT Partner to provide the mini-bond platform as a SaaS;
3. IT Partner completes beta site, including integration with third party payments, KYC and AML service providers;
4. IT Partner, Fineqia and third-party software testing companies test the platform (User Acceptance Testing);
5. Upon completion of testing and bug fixes, all three parties above must sign off to state that the IT platform is ready to be launched in the market; and
6. The Regulatory Partner reviews and approves the IT platform over which it has regulatory oversight, for launch of Fineqia’s business.

The commensurate regulatory and IT platform approvals, anticipated to take 8-10 weeks including signing of the contracts and sign-off by the Regulatory Partner, is mapped out below.

As an alternative to separate agreements with a Compliance Partner and an IT Partner, Fineqia is also in dialogue with companies that provide white label regulatory and technology platforms on a turnkey basis that also have the requisite UK regulatory approvals in place. A white label partnership with such a company would remove the requirement for separate Compliance and Technology Partners.

Regulatory Authorization and IT Timelines



As an alternative to separate agreements with a Compliance Partner and an IT Partner, Fineqia is also in dialogue with companies that provide white label regulatory and technology platforms on a turnkey basis that also have the requisite UK regulatory approvals in place. A white label partnership with such a company would remove the requirement for separate Compliance and Technology Partners.

Fineqia Opportunity: The Mini Bond Market

Fineqia aims to launch and establish a business that could become the U.K. market leader for mini-bonds. As mini-bond crowdfunding is still an emerging market, there is significant scope to provide a novel and differentiated offering. Once a strong investor community has been established through Fineqia's core debt securities crowdfunding business, there would be an opportunity to open the platform to equity investments.

An overview of Fineqia's strategic scope and execution plan is as follows:

- **Marketing and Distribution:** Support issuance of mini-bonds for companies that pass Fineqia's thorough due-diligence assessments.
- **Administration Support:** Provide administration services for all Fineqia distributed mini-bonds, such as managing the investor registers, managing cash flow calculations, payments of interest and principal, and managing investor communications. In the long term most of these services will be automated through the platform.
- **Versatile Terms:** Mini-bond terms will be more flexible than the competitors in terms of offering wider scope of tenors and interest rates as well as being sector-agnostic.
- **Debt Security Focus:** Unlike the other crowdfunding platforms, Fineqia will be a "debt first" platform, and will aim to develop relationships with institutional investors as well as medium and large organizations, to provide them with an alternative debt financing service to wholesale banking.
- **Secondary Market:** Fineqia will aim to initially distribute only non-transferable mini-bonds, however, once the key processes are stable all issuances will be encouraged to be transferable, and a trading service will be offered on the Fineqia platform. This

will initially be a standard crowdfunding listing service whereby investors can offer their securities to other individuals or the crowd. However, Fineqia's long-term vision will be to develop a liquid market for mini-bonds issued through Fineqia where active trading of the securities can take place.

- **Equity Crowdfunding:** Initial effort will be on developing a strong quality member base consisting of retail and professional investors and supporting prominent mini-bond issuances from SMEs and larger organizations to establish a strong brand name. However, when a sufficiently large investor base is established Fineqia will aim to enter the equity financing space, but with the focus to work with established SMEs or larger organizations to have an alternative to an initial public offering for equity financing. While offering this service to start-ups is not out of scope, eligibility will be determined on a case-by-case basis.

Competitive Landscape

The U.K. crowdfunding market is rapidly evolving. In 2011 there were only a few prominent players outside the donations and rewards sectors, such as Crowdcube in equity and ZOPA and Funding Circle in P2P/P2B. Since then many new platforms have emerged, each with their own themes and areas of focus. The table below highlights the prominent players in the U.K., along with the crowdfunding space they are in (marked with an 'x'). For clarity loans has been divided into pure loans and mortgage loans. This list mainly includes platforms that are members of the U.K. Crowdfunding Association and some key P2P/P2B players, so it is not exhaustive and does not capture the complexity in the loans and factoring sectors.

	Equity	Mini-bonds	Loans	Real Estate	Rewards	Donation
Crowdcube	x	x				
Seedrs	x					
Syndicate Room	x					
Abundance	x		x			x
Angels Den	x		x			x
Bank to The Future	x					
Crowd for Angels	x		x			
Crowdbnk	x	X				
Crowdfunder					x	x
CrowdMission	x					x
Crowdpatch						x
CrowdProperty				x		
Crowdshed					x	x
Funding Circle			x			
Funding Empire			x			
Funding Knight			x			
Funding Tree	x		x			
FutSci						x
Gambitious					x	x
Gam Crowd					x	x
Growth Funder	x					
HubBub					x	x
IndieGoGo					x	x
Investing Zone	x					
Landbay				x		
Lending Crowd			x			
LendInvest				x		
MamaWatta					x	x
Microgenius	x					
Money and Co			x			
Property Crowd				x		
Quid Cycle			x			
Ratesetter			x			
Rebuilding Society			x			
Seedrs	x					
ShareIn	x					

	Equity	Mini-bonds	Loans	Real Estate	Rewards	Donation
Square Knot	x		x		x	x
Trillion Fund			x			
Volpit	x					
YIMBY						x
ZOPA			x			x

Due to the significant competition in the equity crowdfunding sector there is very little opportunity to provide a differentiated product/service to effectively compete with the market leader, Crowdcube, due to their significant member base and brand strength in equity crowdfunding as well as the host of other equity crowdfunding platforms listed above. That's not the case in the mini-bond market where Fineqia aims to initially focus its efforts. Here there are only two main players – Crowdcube and Crowdbnk. In addition to providing crowdfunding services (promotion and distribution) of debt securities through their platforms, Crowdcube and Crowdbnk also provide administration services such as managing cash flows and repayment of principal, managing a register for bond holders, etc. It has been noted that this space is expected to grow to £8 billion (C\$16.33 billion) by 2017 [4], so there is significant room for establishing a new business and targeting to become a market leader.

Other key distributors of mini-bonds using the crowdfunding model, such as Providence and Wellesley, only focus on issuing and managing their own mini-bonds, which is to finance their own lending operations. Finally, there is a specialist mini-bond administrator, Capita, which provides traditional issuance and administration services, however they do not operate a crowdfunding platform.

It is apparent from this overview that mini-bond crowdfunding is a relatively underserved and underdeveloped market.

	Mini-bond Admin	Self Issue	Crowdfunding
Crowdcube	x		x
Crowdbnk	x		x
Providence		x	
Wellesley		x	
Capita	x		
Fineqia	x	x	x

Fineqia's Entry Strategy

Due to the significant competition in the equity crowdfunding sector there is very little opportunity to provide a differentiated product/service to effectively compete with the market leader, Crowdcube, due to their significant member base and brand strength in equity crowdfunding. However, as mini-bond crowdfunding is still an emerging market there is significant scope to provide a novel and differentiated offering that would allow Fineqia to launch and establish a business that could become the U.K. market leader in this space. Once a strong investor community has been established through Fineqia's core debt securities crowdfunding business, there would be an opportunity to open the platform to equity investments. An overview of Fineqia's strategic scope and execution plan is as follows:

- **Marketing and Distribution:** Support issuance of mini-bonds for companies that pass Fineqia's thorough due-diligence assessments.
- **Administration Support:** Provide administration services for all Fineqia distributed mini-bonds, such as managing the investor registers, managing cash flow calculations, payments of interest and principal, and managing investor communications. In the long term most of these services will be automated through the platform.

- **Versatile Terms:** Mini-bond terms will be more flexible than the competitors in terms of offering wider scope of tenors and interest rates as well as being sector-agnostic.
- **Debt Security Focus:** Unlike the other crowdfunding platforms, Fineqia will be a “debt first” platform, and will aim to develop relationships with institutional investors as well as medium and large organizations, to provide them with an alternative debt financing service to wholesale banking.
- **Secondary Market:** Fineqia will aim to initially distribute only non-transferable mini-bonds, however, once the key processes are stable all issuances will be encouraged to be transferable, and a trading service will be offered on the Fineqia platform. This will initially be a standard crowdfunding listing service whereby investors can offer their securities to other individuals or the crowd. However, Fineqia’s long-term vision will be to develop a liquid market for mini-bonds issued through Fineqia where active trading of the securities can take place.
- **Equity Crowdfunding:** Initial effort will be on developing a strong quality member base consisting of retail and professional investors and supporting prominent mini-bond issuances from SMEs and larger organizations to establish a strong brand name. However, when a sufficiently large investor base is established Fineqia will aim to enter the equity financing space, but with the focus to work with established SMEs or larger organizations to have an alternative to an initial public offering for equity financing. While offering this service to start-ups is not out of scope, eligibility will be determined on a case-by-case basis.

Company Structure

The ownership structure of Fineqia is as follows. The new U.K. entity will be registered with a new name to compete effectively in the crowdfunding industry, and the Canadian parent entity will be renamed to align with this.



Technology Platform

A number of acquisition opportunities have been reviewed during the year for the provision of the core technology for the crowdfunding opportunity, and the Company continues to seek new opportunities via this route. Even more importantly, management has begun to add qualified and motivated personnel to its team, with a view to accelerate and augment the search for the true company-making opportunities.

In addition, a detailed assessment has been performed on the required technology that would underpin the Fineqia platform, to ensure it can not only compete in the current crowdfunding market but be able to stand up against established financial services

players in the investment services, e.g. in the form of risk management service. Some of the key features are as follows:

- **Debt Security Issuance:** Companies will be able to structure and issue debt securities to the public through an online workflow system. The issuance workflow will have multiple layers of controls to automatically assess eligibility of the issuing company and measure risk of the security issuance in a standardized way, to help the issuer structure their security appropriately, e.g. suggesting an appropriate interest rate. After going through the multiple layers of automated checks the draft issuance can be submitted for review, at which point Fineqia team can suggest changes and or approve the issuance to go live on a set date, e.g. the date from when the public will be able to invest in the security.
- **Risk Management:** The platform will have a robust proprietary risk management and assessment system at its core that utilizes key data related to the issuing company, the issuance terms and combines these with key external data points from trusted sources. This information will be a core aspect of the debt security issuance workflow. In addition it will provide investors with a view beyond yield, i.e. in terms of expected loss.
- **Transaction Scheduling:** When debt securities are issued the transaction engine strips the bond products into its constituent cash flows, and schedules all payments of coupons and repayments of principal from issuer to investors.
- **Crowdfunding:** Investors will be able to register either through creating a user account with the platform or through logging in with their social media accounts. They can then view and invest in securities issued on the platform like other crowdfunding platforms.
- **Community Dashboard:** Platform users will be able to communicate with each other and follow other users to replicate investment strategies or make investments like the people they trust. There will also be a group discussion function to build investment consortiums and/or discuss specific ideas or review projects in a closed group prior to launch.
- **Social Media Marketing:** The platform will have full message integration with Facebook, Twitter and LinkedIn, where companies can send social media marketing messages to all accounts from a single place to market their investments. This will be implemented in a regulatory-compliant way (see Social Media Marketing and Compliance below).
- **Account Management:** Investors and issuers can manage their accounts, i.e. all money in and out from the platform. In addition, investors can hold all coupon payments in their account with the platform and redistribute into new issues that they wish to invest in.

PRODUCT OFFERINGS

Overview

Unlike most investment crowdfunding platforms such as Crowdcube and Crowdbnk, Fineqia aims to be a “debt first” platform. Key strategic focus will be to provide a platform and associated services to support security issuances and manage administration of debt securities such as mini-bonds. Similar to other platforms in this space, Fineqia will be like a broker bringing an issuing company’s mini-bonds to market, by distributing and marketing mini-bonds to the crowd, as well as transparently highlighting the risks and opportunities involved (in a non-advisory role). In the context of its post issuance administration services, its focus will be on managing the investor register, enabling cash flow payments and facilitating company-investor communications through the platform. As Fineqia will initially be a dedicated debt security crowdfunding platform it will be focused on driving innovation in this space to make it a more active and safer source of funding and investment.

Mini-bond Market Overview

While P2B platforms also focus on debt financing for businesses, their scope is within the SME loans sector rather than debt securities (key differences discussed in an earlier section). The loan amounts in the P2B sector range from a few thousand pounds to a few million. While the P2B market will continue to expand, the growth in this space will be a result of market share being taken from the dominant business loan players such as high street banks rather than the size of loans increasing. On the other end of the scale, relating to debt financing for larger businesses and corporates, where debt financing needs exceed a few million pounds and can go up to hundreds of millions, it is unlikely that such companies will turn to P2B providers any time soon. The key reasons for this is the lack of control a company has on a P2B platform relating to financing terms and communication with investors.

For this reason well-known brands and larger organizations that have adequate finances and/or strong growth plans would be more drawn to issuing debt securities. These can consist of several types:

- **Corporate Bonds:** This consists of large corporate issuances, and normally far exceeds the £100 million (C\$204 million) mark. Issuing companies normally consist of global organizations (multinationals). These are normally targeted to professional and institutional investors. In this space the key alternative is syndicated loans.
- **Retail Bonds:** These are generally issued by large organizations/corporates and are exchange traded. They are normally targeted to retail investors, and have more flexibility in terms of maturities compared to corporate bonds. They are normally utilized for debt financing around the £100 million (C\$204 million) mark. In this space the key alternative includes wholesale loans.
- **Mini-bonds:** This is a new category of debt financing, and were introduced in the U.K. in 2011. These bond type instruments provide even greater flexibility in terms of maturities compared to retail bonds. Like retail bonds, the target market for these are also retail investors.

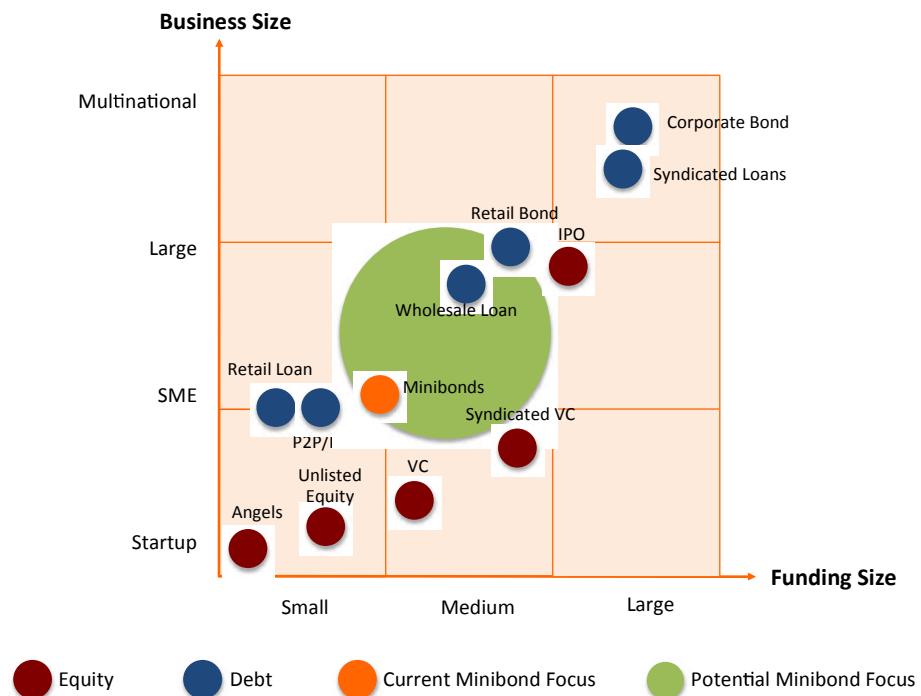
Retail bonds provide greater flexibility compared to corporate bonds, so raising smaller tranches of debt financing becomes more efficient for large organizations. This allows for greater diversification of funding sources and enables debt maturity profiles to be flattened, avoiding large maturity peaks. While retail bonds fulfill this need well, they can be costly for multiple issuances below the £100million (C\$204 million) mark due to the regulatory requirements on prospectuses, due diligence and formal ongoing disclosure requirements. This is the space where mini-bonds provide a very compelling use case.

The key advantages that make a mini-bond an efficient funding solution is that these are unlisted bond instruments that do not require an FCA approved prospectus and are not subject to a formal ongoing disclosure regime. They are typically marketed to customers, clients or some other cohort that is identifiable to the issuer. A pre-requisite for a mini-bond issuance that is emerging is that the institution issuing it has a strong brand and potentially a loyal following.

Since their launch a number of well-known brands have utilized mini-bonds for debt financing, with John Lewis being one of the most prominent - raising over £57million (C\$116 million) for 6.5% return (4.5% cash and 2% vouchers) and a 5 year tenor. With retail and professional investors seeing increasingly better yields in this space compared to other investment products of equivalent risk it is estimated, by research conducted by Capita Registrars, that by 2017 the market has the potential to reach £8 billion (C\$16 billion) [4]. An example of some well-known mini-bond issuances are shown in the table below:

Company	Description	Coupon	Benefits	Crowdfunded
Eden Project	Educational Charity	6.00%	Free Eden Membership for all	x
Pocket Living	Real-estate Developer	7.50%		x
Taylor Street Baristas	Premium Coffee Shops	8.00%	12% Store Credit	x
Chilangos	Mexican Food	8.00%	1 Burrito /Week for greater than £10k investment	x
Hotel Choclat	Luxury Chocolate	7.25%	7.33% coupon in the form of monthly chocolate	
Leon	Healthy Fast Food	0.00%	10-15% paid in the form of food and merchandise	
Mr & Mrs Smith	Boutique Hotels	7.50%	9.5% in hotel Stay	
River Cottage	Restaurants	7.00%	10% off at any branch	x
John Lewis	Depart Store	4.50%	2% gift vouchers	
Jockey Club	Racecourse Operator	4.75%	3% Credit for use at venues	
Lancashire Country Cricket	Cricket Club	5.00%	2% Credit for use at Old Trafford	
King of Shaves	Shaving Products	0.00%	6% Credit on shaving products	
Naked Fine Wine	Fine Wine Investor	7.00%	10% Credit on wine	

The mini-bond market is predominantly focused on SMEs, with only a few larger organizations leveraging such instrument. However, due to their flexibility and efficiency mini-bonds have the potential to expand and fulfill the debt financing needs for larger organizations at a much greater scale – a space that is traditionally occupied by Wholesale Loans and Retail Bonds (see illustrative diagram below for market overview):



Mini-bond In-kind Benefits

Sometimes the mini-bond returns are even higher if the investor elects to take their return in the form of goods or services (as can be seen in the above table). For example, upmarket coffee shop chain Taylor St Baristas, which launched its mini-bond in November 2014, offered investors the choice of an 8% cash return or 12% in the form of store credit, which would reportedly add up to about 30 coffees a year for an investment of £500 (C\$1,020). Other well-known names that have launched mini-bonds include

Hugh Fearnley-Whittingstall's restaurant and food business, River Cottage, which offered interest of 7% a year plus 10% off at its outlets, and retailer Hotel Chocolat, whose most recent mini-bond allowed investors to choose between an annual return of 7.25% in the form of in-store credit, or 7.33% in the form of a monthly box of chocolates.

Market Challenges

Due to the early stage nature of the mini-bond market there are a number of challenges with this product that need to be overcome, in particular those related to secondary market offering and tax efficiency status. While most of the mini-bond issuances have been non-transferable, in cases where they were transferable, niche brokerage houses have acted as market makers and clearing houses, however, the liquidity of the products has been minimal. In addition, mini-bond Self Invested Pension Plan ("SIPP") and ISA status is not clear-cut, as this depends on the status of an issuing company, e.g. if it is listed, so this has to be dealt with on a case-by-case basis. The tax status can be a significant challenge, as it could erode much of the relative yield advantage for a high-rate taxpayer unable to hold them tax efficiently.

Due to the low volume of mini-bond issuances to date and little or no liquid secondary market, the initial and ongoing pricing of these instruments is more of an art than a science. The yields tend to be much more dependent on brand name recognition and a company's relationship with its customers. So brand value drives demand and yield rather than actual credit-worthiness – and credit coverage at this end of the market is essentially non-existent. This means, while some mid to large size companies might be great candidates for a mini-bond issue due to strong financials and growth prospects, they would potentially require a disproportionate amount of marketing effort on the part of the issuing company and or the supporting broker/platform.

One of the key restrictions for mini-bond issuance is that under the U.K. Companies Act 2006, private limited companies are not permitted to offer securities (which includes bonds) to the public, however, this wouldn't be a direct issue for Fineqia as the key target market would be limited liability companies (LLCs) and publicly-traded companies (PLCs).

Market Evolution

As highlighted above, mini-bonds are a relatively new way for established companies to raise capital, and typically interest rates of between 6% and 8% are common for maturities that range between 3 and 5 years, however there are no restrictions that new issuances need to conform to these terms. So as the market develops it is expected that more shorter and longer-term mini-bond securities will be introduced with greater range of yields that are dependent on the market's brand perception.

In the current market mini-bond returns far outstrip those offered by deposit accounts and other retail investment products such as equity securities and retail bonds. However, in terms of risk, deposit accounts are almost devoid of risk for savings under £85,000 (C\$173,000) due to the FSCS; and retail investments such as listed equity and bonds are far less risky compared to mini-bonds due to the disclosure controls placed on listed companies as well as the availability of a liquid secondary market.

On average mini-bond returns are slightly above those offered by P2P/P2B platforms, which normally span a large range from a few percent (for P2P) up to the mid teens (in some P2B cases). However, as the P2P/P2B sector has a high volume of loans and greater variations of available rates and maturities, this sector is considered to be lower risk by the FCA compared to crowdfunding securities due to the opportunities for diversification and risk management, highlighted by the FCA 2014 Crowdfunding Policy Statement [7]. In addition, the current situation in the P2P sector is that market yields are being driven down to attract more borrowers, which is supported by lower than expected

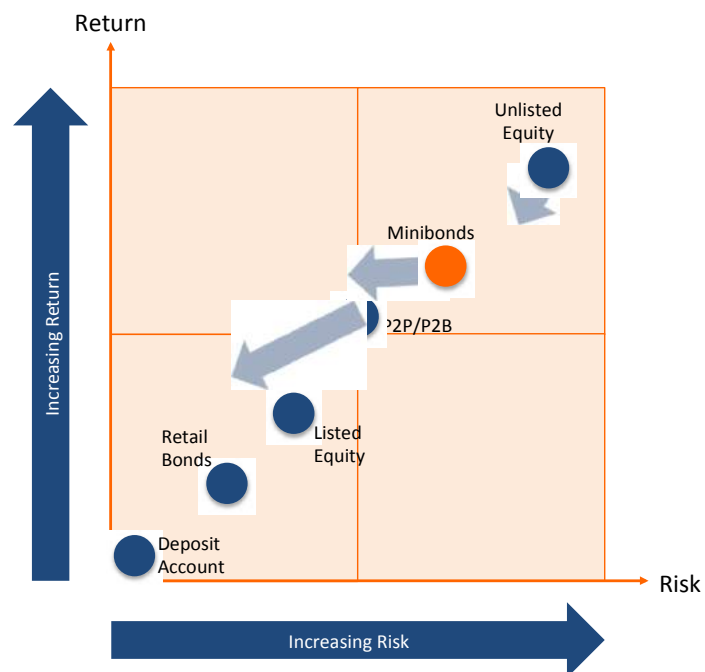
default rates. It was noted by founder and CEO, Renaud Laplanche, of the Lending Club, an American peer-to-peer lending company (in Forbes 2013 [14]) that there has been a large gap between the perception of risk of default for P2P/P2B loans and the actual loans. The perception of risk is much higher than the actual risk. Over time the perception of risk will come closer to reality pushing rates even lower. However, the equilibrium of risk and return will inevitably be above that offered by retail debt securities.

On the other end of the spectrum there are unlisted equity securities being offered on investment crowdfunding platforms, which have the potential for significant returns. In this case the perception of return is higher than historical data implies. These inflated expectations are mainly driven by success bias driven by a few global extreme cases of start-up successes. It is expected that as the equity crowdfunding sector grows and more platform data becomes available over the next 5 years, these expectations of high return will become more aligned to the risk reality. However, over this period the risk in unlisted equity investment will potentially decrease slightly as platforms are driven to perform more due diligence on businesses to minimize their reputational impact related to large commercial failures of companies raising equity capital on their platforms.

The mini-bond market will continue to increase significantly over the next few years as more and more established firms turn to this form of financing due its lower costs and benefits for brand profile. As more corporates leverage mini-bonds as opposed to retail bonds, the risks in this industry will decrease, as corporates will be much more risk averse to impacts/shocks to reputation. A consequence of this is that yields will decrease, however, this is expected to be a small change as above-average yields will be fundamental to attract more and larger investors to ensure bigger issuances can be successfully funded.

On the low end the key competitors are the P2B platforms (e.g. funding circle) and retail/commercial banks, at the mid range the mini-bond brokerage/registrars and crowdfunding platforms (e.g. Capita and Crowdcube) and at the top end the established stock exchanges that facilitate issuing and trading of retail bonds (e.g. LSE).

A summary of this industry evolution is provided in the snapshot below.



Mini-bond Risk Management

Fineqia's management view is that the investment crowdfunding industry currently lacks an appropriate understanding of qualitative and quantitative risk management on financial investment products. As a result most investment crowdfunding platform do not have transparent and consistent risk measurement and reporting practices embedded in the day-to-day operations to help investors make informed decisions and protect the industry as a whole. In addition platforms have a strong incentive to show ignorance of the risks in order to maximize deal flow, as being more critical about a mini-bond's terms would drive companies to issue their bonds on a competitor's platform. So while platforms are expected to conduct appropriate due diligence on bonds being issued on their platform and make appropriate risks transparent for investors, this mechanism is currently inadequate and inconsistent, and platform and company incentives are misaligned with those of investors.

For this reason one of Fineqia's aims will be to bring best practice risk management processes into the investment crowdfunding industry. One of the key tools that will be used is to present probabilities of default as natural frequencies to give a more clear and conservative example of the possible impact of an investment for an investor's portfolio. An example of such a disclosure could be as follows (more details are provided in the Investor Protection section).

Underlying this process will be a proprietary risk management system based on an algorithm that is able to measure and present risk of issuances in a consistent manner using key data points related to the issuing company, the investment product and key market data derived from trusted sources such as U.K. registered company database and U.K. Office of National Statistics. This algorithm allows determination of a suggested interest rate for an issue, to help guide businesses in the process of issuing their securities. However, while the issuance terms will be the responsibility of the issuing company, i.e. they can choose the interest rate they think best fits their issue, the platform will be able to present risk information in a non-advisory manner to all investors to see the expected impact of the issuance on their portfolio.

Mini-bond Terms

Any corporate entity can issue mini-bonds. In the current market the issuers are likely to be unlisted, however, as the market develops and mini-bonds start competing with the low to mid end sectors of the wholesale loan and retail bond market an increasing number of listed and larger companies would become potential issuers. Fineqia's aim is to offer a flexible financial product that would fulfill the needs of the whole potential addressable mini-bond market, which includes larger organizations as well as the current crowdfunding market consisting predominantly of SMEs.

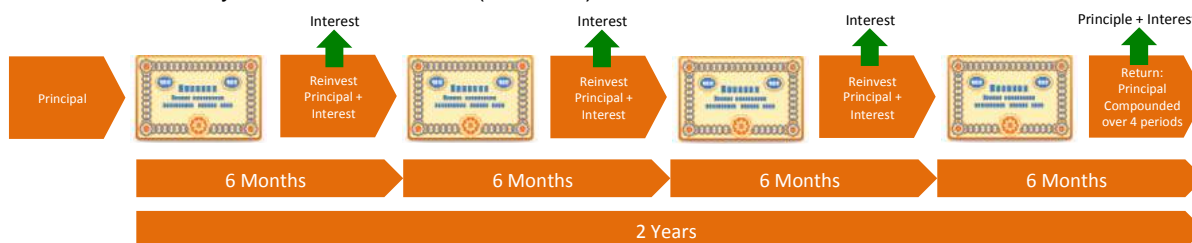
As noted above, current risk management in mini-bond crowdfunding is either non-existent or inadequate, and there is a lack of understanding on how credit risks should be determined and communicated to retail investors. In addition there is an anchoring bias being embedded in the crowdfunded debt securities sector, i.e. most crowdfunded mini-bonds are issued at ~8% interest no matter the level of risk of the issuer. As Fineqia will be a "debt first" security platform it will offer a full range of terms for mini-bond issuances and provide suggestions on appropriate yields based on its due diligence of a company, as opposed to what the competition is doing. So while the ultimate decision to determine the yield will be with the company, Fineqia will aim to provide an objective point of view that would be in the best interests of investors, companies raising funds and the sector as a whole.

Fineqia mini-bond product terms will be offered in the following ranges/options:

- **Interest Rates:** 3% - 15% (not including in-kind benefits)
- **Tenors:** 0.5 year – 10 years
- **Coupon Periods:** Zero, Annual, Semi-Annual and Quarterly
- **Issuance Amounts:** £100k - £100million (C\$204k – C\$204 million)
- **Rollover:** Rollover program for multiple issuances
- **Minimum Investment:** £100 (increased in £100s) (C\$204)

Example of Two-Year Mini-bond with Semi-annual 8% Coupon (Calculations in Great Britain Pounds (“GBP”)):

- Tenor: 2 Years
- Coupon Period: Semi-Annual
- Interest Rate: 8%
- Initially Investment: £1,000 (C\$2,041)



- After each 6 month period interest paid is equal to $£1,000 (C\$2,041) \times 8\%/2 = £40 (C\$82)$
- After 2nd year principal of £1,000 (C\$2,041) is returned along with final coupon of £40 (C\$82)
- Over the term of mini-bond total interest paid is $£40 (C\$82) \times 4 = £160 (C\$327)$

Example Issuance of 9 Month Zero Coupon Mini-bond with 3-Year Rollover Program:

- Tenor: 9 Months
- Coupon Period: Zero

Compounding Advantage Example

Single 9 Month Minibond

Invested: £1,000
Rate: 8%
Return: £1,060

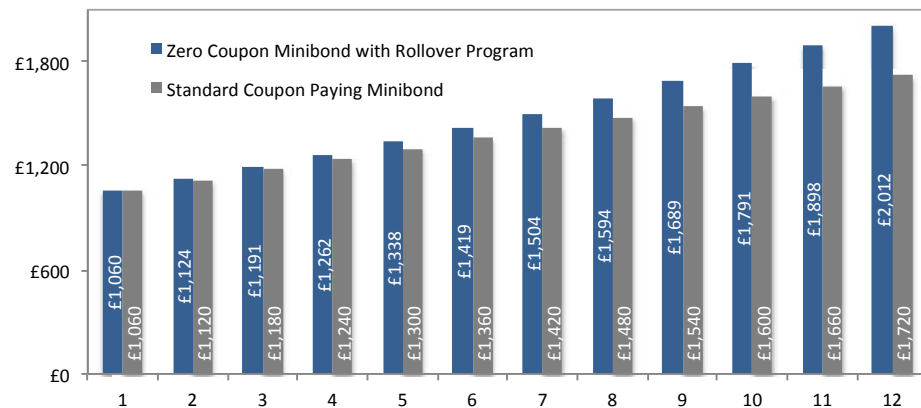
Standard 3 Year Minibond

Invested: £1,000
Rate: 8%
Return: £1,240

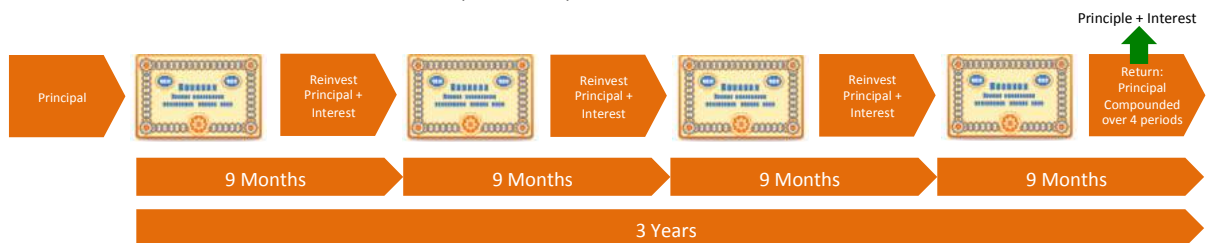
9 Month Minibond with 3 Year Rollover

Invested: £1,000
Rate: 8%
Return: £1,262.48

Returns Increase Exponentially for Zero Coupon Minibond with Rollover, as opposed to minibond with equivalent total maturity



- Interest Rate (Discount Factor): 8%
- Rollover: 3 Year rollover, implying four period of 9 month mini-bonds
- Initial Investment: £1,000 (C\$2,041)



- As first example, the first period return after investing £1,000 (C\$2,041) is £1,060 (C\$2,163)
- £1,060 (C\$2,163) reinvested to give at end of second period = $£1,060 (C\$2,163) \times (1 + 9/12 \times 8\%) = £1,123.6 (C\$2,293)$
- Reinvestment Period Repeated to fourth period, giving total return of = £1,262.48 (C\$2,576)
- This provides a compounding product structure

Platform Fee Structure

Typically fee structures for mini-bond issuances consist of the following key aspects:

- **Application Fee:** for initial on-boarding and due diligence

- **Success Fee:** % of gross funds raised
- **Card Handling Fee:** % of gross funds raised
- **Legal and Admin Fee:** % for lifetime of the mini-bond

As a direct comparison, Crowdcube's fees are as follows:

- **Application Fee:** for initial on-boarding and due diligence: £5,000 (C\$10,200)
- **Success Fee:** 5% of gross funds raised (capped at £500,000) (C\$1,020,400)
- **Card Handling Fee:** 0.5% of gross funds raised
- **Legal & Admin Fee:** 0.5% p.a. for lifetime of the mini bond (£5,000 minimum) (C\$10,200)

Fineqia will not aim to compete on price initially due to the market lead players such as Crowdcube, in terms of larger user base. As a result, Fineqia will aim to offer a similar fee structure, however, the upfront application fee will be refundable for fully funded projects. So this fee will be subtracted from the success fees. In addition, Fineqia will not have a cap on gross funds raised, but this will be assessed and agreed to on a case-by-case basis. Fee structure will be as follows:

- **Application Processing and Structuring Fee:** (deductible from Success Fee) £2,000 (C\$4,080)
- **Platform Listing Fee:** for initial on-boarding and due diligence: £5,000 (C\$10,200)
- **Success Fee:** up to 5% of gross funds raised and cap reviewed case by case
- **Card Handling Fee:** 0.5% of gross funds raised (using Direct Debit)
- **Legal & Admin Fee:** 0.5% p.a. for lifetime of the mini bond (no minimum)
- **Mini bond structuring and rating fee:** £2,000 per mini bond issuance

Mini-bond Administration

Fineqia will also provide administration services for mini-bonds. Fineqia will work closely with an issuing company and its legal and financial advisors, who design the structure of the bond – investment target, length of term, interest offered amongst other parameters. The services offered by Fineqia in addition to issuance of mini-bonds will be:

- Project managing the application process
- Helping in marketing the offer
- Providing an online and offline application service
- Facilitating payment through the platform
- Keeping a register of bond holders
- Managing the calculation and distribution of interest, payments, vouchers and discounts
- Overseeing bond communications
- Ensuring client company's brand is reflected throughout the whole process
- Arranging to repay the capital to investors at the end of the bond period
- Provision of an optional bond holder nominee

In addition, Fineqia plans to issue mini-bonds through special purpose vehicles ("SPVs"), similar to the approach taken by other issuers, however, for the case where an issuing company wants to issue bonds on a regular basis, it will offer the use of trusts, which will ensure costs for such ongoing issuances can be managed more effectively.

Target Investor Market

Under the new crowdfunding rules that were enacted in March 2014, direct offer financial promotions for non-readily realizable securities may only be made to a certain type of investor. These are:

- Professional clients
- Retail clients who confirm that, in relation to the investment promoted, they will receive regulated investment advice or investment management services from an authorised person
- Retail clients who are venture capital contacts or corporate finance contacts
- Retail clients who are certified or self-certified as sophisticated investors
- Retail clients who are certified as high net worth investors
- Retail clients who certify that they have not invested, and will not invest, more than 10% of their net investible financial assets in non-readily realizable securities

The last category of investor (called ‘restricted investors’) is new. There is a form of certification for such investors, which lasts for 12 months.

The FCA introduced new rules earlier in 2014 aimed at protecting investors in non-listed products, including mini-bonds. For instance, if an investment is offered or promoted by an FCA-authorized firm, that firm will now need to take steps to ensure the recipient is either an appropriate investor or that independent financial advice on the investment has been received. The new rules also enable the FCA to hold authorised firms accountable should they promote or offer investments to the wrong type of investors. Further details for this are provided in the Investor Protection section.

INVESTOR PROTECTION

Ignoring the crowdfunding aspect, it is important for investors to be aware that investment crowdfunding carries the same amount of risk and concerns as any investment product. From a crowdfunding perspective, as investment crowdfunding is currently focused on early stage companies and/or SMEs, the investment risks are significantly increased than investments in securities issued by listed companies. To further increase the risks, investors need to be clear that crowdfunded securities are difficult if not impossible to value and the risks are further amplified due to the lack of a secondary market for crowdfunded equity and debt securities.

Fineqia is committed to ensuring that investor protection is at the forefront of its crowdfunding platform, particularly for retail investors who might be experiencing early-stage investing via crowdfunding for the first time. Further, this is also an important step for the industry as it matures. In this respect Fineqia does not only see itself as an investment issuance platform but sees itself as a platform where investors can start to perform the required risk due diligence to make informed investment decisions.

Fineqia's aim is to offer the highest levels of transparency and information to aid investors in making an informed decision about their investments. In order to facilitate this Fineqia will ensure that firms raising capital on its platform undergo a robust due diligence process, so only companies that meet the required standards of information disclosure and who provide a fair value for their debt issuance in terms of risks being taken up by investors will be permitted to issue securities via the Fineqia platform.

Due-Diligence of Companies

To ensure that companies offering mini-bonds are financially healthy and have sufficient cash flows to bear interest (and consequently principal) payments, Fineqia has set out a list of parameters as minimum criteria to raise funds on its platform.

For a company to be able to raise capital on the Fineqia platform through a mini-bond debt issuance, it must:

- demonstrate financial strength by means of profitable trading history or significant asset coverage over the offered debt securities.

- provide Fineqia with forecasted cash flow statements for at least two years to ensure that the company has the capacity to pay out interest payments.
- provide Fineqia with a business plan indicating use of funds raised through the platform.
- provide Fineqia with an undertaking that the funds raised will be used for their intended purposes as stated in the marketing material.
- complete Fineqia's Know-Your-Client ("KYC") form which includes Anti-Money Laundering ("AML") provisions.
- provide appropriate disclosures about its ownership pattern and whether it has subsidiaries/a parent company which are outside the U.K., and make assurances of control of funds raised to avoid issues such as those seen by the mini-bond default by Secured Energy Bonds.

Fineqia and its due diligence team, comprising of legal, financial, data, engineering and other experts will further review the issuing companies' data. If the results do not reasonably convince Fineqia senior management, then it will not allow the mini-bond issuance on its platform. While the platform is sector-agnostic, the team will assess all information on a case-by-case basis before listing a mini-bond issuance on its platform.

Information Availability for Investor Review

In order for potential investors to make an informed decision about their investments, Fineqia's robust technology platform will ensure that the following information is collected and made available to investors:

- Sector in which the investment is being made
- Incorporation date
- Launch date
- Duration the issue is open for
- Contact information including website details and contact e-mail address
- Management team
- Key disclosures
- Key financial metrics
- Amount being raised
- Interest rate being offered
- Frequency of interest payments
- Maturity of instrument
- Minimum investment
- Usage of funds raised
- Key details of the issuance including any security for the mini-bond, tradability of the mini-bond as well as an example of an investment, so as to offer more clarity to the investor
- Key risks associated with the investment

While all the above information will be presented in the platform's project page, each issuance will also have a unique one-page graphical and easy-to-understand "Key Facts" overview that is modeled on the papers provided in the retail financial services sector for all relatively complex products. An example of such a one pager is as follows:

INTELLIGENT INVESTMENT KEY FACTS

COMPANY



XYZ Ltd is a Financing and Technology Solutions provider for the Media Sector



Sector:
Financial Services and Technology



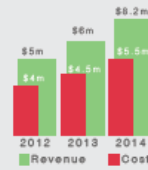
Incorporated:
January 2011



Management:
CEO: Mr David S. Lenz
CFO: Mr Steve Simpson
CTO:
COO:



Key Disclosure:
1. Core Business Acquired from ABC
2. Major Shareholder US Based Firm
3.



MINIBOND

Raising: \$500,000

Interest: 7.5% per annum

Payments: Biannually

Maturity: 1 Year

Minimum: \$100

Usage: Financing Loan Book



- Investment Example:
 - Initial investment: \$1000
 - Biannual Interest: \$37.50
 - Annual Interest: \$75
 - Total Interest Over Term: \$225
 - Returned on Maturity: \$1225
 - Default Recovery: 60% Estimate
- Secured by ringfenced UK loan assets
- Raised capital for sole use in UK
- Minibonds are not tradeable
See prospectus for further details

RISKS



Bank deposit interest rates are low, but your savings, up to £85,000, are protected by the FSCS*
* Financial Services Compensation Scheme



Minibond interest rates are exceptionally high, but the risk of losing your money can also be high



Minibonds not backed by assets are even riskier as chance of recovering your money after defaults is lower



Unlike retail bonds minibonds are not tradeable, so if the issuing company has problems you can't exit the deal



In a portfolio with 16 minibonds with 1 year maturity and 7.6% interest, on average one will fall within a year*



* Illustrative example for informational purposes only

CAMPAIGN



Launch Date:



Open For:
30 Days



Contact Email:
info@XYZ.com



Web Link:
Fineqia.com/XYZ

ISSUED THROUGH



YOUR INVESTMENT MARKETPLACE

Learn more about the risks and rewards of minibond investment:
www.Fineqia.com/riskreward

Fineqia Ltd. is an appointed representative of
Keaton Capital which is regulated by the Financial
Conduct Authority (0837282)

Copyright 2015 Fineqia

Disclaimer: www.Fineqia.com/disclaimer

Further, to establish appropriateness of the investor, Fineqia will require all investors to complete an assessment on whether they have the knowledge and experience necessary to understand the risks connected with the non-readily realizable securities being offered. This will be executed through use of online questionnaires for investors, presented before they are allowed to receive promotional communications and invest in campaigns. This will also be in addition to the self-certification conformation for all investors.

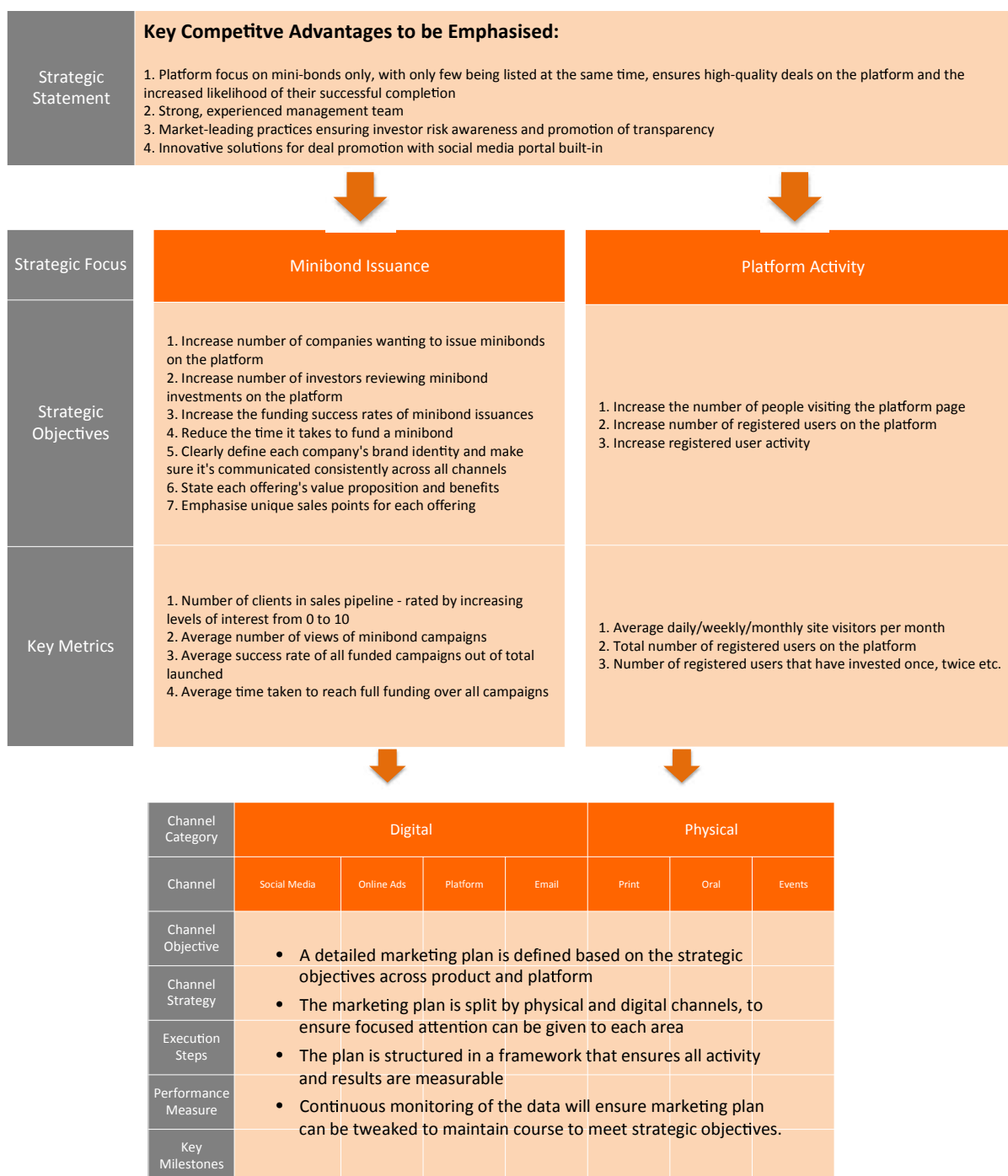
To ensure full compliance with regulatory requirements all appropriate, legally reviewed risk warnings will be provided for investments on the platform and at the point of investment.

MARKETING STRATEGY

Foundations for the Marketing Strategy

Based on the below considerations a detailed marketing strategy has been compiled. Ensuring that regulatory compliance and industry best practice requirements/expectations are at the foundation of how the platform and financial products are marketed will ensure rules and guiding principles are not inadvertently infringed or overstepped.

Marketing Strategy Framework



Social Media Marketing and Compliance

In August 2014 the FCA published a consultation on their supervisory approach to financial promotions in social media. It noted that rules are intended to be media-neutral to ensure that consumers are presented with certain minimum information, in a fair and balanced way, at the outset of firms' interactions with them. The rules include sector-specific requirements, but in each case there is an overarching principle that any communication should be fair, clear and not misleading.

As social media will be a core aspect of the Fineqia platform, due to its inbuilt community tools, the FCA requirements/expectations on this area are of utmost importance. Based on this, the key points that Fineqia has noted are as follows:

1. **What is a Financial Promotion:** One of the issues highlighted by the FCA is the extent to which the use of social media amounts to making a 'financial promotion' within the scope of the FMSA and, therefore, is subject to the FCA's financial promotion rules. What is or is not a 'financial promotion' is a matter of interpretation of the legislation, not of the FCA rules. One key aspect highlighted by the FCA is whether the communication is made 'in the course of business'.
2. **Promotions in the Course of Business:** It highlights that if an employee of a firm uses their personal social media account to send communications that could be considered an inducement or invitation, then this may constitute a financial promotion and may therefore be subject to the same rules that apply to the firm. In this instance the employee (the communicator) may be acting in the course of business because they have a commercial interest in the communication (i.e. they are trying to obtain more clients/business for their employer). If, however, the employee sends a genuine non-business communication or indeed the conversation involves groups and individuals not acting in the course of business, then this would fall outside FCA regulation.
3. **Sign-off of Marketing Media:** The FCA noted the obligations for firms to have an adequate system in place to sign off digital media communications. This sign-off should be by a person of appropriate competence and seniority within the organization.
4. **Record Keeping of Significant Communications:** In addition, it is noted that firms should also keep adequate records of any significant communications. As well as helping to protect consumers, these records enable the firm to deal effectively with any subsequent claims or complaints. The FCA highlights that firms should not rely on digital media channels to maintain records, as they will not have control over this; social media in particular may refresh content from time to time, with the consequent deletion of older material.

Footnotes:

- [0] FX Conversions are performed using spot rate as of 30 July 2015
USDC\$=1.30 C\$GBP=0.49
- [1] 2015 CF industry Report
Massolution
http://reports.crowdsourcing.org/?route=product/product&product_id=54
- [2] Crowdfunding for the Developing World
The World Bank
http://www.infodev.org/infodev-files/wb_crowdfundingreport-v12.pdf
- [3] A Review of the Regulatory Regime for Crowdfunding and Promotion of Non-Readily Realisable Securities by Other Media
Financial Conduct Authority (FCA)
<http://www.fca.org.uk/static/documents/crowdfunding-review.pdf>
- [4] The Rise and Rise of the Minibond
The Times
<http://www.thetimes.co.uk/tto/money/investment/article4188365.ece>
- [5] SEC Adopts Rules to Facilitate Smaller Companies' Access to Capital
U.S. Securities and Exchange Commission (SEC)
<http://www.sec.gov/news/pressrelease/2015-49.html>

- [6] Start-up Crowdfunding Registration and Prospectus Exemptions
Canadian Securities Administrators (CSA)
https://www.bccsc.bc.ca/Securities_Law/Policies/Policy4/PDF/45316__Multilateral_CSA_Notice___May_14__2015/
- [7] The FCA's Regulatory Approach to Crowdfunding over the Internet, and the Promotion of Non-Readily Realisable Securities by Other Media
Financial Conduct Authority (FCA)
<http://www.fca.org.uk/news/ps14-04-crowdfunding>
- [8] Budget 2015: Consultation launched on crowdfunding in ISAS
Financial Times (FT)
<http://www.ft.com/cms/s/0/95b08716-cd86-11e4-9144-00144feab7de.html#axzz3hOZMaDWP>
- [9] Crowdfunding Market Grows 167% in 2014
Reuters - Based on the Massolution industry report [1]
<http://www.reuters.com/article/2015/03/31/idUSnMKW3KRwxa+1d8+MKW20150331>
- [10] U.S. Crowdfunding in 2014
Gust – Posted by Bill Payne on May 4th, 2015
<http://blog.gust.com/2015/05/04/us-crowdfunding-in-2014/>
- [11] Moving Mainstream: The European Alternative Finance Benchmarking Report
EY and University of Cambridge
[http://www.ey.com/Publication/vwLUAssets/EY-and-university-of-cambridge/\\$FILE/EY-cambridge-alternative-finance-report.pdf](http://www.ey.com/Publication/vwLUAssets/EY-and-university-of-cambridge/$FILE/EY-cambridge-alternative-finance-report.pdf)
- [12] Raising Millions With Equity Crowdfunding Will Cost You, But How Much?
Entrepreneur – Posted by Kendall Almerico on May20, 2015
<http://www.entrepreneur.com/article/246063>
- [13] Understanding Alternative Finance
NESTA and University of Cambridge
<https://www.nesta.org.uk/sites/default/files/understanding-alternative-finance-2014.pdf>
- [14] Why Are Lending Club Yields Starting To Head Down?
Forbes Interview with Renaud Laplanche (CEO Lending Club)
<http://www.forbes.com/sites/marcrosser/2013/07/14/why-are-lending-club-yields-starting-to-head-down/>

- (b) describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;

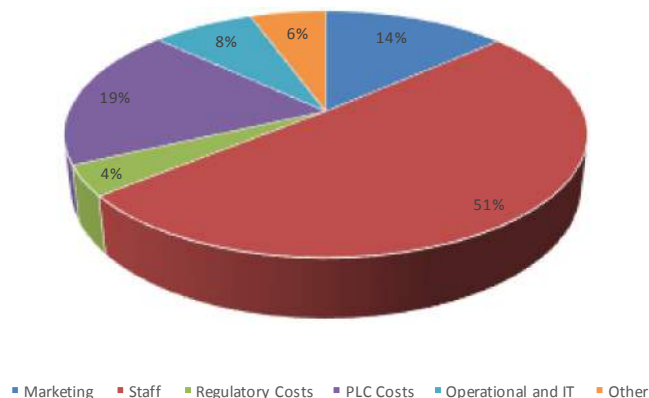
See NanoStruck Crowdfunding Cost base for first 12 months – Financial Forecasts below.

Cost Base

All financials below are in Canadian dollars.

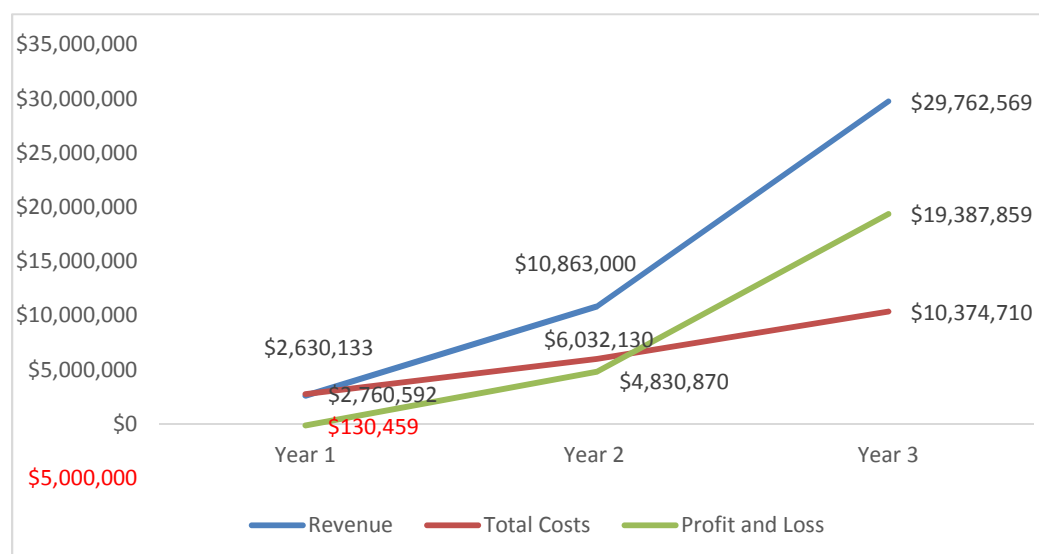
The first 12-month P&L cost base for operation of the Fineqia business is expected to be \$1,930,558, break-down of the costs is outlined in the pie chart below.

Nanostruck Crowdfunding Costbase for the first 12 months (C\$)



Financial Forecasts

Financials forecasts are based on a combined plan that tracks costs and revenues from a growth strategy based on conservative growth in third party mini-bond issuances and proprietary issuances from associate/partner companies.



Breakdown of the numbers is as follows:

Annual Financial Summary				
	Year 1	Year 2	Year 3	Total Cumulative
Number of Issuances per Year	30	61	102	193
Average Value of Issuance	\$2,776,626	\$5,763,963	\$9,083,539	\$7,046,267
Total Value of Annual Issuances	\$83,725,510	\$351,424,519	\$922,618,831	\$1,357,768,860
Revenue	\$2,630,133	\$10,863,000	\$29,762,569	\$43,255,701
Cost of Sales	\$830,034	\$2,695,777	\$6,409,267	\$9,935,079
Gross Profit	\$1,800,098	\$8,167,222	\$23,353,301	\$33,320,622
Gross Profit Margin %	68%	75%	78%	77%
Overheads	\$1,930,558	\$3,336,353	\$3,965,443	\$9,232,353
EBITDA	-\$130,459	\$4,830,870	\$19,387,859	\$24,088,269
Profit Margin %	-5%	44%	65%	56%
Net Cumulative Profits	-\$130,459	\$4,700,410	\$24,088,269	

- (c) disclose the total funds available to the Issuer and the following breakdown of those funds:
- (i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and
- As of June 30, 2016, the Company had working capital of \$1,160,000.
- (ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and
- On August 11, 2015, the Company raised \$1,579,000 in a first tranche private placement. The Company is in the process of completing a final tranche private placement to raise up to \$3,421,000. The purpose of this is to settle liabilities and provide

sufficient working capital going forward. The Company believes it will have sufficient working capital to cover the new business to profitability.

- (d) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

Principal Purpose	Amount
Corporate costs	\$300,000
Fineqja costs	\$900,000
Subtotal:	\$1,200,000
Unallocated working capital	\$2,221,000
Total:	\$3,421,000

(2)

- (a) For principal products or services describe the methods of their distribution and their principal markets, as dollar amounts or as percentages, for each of the two most recently completed financial years, the revenues for each category of principal products or services that accounted for 15 per cent or more of total consolidated revenues for the applicable financial year derived from:
- (i) sales or transfers to joint ventures in which your company is a participant or to entities in which your company has an investment accounted for by the equity method,
 - (ii) sales to customers, other than those referred to in clause (i), outside the consolidated entity,
 - (iii) sales or transfers to controlling shareholders; and
 - (iv) sales or transfers to investees.

N/A.

- (b) if not fully developed, the stage of development of the principal products or services and, if the products are not at the commercial production stage, describe the timing and stage of research and development programs, the major components of the proposed programs, including an estimate of anticipated costs, whether the Issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and the additional steps required to reach commercial production and an estimate of costs and timing.

The Company has completed research and initial development of products and services to cater to the emerging market for issuing debt and equity securities via an online platform.

The major components include:

- Investigation of the UK regulatory framework
- Legal advice on regulatory authorisation as well as mini-bond structures
- Analysis and negotiation with IT platform providers
- UK market analysis including market growth and competitive landscape
- Investigation of market for potential for mini-bond deal origination
- Investigation of market for deal syndication
- Research on potential staff hires and associated costs
- Beta website for issuing and managing debt and equity securities
- Marketing and PR plans of new platform as well as mini-bonds issued on it
- Financial modelling with key assumptions obtained from market research

The above has been undertaken by Company personnel as well as via external consultants such as legal, regulatory and IT experts. The total cost for the above is estimated to be approximately \$500,000 to date.

Upon approval of the Change of Business, the Company intends to set up a UK subsidiary, which will be the counterparty to contracts with new staff, IT and compliance partners as well as UK legal advisers and marketing firms. Fineqia will complete the development work to launch a new platform in the market.

The above contracts and launch activities are anticipated to take approximately 10 weeks thereafter as indicated in the Regulatory and IT Timelines Charts under the section "Compliance Partner". Initial set up costs are anticipated to be \$250,000 followed by annual fees, to be agreed.

- (3) Concerning production and sales, disclose the actual or proposed method of production of products and if the Issuer provides services, the actual or proposed method of providing services, the payment terms, expiration dates and terms of any renewal options of any material leases or mortgages, whether they are in good standing and, if applicable, that the landlord or mortgagee is a Related Person of the Issuer, specialized skill and knowledge requirements and the extent that the skill and knowledge are available to the Issuer, the sources, pricing and availability of raw materials, component parts or finished products, the importance, duration and effect on the segment of identifiable intangible properties such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks, the extent to which the business of the segment is cyclical or seasonal, a description of any aspect of the Issuer's business that may be affected in the 12 months following the date of the Listing Statement by renegotiation or termination of contracts or sub-contracts and the likely effect, the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Issuer in the current financial year and the expected effect, on future years, the number of employees, as at the most recent financial year end or as an average over that year, whichever is more relevant, any risks associated with foreign operations of the Issuer and any dependence of the segments upon the foreign operations, a description of any contract upon which your company's business is substantially dependent, such as a contract to sell the major part of your company's products or services or to purchase the major part of your company's requirements for goods, services or raw materials, or any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which your company's business depends and a description of any aspect of your company's business that you reasonably expect to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts, and the likely effect.

N/A.

- (4) Describe the competitive conditions in the principal markets and geographic areas in which the Issuer operates, including, if reasonably possible, an assessment of the Issuer's competitive position.

See item 4 – Narrative Description of the Business - Fineqia's Entry Strategy and item 17 – Risk Factors – Competition.

- (5) With respect to lending operations of an Issuer's business, describe the investment policies and lending and investment restrictions.

N/A.

- (6) Disclose the nature and results of any bankruptcy, or any receivership or similar proceedings against the Issuer or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Issuer or any of its subsidiaries, within the three most recently completed financial years or the current financial year.

N/A.

- (7) Disclose the nature and results of any material restructuring transaction of the Issuer within the three most recently completed financial years or completed during or proposed for the current financial year.

The Company completed the Amalgamation and Consolidation and began trading on the CSE in May 2013 - see "General Development of the Business" above. The Company proposes to undertake the Change of Business – see "General Development of the Business – Subsequent Events – Change of Business" and the additional disclosure under this section "Narrative Description of the Business" above.

- (8) If the Issuer has implemented social or environmental policies that are fundamental to the Issuer's operations, such as policies regarding the Issuer's relationship with the environment or with the

communities in which the Issuer does business, or human rights policies, describe them and the steps the Issuer has taken to implement them.

N/A.

- 4.2 Issuers with asset backed securities outstanding

The Company does not have any outstanding asset backed securities.

- 4.3 Disclosure for each mineral property material to the Issuer.

N/A.

- 4.4 For Issuers with oil and gas operations, disclose information for each material property.

N/A.

5. Selected Consolidated Financial Information

- 5.1 Annual Information —Summary financial data for the Issuer for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements have been prepared

The following selected annual financial information is subject to the detailed information contained in the audited financial statements of the Company and notes thereto for the years ended September 30, 2015, September 30, 2014 and September 30, 2013. The selected financial information is derived from audited financial information for the Company. The Company has established September 30 as its fiscal year end.

Year ended September 30	2015 (\$)	2014 (\$)	2013 (\$)
Total assets	573,576	385,300	2,538,120
Total liabilities	866,285	1,741,283	646,553
Shareholders' equity	(292,709)	(1,355,983)	1,891,567
Total long-term debt	Nil	Nil	Nil
Total revenue	Nil	Nil	Nil
Net income/loss	(696,917)	(5,119,629)	(8,287,557)
Net loss per share (basic and diluted)	(0.01)	(0.06)	(0.42)
Common shares outstanding	117,225,012	83,352,236	19,510,201

Discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

N/A.

Other information that would enhance an understanding of and would highlight other trends in financial condition and results of operations:

N/A.

- 5.2 Quarterly Information — For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (b) of Section 5.1.

	For the Three Months Ending							
	Fiscal 2015		Fiscal 2014				Fiscal 2013	
	Mar 31, 2016	Dec 31, 2015	Sept 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sept 30, 2014	Jun 30, 2014
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Income (Loss) before discontinued operations and extraordinary items	(463,243)	(473,576)	132,643	(13,966)	(450,489)	(365,105)	(1,870,685)	(1,513,879)
Net income (loss)	(463,243)	(473,576)	132,643	(13,966)	(450,489)	(365,105)	(1,870,685)	(1,513,879)
Net income (loss) per share (basic and diluted)	(0.002)	(0.002)	(0.000)	(0.001)	(0.005)	(0.004)	(0.020)	(0.020)

5.3 Dividends

- (a) Describe any restriction that could prevent the Issuer from paying dividends

There are no restrictions that could prevent the Company from paying dividends.

- (b) Disclose the Issuer's dividend policy and if a decision has been made to change the dividend policy, disclose the intended change in dividend policy.

The Company has not declared nor paid dividends on its common shares and, given the Company's stage of development, it has no present intention of paying, nor has it the ability to pay, dividends on its common shares.

5.4 Foreign GAAP

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

6. Management's Discussion and Analysis

Annual MD&A

- 6.1 Date - Specify the date of the MD&A.

The following management's discussion and analysis for the 12 month period ended September 30, 2015, prepared as of January 28, 2016, should be read together with the audited financial statements of the Company for the years ended September 30, 2015, 2014 and 2013, and related notes attached thereto, which are prepared in accordance with IFRS. All amounts are stated in Canadian dollars unless otherwise indicated.

- 6.2 Overall Performance - Provide an analysis of the Issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer's business. Compare the Issuer's performance in the most recently completed financial year to the prior year's performance.

The Company incurred a net loss of \$696,917 for the year ended September 30, 2015 (2014 - \$5,119,628). The net decrease in loss of \$4,422,711 was mainly due to the following:

- (a) Professional fees, consulting and advisory decreased by \$205,373 from \$511,888 in 2014 to \$305,515 in 2015. The decrease was primarily due to an increased involvement in the developing business opportunities undertaken by the current management;
- (b) Salaries and wages decreased by \$103,587 from \$889,269 in 2014 to \$785,682 in 2015. The decrease was mainly due to the Company maintaining a lean operation and retaining only key personnel whilst focusing on new business development related items;
- (c) Travel and subsistence costs reduced by \$256,900 from \$380,752 in 2014 to \$123,852 in 2015. The decrease was due to the reduced number of employees, the cut back of entertaining and greater control of costs;
- (d) Research and development costs decreased by \$479,668 from \$479,668 in 2014 to \$Nil in 2015. The decrease reflected the Company capitalizing on past investment in Research and Development initiatives without the need to expend more;
- (e) Advertising and promotion fees decreased by \$545,310 from \$549,360 in 2014 to \$4,050 in 2015. The decrease was facilitated by an increase in face to face public and investor relations activity by senior management;
- (f) Share based payments decreased by \$664,081 from \$664,081 in 2014 to \$Nil in 2015. The decrease was primarily attributable to options granted to consultants and management during the year ended September 30, 2014 as well as to debt that was owed by the Company to consultants and management that was converted into shares during that year;
- (g) Office and laboratory costs decreased by \$153,577 from \$230,803 in 2014 to \$77,226 in 2015. The decrease is mainly due to the Company having closed the Mississauga premises, including office and laboratory in May 2015, to avoid unnecessary expenditure;
- (h) Impairment of property, plant & equipment decreased by \$1,230,412 from \$1,257,213 in 2014 to \$26,801 in 2015. The charge in 2014 was related to construction in progress for two tailing projects and one water remediation project as a result of future development uncertainty;
- (i) Insurance costs decreased by \$23,751 from \$61,485 in 2014 to \$37,734 in 2015. This was due to the reduction of employees and closure of premises;
- (j) Intangible asset impairment decreased by \$100,000 from \$100,000 in 2014 to \$Nil in 2015. This is as a result of write down in the value a patent held by University of Saskatchewan due to uncertainty over the status of the Agreement between the University and the Company, an unrelated company, holding the license to use the patent and previously acquired by the Company;
- (k) Inventory obsolescence decreased by \$71,222 from \$71,222 in 2014 to \$Nil in 2015. The decrease was due to the write-off of construction in progress assets in 2014 which relate to contracts no longer being pursued;
- (l) Loss on the sale of fixed assets increased by \$6,114 from \$Nil in 2014 to \$6,114 in 2015. The increase was due to remaining fixed assets being sold or realized for \$15,865 in 2015, following impairment of \$26,801 against a net book value of \$48,780;

- (m) Debt settlement gain has increased by \$349,775 from \$Nil in 2014 to \$349,775 in 2015. This is as a result of corrections to accounts payable balances and, further, negotiations with significant creditors to come to an agreement of balances payable;
- (n) Gain on debt conversions decreased by \$104,643 from \$165,143 in 2014 to \$60,501 in 2015. This is in respect of 15,294,900 shares with a fair value of \$152,949 issued to settle debt of \$213,449 in 2015, giving a gain of \$60,501. In 2014, 7,592,244 shares with a fair value of \$476,705 were issued to settle debt of \$648,848, giving a gain of \$165,143; and
- (o) Tax recovery increased by \$303,799 from \$nil in 2014 to \$303,799 in 2015. This recovery is a deferred tax recovery arising largely in relation to the expiry of 9,668,028 warrants in the year.

Selected Annual Financial Information

6.3 Provide the following financial data derived from the Issuer's financial statements for each of the three most recently completed financial years:

- (a) net sales or total revenues;
- (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;
- (c) net income or loss, in total and on a per-share and diluted per-share basis;
- (d) total assets;
- (e) total long-term financial liabilities; and
- (f) cash dividends declared per-share for each class of share.

	Year Ended September 30, 2015 \$	Year Ended September 30, 2014 \$	Year Ended September 30, 2013 \$
Sales	Nil	Nil	35,400
Gross margin	Nil	Nil	7,488
Operating expenses	974,374	5,105,982	3,503,080
Reverse takeover expenses	Nil	Nil	4,964,243
Finance charges – expense (income)	26,342	13,647	(172,278)
Net loss and comprehensive loss	(696,917)	(5,119,629)	(8,287,557)
Net loss per share, basic and diluted	0.01	0.06	0.42
Total assets	573,576	385,300	2,538,120
Total long term financial liabilities	Nil	Nil	Nil

6.4 Variations - Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the Issuer's business, and any other information the Issuer believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

See section 6.2 above.

6.5 Results of Operations - Discuss management's analysis of the Issuer's operations for the most recently completed financial year.

See section 6.2 above for a summary of the significant events and transactions that occurred during the year ended September 30, 2015.

- 6.6 Summary of Quarterly Results - Provide the following information in summary form, derived from the Issuer's financial statements, for each of the eight most recently completed quarters:

See section 5.2 above.

- 6.7 Liquidity - Provide an analysis of the Issuer's liquidity:

See section 6.8 below.

- 6.8 Capital Resources - Provide an analysis of the Issuer's capital resources.

As at September 30, 2015, the Company had cash and cash equivalent of \$52,208 (2014 - \$8,405) and working capital deficit of \$292,709 (2014 - \$1,404,763). Current assets were \$573,576 (2014 - \$336,520).

As at the date hereof, the Company has no outstanding commitments for material capital expenditures for the next twelve months, and has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. The Company considers that it has sufficient working capital at this time to meet its ongoing financial obligations. The Company will be considering further equity financing in the near future.

- 6.9 Off-Balance Sheet Arrangements - Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Issuer.

The Company has no off-balance sheet arrangements.

- 6.10 Transactions with Related Parties - Discuss all transactions involving related parties as defined by the Handbook.

The following is the detail of remuneration/consulting fees paid/accrued (excluding out-of-pocket expenses) to related parties 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
Stew 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

- 6.11 Fourth Quarter - Discuss and analyze fourth quarter events or items that affected the Issuer's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments.

The Company incurred a profit of \$132,643 (2014, loss of \$1,870,686), an increase in profit of \$2,003,329 was mainly due to the following:

- (a) Professional fees, consulting and advisory increased by \$86,930 from \$162,574 in Q4 2014 to \$249,504 in Q4 2015. The increase was primarily due to

consultancy work engaged in researching and analysing new business opportunities;

- (b) Salaries and wages decreased by \$239,963 from \$479,535 in Q4 2014 to \$239,572 in Q4 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;
- (c) Travel and subsistence costs reduced by \$79,130 from \$71,482 in Q4 2014 to a credit of \$7,648 in Q4 2015. The decrease was due to the reduced number of employees, the cut back of entertaining and greater control of costs;
- (d) Research and development costs decreased by \$118,454 from \$118,454 in Q4 2014 to \$nil in Q4 2015. The decrease reflected the Company capitalising on past investment in Research and Development initiatives without the need to expend more;
- (e) Advertising and promotion fees decreased by \$281,102 from \$285,152 in Q4 2014 to \$4,050 in Q4 2015. The decrease was facilitated by an increase in face to face public and investor relations activity by senior management;
- (f) Share based payments decreased by \$149,417 from \$149,417 in Q4 2014 to \$nil in Q4 2015. The decrease was primarily attributable to options granted to consultants and management during the quarter ended September 30, 2014 as well as to debt that was owed by the Company to consultants and management that was converted into shares during that year;
- (g) Office and Laboratory costs decreased by \$240,522 from \$60,401 in Q4 2014 to a credit of \$180,121 in Q4 2015. The decrease is mainly due to the Company having closed the Mississauga premises, including office and laboratory in May 2015, to avoid unnecessary expenditure and includes the release of specific provisions in Q4 2015;
- (h) Impairment of Property, plant & equipment decreased by \$766,302 from \$766,302 in Q4 2014 to \$nil in Q4 2015. The charge in 2014 was related to construction in progress for two tailing projects and one water remediation project as a result of future development uncertainty;
- (i) Insurance costs decreased by \$21,596 from \$25,366 in Q4 2014 to \$3,770 in Q4 2015. This was due to the reduction of employees and closure of premises;
- (j) Intangible asset impairment decreased by \$100,000 from \$100,000 in Q4 2014 to \$nil in Q4 2015. This is as a result of write down in the value a patent held by University of Saskatchewan due to uncertainty over the status of the Agreement between the University and the Company, an unrelated company, holding the license to use the patent and previously acquired by the Company;
- (k) Inventory obsolescence decreased by \$71,222 from \$71,222 in Q4 2014 to \$nil in Q4 2015. The decrease was due to the write-off of construction in progress assets in 2014 which relate to contracts no longer being pursued;
- (l) Loss on the sale of fixed assets increased by \$6,114 from \$nil in Q4 2014 to \$6,114 in Q4 2015. The increase was due to remaining fixed assets being sold or realised for \$15,865 in 2015, following impairment of \$26,801 against a net book value of \$48,780;

- (m) Debt settlement gain has increased by \$214,172 from \$nil in Q4 2014 to \$214,172 in Q4 2015. This is as a result of corrections to accounts payable balances and, further, negotiations with significant creditors to come to an agreement of balances payable;
- (n) Gain on debt conversions decreased by \$104,642 from \$165,143 in Q4 2014 to \$60,501 in Q4 2015. This is in respect of 15,294,900 shares with a fair value of \$152,949 issued to settle debt of \$213,449 in Q4 2015, giving a gain of \$60,501. In Q4 2014, 7,592,244 shares with a value fair of \$476,705 were issued to settle debt of \$648,848, giving a gain of \$165,143; and
- (o) Tax recovery increased by \$303,799 from \$nil in Q4 2014 to \$303,799 in Q4 2015. This recovery is a deferred tax recovery arising largely in relation to the expiry of 9,668,028 warrants in the year.

6.12 Proposed Transactions - Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the Issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

The Company has no proposed asset or business acquisitions or dispositions.

6.13 Changes in Accounting Policies including Initial Adoption - Discuss and analyze any changes in the Issuer's accounting policies.

During the year ended September 30, 2015, the Company elected to change its accounting policy for the treatment of share based payments 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 \$2,797,174 in year ended September 30, 2015 and \$713,972 in year ended September 30, 2014. The accounting treatment of the expiry of the warrants results in a tax recovery of \$303,799 in Q4 2015 (\$Nil Q4 2014).

The audited financial statements of the Company for the year ended September 30, 2015, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Committee. The accounting principles applied in the preparation of the financial statements have been applied consistently for the annual financial statements for the years ended September 30, 2015 and 2014.

6.14 Financial Instruments and Other Instruments - For financial instruments and other instruments:

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Interim MD&A

6.15 Date - Specify the date of the interim MD&A.

The most recent interim for the three month period ended March 31, 2016.

6.16 Updated Disclosure - Interim MD&A must update the Issuer's annual MD&A for all disclosure required by sections 6.2 to 6.14 except sections 6.3 and 6.4. This disclosure must include:

- (a) a discussion of management's analysis of
 - (i) current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;
 - (ii) changes in results of operations and elements of income or loss that are not related to ongoing business operations;
 - (iii) any seasonal aspects of the Issuer's business that affect its financial condition, results of operations or cash flows; and
- (b) a comparison of the Issuer's interim financial condition to the Issuer's financial condition as at the most recently completed financial year-end.

N/A.

- 6.16.1 **Overall Performance:** Provide an analysis of the Issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer's business. Compare the Issuer's performance in the most recently completed quarter to the prior year's quarter performance.

The Company's net loss for the period was \$463,243 compared to the loss of \$450,488 for the six months ended March 31, 2016. The net increase in loss of \$12,755 was primarily due to the following:

- (a) Professional fees, consulting and advisory increased by \$206,753 from \$565 in 2015 to \$207,318 in 2016. The increase was due to a focused exploration and research of possible new business opportunities undertaken by the Company current management;
- (b) Advertising and promotion increased to \$60,000 in 2016 from Nil in 2015. The increase was due to a widespread, focussed campaign in 2016 to market the new business;
- (c) Transfer agent and filing fees increased by \$10,000 from \$2,000 in 2015 to \$12,000 in 2016. This increased in line with increased corporate activity in 2016;
- (d) Salaries and wages decreased by \$53,217 from \$190,217 in 2015 to \$137,000 in 2016. 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;
- (e) Office and Laboratory costs decreased by \$169,774 from \$172,674 in 2015 to \$2,900 in 2016. 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
- (f) Insurance costs increased by \$3,657 from \$5,350 in 2015 to \$9,007 in 2016. The increase was due to a high accrual made in the first quarter of 2015.

- 6.16.2 **Results of Operations:** Discuss management's analysis of the Issuer's operations for the most recently completed interim period.

See section 6.16.1 above.

- 6.16.3 **Summary of Quarterly Results:** Derived from the Issuer's financial statements for each of the eight most recently completed quarters:

See section 5.2.

- 6.16.4 **Liquidity:** Analysis of the Issuer's liquidity:

See section 16.16.5 below.

- 6.16.5 Analysis of the Issuer's capital resources:

As at March 31, 2016, the Company had cash and cash equivalent of \$357 (March 31, 2015 - \$52,208) and working capital surplus of \$117,122 (March 31, 2015 – deficit of (\$292,709)). Current assets were \$777,910 (March 31, 2015 - \$573,576).

Key management personnel were not paid post-retirement benefits, termination benefits or other long-term benefits during the six months ended March 31, 2016.

As of the date of the MD&A for the six months ended March 31, 2016, 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 Company 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.

6.16.6 Discussion of any off-balance sheet arrangements.

The Company has no off-balance sheet arrangements as of March 31, 2016.

6.16.7 **Related Party Transactions:** Discussion of all transactions involving related parties.

The Company has entered into certain transactions with related parties during the six months ended March 31, 2016. The following is the detail of remuneration (excluding out of pocket expense) to related parties:

Name of Officer/ Director	Position	Nature of Payment	Fees Accrued/Paid (\$)
Bundeep S. Rangar	Chairman, CEO	Consulting/Board Fees	128,000
Steve McCann	CFO, Audit Committee Chair	Consulting/Board Fees	92,000
Brij Chadda	Director	Board Fees	12,000
Martin Bernholz	Director	Board Fees	11,000
IndusView UK Ltd.	A company with common Director	Consulting Fees	25,000

6.16.8 **First Quarter:** Discussion and analysis of first quarter events or items that affected the Issuer's financial condition, cash flows or results of operations, including extraordinary items, quarter-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments.

See section 6.16.1 above.

6.16.9 **Proposed Transactions:** Discussion of the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition. Include the status of any required shareholder or regulatory approvals.

The Company has no proposed asset or business acquisitions or dispositions.

6.16.10 **Changes in Accounting Policies:** Future Accounting Changes

No additional accounting standards have been adopted since September 30, 2015 (fiscal year end).

6.16.11 **Financial Instruments.**

See section 6.14.

6.17 **Additional Disclosure for Issuers without Significant Revenue:** Unless the information is disclosed in the financial statements to which the annual or interim MD&A relates, an Issuer that has not had significant revenue from operations in either of its last two financial years must disclose a breakdown of material components of:

- (i) capitalized or expensed exploration and development costs,
- (ii) expensed research and development costs,
- (iii) deferred development costs,

- (iv) general and administration expenses, and
- (v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);
- (a) if the Issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis; and
- (b) the disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the each year-to-date interim period and the comparative period presented in the interim statements.
- (c) the disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the each year-to-date interim period and the comparative period presented in the interim statements.

	6 Months Ended Mar. 31, 2016 \$	6 Months Ended Mar. 31, 2015 \$	Year ended Sept. 30, 2015 \$	Year ended Sept. 30, 2014 \$
capitalized or expensed exploration and development costs	Nil	Nil	Nil	Nil
expensed research and development costs	Nil	Nil	Nil	479,668
deferred development costs	Nil	Nil	Nil	Nil
general and administration expenses	463,243	440,857	974,374	4,626,314
any material costs, whether capitalized, deferred or expensed, not referred to above	N/A	N/A	N/A	N/A
TOTAL:	463,243	440,857	974,374	5,105,982

6.18 Description of Securities:

- (a) disclose the designation and number or principal amount of:
 - (i) each class and series of voting or equity securities of the Issuer for which there are securities outstanding,
 - (ii) each class and series of securities of the Issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the Issuer, and
 - (iii) subject to subsection (b), each class and series of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer;
- (b) if the exact number or principal amount of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer is not determinable, the Issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer and, if that maximum number or principal amount is not determinable, the Issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined; and
- (c) the disclosure under subsections (a) and (b) must be prepared as of the latest practicable date.

The authorized capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All common shares rank equally as to voting, and there are no special preference, conversion or redemption rights attached to any of the common shares.

As at the financial year ended September 30, 2015, there were 259,396,900 common shares issued and outstanding. As at quarter ended March 31, 2016, there were 259,709,400 common shares issued and outstanding. As at the date

hereof, there were 259,709,400 common shares issued and outstanding. All of the issued common shares are fully paid and non-assessable.

The holders of common shares are entitled to receive notice of and attend all meetings of the shareholders of the Company and are entitled to one vote in respect of each common share held at such meetings. In the event of liquidation, dissolution or winding-up of the Company, the holders of common shares are entitled to share rateably the remaining assets of the Company.

In the event of the liquidation, dissolution or winding-up of the Company or other distribution of its assets, the holders of the common shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the Company has paid out its liabilities. Distribution in the form of dividends, if any, will be set by the Board of the Company.

6.19 Provide Breakdown:

- (a) if the Issuer has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of:
- (i) capitalized or expensed exploration and development costs,
 - (ii) expensed research and development costs,
 - (iii) deferred development costs,
 - (iv) general and administrative expenses, and
 - (v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);

See section 6.17 above.

- (b) present the analysis of capitalized or expensed exploration and development costs required by subsection (a) on a property-by-property basis, if the Issuer's business primarily involves mining exploration and development; and

N/A.

- (c) provide the disclosure in subsection (a) for the following periods:

- (i) the two most recently completed financial years, and
- (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included, if any.

Subsection (a) does not apply if the information required under that subsection has been disclosed in the financial statements.

See MD&A for the quarter ended March 31, 2016 attached hereto.

6.20 Negative cash-flow - If the Issuer had negative operating cash flow in its most recently completed financial year for which financial statements have been included, disclose:

- (i) the period of time the proceeds raised are expected to fund operations;
- (ii) the estimated total operating costs necessary for the Issuer to achieve its stated business objectives during that period of time; and
- (iii) the estimated amount of other material capital expenditures during that period of time.

N/A.

6.21 Additional disclosure for Issuers with significant equity investees:

if the Issuer has a significant equity investee

- (i) summarized information as to the assets, liabilities and results of operations of the equity investee, and
- (ii) the Issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the Issuer's share of earnings; and

provide the disclosure in subsection (a) for the following periods

- (i) the two most recently completed financial years, and
- (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the Listing Statement, if any.

Subsection (a) does not apply if:

- (i) the information required under that subsection has been disclosed in the financial statements included, or
- (ii) the Issuer includes separate financial statements of the equity investee for the periods referred to in subsection (b).

N/A.

7. Market for Securities

- 7.1 Identify the exchange(s) and quotation and trade reporting system(s) on which the Issuer's securities are listed and posted for trading or quoted.

The Company's common shares are currently listed on the following stock exchanges:

- CSE under the trading symbol, NSK;
- Frankfurt exchange under the symbol, 8NSK; and
- OTC Pink Sheets under the symbol, NSKQB.

Effective August 2, 2016, the Company's common shares will be listed for trading under the new name, Fineqia International Inc. on the Frankfurt Exchange under the symbol, FNQA.

Upon completion of the Change of Business, the Company's common shares will be listed for trading under the new name, Fineqia International Inc. on the CSE under the symbol, FNQ, and will also be listed under the new name and new symbol OTC Pink Sheets.

8. Consolidated Capitalization

- 8.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

N/A.

9. Options to Purchase Securities

- 9.1 State, in tabular form, as at a specified date not more than 30 days before the date of the Listing Statement, information as to options to purchase securities of the Issuer or a subsidiary of the Issuer that are held by all executive officers, past executive officers, directors, past directors, past employees, consultants and all others.

As at the date hereof, no stock options of the Company are issued and outstanding.

10. Description of the Securities

- 10.1 General - State the description or the designation of each class of equity securities and describe all material attributes and characteristics:

The authorized capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All common shares rank equally as to voting, and there are no special preference, conversion or redemption rights attached to any of the common shares.

As at July 29, 2016, there were 259,709,400 common shares issued and outstanding. All of the issued common shares are fully paid and non-assessable.

The holders of common shares are entitled to receive notice of and attend all meetings of the shareholders of the Company and are entitled to one vote in respect of each common share held at such meetings. In the event of liquidation, dissolution or winding-up of the Company, the holders of common shares are entitled to share rateably the remaining assets of the Company.

In the event of the liquidation, dissolution or winding-up of the Company or other distribution of its assets, the holders of the common shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the Company has paid out its liabilities. Distribution in the form of dividends, if any, will be set by the Board of the Company.

10.2 Debt securities - If debt securities are being listed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt:

N/A.

10.4 Other securities - If securities other than equity securities or debt securities are being listed, describe fully the material attributes and characteristics of those securities.

N/A.

10.5 Modification of terms:

N/A.

10.6 Other attributes:

N/A.

10.7 Prior Sales - State the prices at which securities of the same class as the securities to be listed have been sold within the 12 months before the date of the Listing Statement, or are to be sold, by the Issuer or any Related Person and the number of securities of the class sold or to be sold at each price.

Date Issued	Number of Securities	Issue Price Per Common Share	Aggregate Issue Price	Reason for Issuance
Aug. 21/14	1,875,000 common shares	\$0.08	\$150,000	private placement
Aug. 21/14	1,875,000 warrants	\$0.13	-	private placement
Aug. 11/15	157,900,000 common shares ⁽¹⁾	\$0.01	\$1,579,000	private placement
Aug. 11/15	157,900,000 warrants	\$0.05	-	private placement
Aug. 11/15	6,838,854 common shares ⁽¹⁾	\$0.01	-	finder's fee
Aug. 11/15	6,838,854 warrants	\$0.05	-	finder's fee
Oct. 1/15	312,500 common shares	\$0.05	\$15,625	debt settlement

(1) These common shares and warrants were issued to insiders of the Company.

10.8 Stock Exchange Price:

a) if shares of the same class as the shares to be listed were or are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the Canadian stock exchange or market on which the greatest volume of trading generally occurs;

- b) if shares of the same class as the shares to be listed were or are not listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs; and
- c) information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

The following information pertains to the trading of the Company's common shares on the CSE.

Period	High (\$)	Low (\$)	Volume
Quarter ended:			
June 30, 2013 ⁽¹⁾	0.580	0.275	2,285,034
September 30, 2013	0.405	0.120	1,398,741
December 31, 2013 ⁽²⁾	0.210	0.070	2,057,000
March 31, 2014	0.165	0.060	9,759,762
June 30, 2014	0.130	0.035	3,506,424
September 30, 2014	0.085	0.025	3,263,277
December 31, 2014	0.035	0.005	4,167,167
March 31, 2015	0.035	0.005	5,556,565
June 30, 2015	0.010	0.005	2,405,237
September 30, 2015	0.010	0.005	602,302
December 31, 2015	0.015	0.005	5,027,789
March 31, 2016	0.020	0.005	1,952,923
June 30, 2016	0 ⁽³⁾	0 ⁽³⁾	0 ⁽³⁾
Month ended:			
July 1-29, 2016	0 ⁽³⁾	0 ⁽³⁾	0 ⁽³⁾

- (1) On May 21, 2013, the Company completed a 2:1 share consolidation and commenced trading under the symbol, BGO. On May 29, 2013, the Company completed its acquisition of BGTT by way of the Amalgamation.
- (2) On October 2, 2013, the Company changed its name from Blue Gold Water Technologies Ltd. to NanoStruck Technologies Inc. and commenced trading on the CSE under the symbol, NSK.
- (3) On March 24, 2016, trading of the Company's common shares was halted to allow dissemination of this Listing Statement describing the fundamental change and to obtain consents from the majority shareholders of the Company.

11. Escrowed Securities

- 11.1 State as of a specified date within 30 days before the date of the Listing Statement, in substantially the following tabular form, the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow (which, for the purposes of this Form includes any securities subject to a pooling agreement) and the percentage that number represents of the outstanding securities of that class. In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow.

As at the date hereof, to the knowledge of the Company, there were 9,337,154 common shares held in escrow pursuant to the Form 46-201 escrow agreement dated May 23, 2013 between the Company, Computershare Investor Services Inc. (as escrow agent), and the principals of the Company.

As described under Item 3 – General Development of the Business – Subsequent Events, the Company will enter into a 46-201 escrow agreement with Computershare Investor Services Inc. (as escrow agent) and principals of the Company who invest in the Final Placement where the units will be subject to a 3-year escrow release schedule.

12. Principal Shareholders

12.1

- (1) Provide the following information for each principal shareholder of the Issuer as of a specified date not more than 30 days before the date of the Listing Statement:

As at the date hereof, to the knowledge of the directors and executive officers of the Company, the following person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the voting rights attached to the voting securities of the Company:

Name	No. of Common Shares	Percentage
Bundeep Singh Rangar	43,671,789 ⁽¹⁾	16.8%

(1) 20,139,699 common shares are held by Rangar Capital Limited, a company wholly-owned by Mr. Rangar, and 23,532,090 common shares are held by IXL Bancorp Limited, a company controlled by Mr. Rangar.

Upon Completion of the Transactions, Mr. Rangar is expected to acquire beneficial ownership of the following: (i) under the Final Tranche, 10,450,000 units at \$0.01 per unit, through the purchase of these units by Rangar Capital Limited, a company wholly-owned by Mr. Rangar. Each unit is comprised of one common share and one warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.05 per share for 5 years; and (ii) under the Debt, 494,500 common shares of the Company at a deemed price of \$0.05 per share. Mr. Rangar's securities acquired under the Final Tranche will be subject to escrow. See section 11 – Escrowed Securities and item 12.1(5) below.

- (2) If the Issuer is requalifying following a fundamental change or has proposed an acquisition, amalgamation, merger, reorganization or arrangement, indicate, to the extent known, the holding of each person of company described in paragraph (1) that will exist after giving effect to the transaction.

N/A.

- (3) If, to the knowledge of the Issuer, more than 10 per cent of any class of voting securities of the Issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

N/A.

- (4) If, to the knowledge of the Issuer, any principal shareholder is an associate or affiliate of another person or company named as a principal shareholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the Issuer held by the person or company other than the holding of voting securities of the Issuer.

See footnote (1) in item 12.1(1) above.

- (5) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

Mr. Rangar has control over an aggregate of 43,671,789 common shares and 39,705,940 warrants of the Company, collectively representing 83,377,729 shares on a fully-diluted basis or approximately 27.8% of the issued and outstanding common shares of the Company, assuming the exercise of the warrants.

Upon Completion of the Transactions, Mr. Rangar is expected to control over an aggregate of 60,616,289 common shares and 56,155,940 warrants of the Company, collectively representing 116,772,229 shares on a fully-diluted basis or approximately 16.3% of the issued and outstanding common shares of the Company, assuming the exercise of the warrants.

13 Directors and Officers

13.1 List the name and municipality of residence of each director and executive officer of the Issuer and indicate their respective positions and offices held with the Issuer and their respective principal occupations within the five preceding years.

As at the date hereof, the directors and management of the Company consisted of the following persons:

Name of Nominee, Province and Country of Ordinary Residence and Positions Held with the Company	Occupation, Business or Employment	Common Shares Beneficially Owned or Controlled, or Directed, Directly or Indirectly as at the date of this Listing Statement ⁽¹⁾	Common Shares Beneficially Owned or Controlled, or Directed, Directly or Indirectly following Completion of the Transactions ⁽¹⁾
Bundeep Singh Rangar ⁽²⁾ England, United Kingdom <i>Chairman, CEO and Director</i>	Founder of IndusView U.K. Ltd., a corporate finance advisory firm and India M&A specialist based in London, Delhi and Mumbai.	43,671,789 ⁽⁷⁾	60,616,289 ⁽¹¹⁾
Stephen John McCann, FCA ^{(3) (6)} England, United Kingdom <i>CFO and Director</i>	Professional financial consultant and self-employed management consultant providing financial and management consulting services to public and private companies; CFO of IXL Holdings Limited Group based in Malta and England.	18,253,125 ⁽⁸⁾	25,103,125 ⁽¹²⁾
Brij Chadda ⁽⁵⁾⁽⁶⁾ Ontario, Canada <i>Director</i>	Retired. Formerly with the Government of Ontario in financial policy and budget allocations, as well as water and sewage issues. Served for five years as a director of Mississauga-Halton LHIN (Local Health Integration Networks).	2,600,000 ⁽⁹⁾	2,690,000 ⁽¹³⁾
Martin Bernholtz ⁽⁵⁾⁽⁶⁾ Ontario, Canada <i>Director</i>	CFO Kerbel Group Inc., an integrated real estate development company and property owner/manager.	750,000 ⁽¹⁰⁾	840,000 ⁽¹⁴⁾

⁽¹⁾ The information as to principal occupation, business or employment and common shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Unless otherwise indicated, each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years. The number of common shares beneficially owned by the above nominees for directors, directly or indirectly, is based on information furnished by the nominees themselves.

⁽²⁾ Mr. Rangar was appointed a director of the Company on June 19, 2013 and CEO of the Company on August 28, 2013.

⁽³⁾ Mr. McCann was appointed a director of the Company on April 11, 2014 and CFO on January 27, 2015.

⁽⁴⁾ Mr. Chadda was appointed a director of the Company on June 20, 2014.

⁽⁵⁾ Mr. Bernholtz was appointed a director of the Company on June 20, 2014

⁽⁶⁾ Member of Audit Committee.

⁽⁷⁾ Of these shares, 20,139,699 common shares are held by Rangar Capital Limited, a company wholly-owned by Mr. Rangar, and 23,532,090 common shares are held by IXL Bancorp Limited, a company wholly-owned by Mr. Rangar.

⁽⁸⁾ Of these shares, 18,200,000 common shares are held by Original Ventures Limited, a company wholly-owned by Mr. McCann, and 53,125 common shares are by Mr. McCann personally.

⁽⁹⁾ All of these shares are held jointly by Brij Chadda and his wife, Tejinder Chadda.

⁽¹⁰⁾ All of the 750,000 common shares are held by Accretive Capital Corp., a company wholly-owned by Martin Bernholtz.

- (11) Of these shares, 37,084,199 common shares are held by Rangar Capital Limited, a company wholly-owned by Mr. Rangar, and 23,532,090 common shares are held by IXL Bancorp Limited, a company wholly-owned by Mr. Rangar.
- (12) Of these shares, 18,200,000 common shares are held by Original Ventures Limited, a company wholly-owned by Mr. McCann, and 6,903,125 common shares are by Mr. McCann personally.
- (13) Of these shares, 2,600,000 common shares are held jointly by Brij Chadda and his wife, Tejinder Chadda and 100,000 common shares are held by Mr. Chadda personally
- (14) All of the 840,000 common shares are held by Accretive Capital Corp., a company wholly-owned by Martin Bernholtz.

13.2 State the period or periods during which each director has served as a director and when his or her term of office will expire.

Director	Period Served Since
Bundeep Singh Rangar	June 19, 2013
Stephen John McCann	April 11, 2014
Brij Chadda	June 20, 2014
Martin Bernholtz	June 20, 2014

The term of office of each of the current directors expires at the next annual general meeting of the shareholders of the Company. Each of the directors noted above will be re-elected as directors to hold office until the next annual meeting of shareholders or until their successors are appointed.

13.3 State the number and percentage of securities of each class of voting securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Issuer as a group.

The directors and officers of the Company hold, as a group, 65,274,914 common shares (25.2%) of the current issued and outstanding securities of the Company. Upon Completion of the Transactions, the directors and officers of the Company, will hold, as a group, 88,754,914 common share (approximately 13.4%) of the then issued and outstanding securities of the Company.

13.4 Disclose the board committees of the Issuer and identify the members of each committee.

The Company has the following committees:

Audit Committee, comprised of Stephen John McCann (Chair), Brij Chadda and Martin Bernholtz.

Compensation Committee, comprised of Stephen John McCann (Chair), Bundeep Singh Rangar and Brij Chadda.

Corporate Governance Committee, comprised of Brij Chadda (Chair), Bundeep Singh Rangar, Martin Bernholtz.

13.5 If the principal occupation of a director or officer of the Issuer is acting as an officer of a person or company other than the Issuer, disclose the fact and state the principal business of the person or company.

See section 13.1.

13.6 Disclose if a director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant

company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

On February 5, 2015, the British Columbia Securities Commission issued a management cease trade order (the “**MCTO**”) against Bundeep Singh Rangar and Stephen John McCann as a result of the Company not having filed audited financial statements and Management’s Discussion and Analysis for the year ended September 30, 2014. The outstanding filings were subsequently filed and the MCTO was revoked on April 22, 2015.

None of the directors of the Company (or any of their personal holding companies) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

13.7 Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

To the knowledge of the Company, none of the Company’s directors, officers or principal shareholders are, or have been, subject to any penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 Despite section 13.7, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.

13.9 If a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer, state the fact.

To the knowledge of the Company, none of the Company’s directors, officers or principal shareholders, or any personal holding company of such persons, has, within the last 10 years, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his, her or its assets.

13.10 Disclose particulars of existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer.

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest between the Company and its directors and officers except that certain of the directors and officers may serve as directors and/or officers of other companies or may, directly or indirectly, provide consulting services to the Company, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies or their duties as a service provider to the Company.

13.11 Management — In addition to the above provide the following information for each member of management:

- (a) state the individual's name, age, position and responsibilities with the Issuer and relevant educational background;
- (b) state whether the individual works full time for the Issuer or what proportion of the individual's time will be devoted to the Issuer;
- (c) state whether the individual is an employee or independent contractor of the Issuer;
- (d) state the individual's principal occupations or employment during the five years prior to the date of the Listing Statement, disclosing with respect to each organization as of the time such occupation or employment was carried on:
 - (i) its name and principal business,
 - (ii) if applicable, that the organization was an affiliate of the Issuer,
 - (iii) positions held by the individual, and
 - (iv) whether it is still carrying on business, if known to the individual;
- (e) describe the individual's experience in the Issuer's industry; and
- (f) state whether the individual has entered into a non-competition or non-disclosure agreement with the Issuer.

Bundeep Singh Rangar (age 46) has been the CEO of the Company since August 28, 2013 and a director of the Company since June 19, 2013. Mr. Rangar has more than 20 years' combined experience in banking, consultancy, technology and media. He is the CEO of PremFina, a U.K. provider of financing to insurance brokers and the founder of IXL Holdings Limited, which arranges financing for U.K. lending companies. He also founded IndusView, which advises European companies on business opportunities and expansion in India. Mr. Rangar has been a senior advisor to high-growth startups such as Skype SA, and multinationals such as India's largest IT services company, Tata Consultancy Services; the world's No.2 mobile operator T-Mobile; U.K.'s top telecom BT Plc and Europe's top carmaker, Volkswagen AG.

Stephen John McCann, FCA (age 57) has been the CFO of the Company since January 27, 2015 and a director of the Company since April 11, 2014. He is a professional financial consultant and self-employed management consultant providing financial and management consulting services to public and private companies. In 2006, Mr. McCann was appointed CFO of Cubus Lux plc, a British public company with operations in Croatia. Previously he worked for Milliken & Co., the U.S. textile and chemicals company based in Viersen, Germany where he controlled finances of the entire Achter Group with responsibilities for subsidiaries in the U.K., Spain, Brazil and Germany. In this role, he became a senior executive in the Milliken hierarchy in Spartanburg, South Carolina, USA. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Brij Chadda (age 76) has been a director of the Company since June 20, 2014. Mr. Chadda has extensive board, advisory committee and work experience in both the public and private sectors involving board policy and governance, public finance, grant administration and engineering. Mr. Chadda worked for more than 20 years for the Ontario government central agencies (Ministry of Finance and the Treasury Board), Ontario Clean Water Agency (OCWA) and the Ministry of the Environment (MOE) in professional and management capacities. He set annual budgetary allocations for the MOE, with a particular focus on funding for municipal water and sewage infrastructure, and while at OCWA, managed the \$750 million Ontario government's municipal water and sewage grants program. Mr. Chadda recently served for five years as a Director on the

Board of Mississauga-Halton LHIN (Local Health Integration Networks) set up by the Ontario government to integrate and fund the provision of health care in this region. He also served on the Board's Audit and Finance Committee and the Governance Committee. He served as a director and the Chair of the Policy Advisory Committee of the Board of a major community organization in the Peel Region for five years. Mr. Chadda also served on Policy Advisory Committee of Ontario government's Management Board Secretariat. Mr. Chadda holds an MBA and a Professional Engineer - Bachelor of Science in Mechanical Engineering. He has a certificate in Board Governance from University of Toronto.

Martin Bernholtz, CA (age 57) has been a director of the Company since June 20, 2014. Mr. Bernholtz is Chief Financial Officer with Kerbel Group Inc., an integrated real estate developer and property owner. His responsibilities include strategy, intergenerational planning, finance, accounting, taxation and personnel. In this capacity, he has completed approximately \$1 billion in financing. Previously, he spent six years with Laventhol & Horwath in the Litigation Support and Business Valuation practice. He has served as a director and officer of various public, private, not-for-profit and condominium corporations over the last 30 years. Mr. Bernholtz graduated with a Bachelor of Business Administration degree from York University in 1981.

14. Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed:

Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	259,709,400	443,534,104	100.0%	100.0%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	168,222,824	334,749,693	64.8%	75.5%
Total Public Float (A-B)	91,486,576	108,784,911	35.2%	24.5%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	9,674,311 ⁽¹⁾	174,413,165 ⁽²⁾	3.7%	39.3%
Total Tradeable Float (A-C)	250,035,089	269,121,439	96.3%	60.7%

⁽¹⁾ These common shares are held in escrow pursuant to the Form 46-201 Escrow Agreement dated May 23, 2013 between the Company, Computershare Investor Services Inc. and the principals of the Company.

⁽²⁾ Includes the number of securities noted in footnote (1) above, plus 164,738,854 common shares to be issued upon exercise of warrants and finder's warrants that were issued pursuant to a private placement that completed on August 11, 2015.

Public Securityholders (Registered)

Instruction: For the purposes of this report, “public securityholders” are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

<i>Class of Security</i> Size of Holding	Number of holders	Total number of securities⁽¹⁾
1 – 99 securities	1	1
100 – 499 securities	0	0
500 – 999 securities	2	1,000
1,000 – 1,999 securities	2	2,667
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	1	3,334
4,000 – 4,999 securities	3	14,254
5,000 or more securities	92	94,636,790
TOTAL:	101	94,658,046

The above information obtained from Computershare’s share range report for registered shareholders’ list as at July 31, 2015.

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

<i>Class of Security</i> Size of Holding	Number of holders	Total number of securities⁽¹⁾
1 – 99 securities	1	9
100 – 499 securities	5	1,585
500 – 999 securities	20	11,490
1,000 – 1,999 securities	35	42,240
2,000 – 2,999 securities	25	56,490
3,000 – 3,999 securities	17	55,460
4,000 – 4,999 securities	12	50,450
5,000 or more securities	475	51,623,355
Unable to confirm	0	0
TOTAL:	590	51,841,079

The above information was obtained from Broadridge’s Canadian and U.S. share range reports dated August 12, 2015.

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, “non-public securityholders” are persons enumerated in section (B) of the issued capital chart.

<i>Class of Security</i> Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	0	0
TOTAL:	0	0

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Series F Warrants, exercisable at \$0.20 per share until February 28, 2017	4,000,000	4,000,000
Series R Warrants, exercisable at \$0.13 per share until May 2, 2017	6,400,000	6,400,000
Series S Warrants, exercisable at \$0.13 per share until June 19, 2017	1,453,850	1,453,850
Series T Warrants, exercisable at \$0.13 per share until July 15, 2017	750,000	750,000
Series U Warrants, exercisable at \$0.13 per share until August 21, 2017	1,875,000	1,875,000
Series V Warrants, exercisable at \$0.05 per share until August 11, 2020 (includes finder's warrants)	164,738,854	164,738,854
TOTAL:	179,217,704	179,217,704

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

N/A.

15. Executive Compensation

15.1 Attach a Statement of Executive Compensation from Form 51-102F6 or any successor instrument and describe any intention to make any material changes to that compensation.

The Information Circular of the Company dated August 12, 2015 pertaining to the Company's Annual General Meeting of its shareholders scheduled for September 15, 2015, contains the most current information in respect of the Company's executive compensation, and is attached hereto as Schedule "A" – Excerpt of Executive Compensation contained in Information Circular of the Company dated August 12, 2015.

16. Indebtedness of Directors and Executive Officers

16.1 Aggregate Indebtedness

See section 16.2.

16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

No director or executive officer of the Company, and no associate of any such person, is, or has been during the most recently completed financial year, indebted to the Company. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Company at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person.

17. Risk Factors

17.1 Disclose risk factors relating to the Issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the Issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be likely to influence an investor's decision to purchase securities of the Issuer.

Risk Factors Related to the Change of Business

The Company's proposed new business as an investment crowdfunding issuer will be subject to a number of significant risk factors, and an investment in the New Issuer will involve a high degree of risk. Investors should carefully consider each of such risks and all of the information in this Listing Statement before investing in the New Issuer. There can be no assurance that shareholders will realize any gains from their investment in the Company and may lose their entire investment. There is no assurance that the investment objectives of the Company will actually be achieved.

Conditions Precedent to the Change of Business

The Change of Business remains subject to a number of conditions precedent, including approval of the CSE and majority shareholder approval. There is no assurance that the Change of Business will receive CSE or majority shareholder approval, that all other conditions precedent will be satisfied or waived, or that the Change of Business will be completed.

No Operating History as an Investment Crowdfunding Issuer

The Company does not have any record of operating in the crowdfunding business or undertaking crowdfunding operations. As such, upon completion of the Change of Business, the New Issuer will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the New Issuer will not achieve its financial or business objectives as estimated by management or at all. Past successes of management do not guarantee future successes.

The Issuer has encountered and will continue to encounter risks, uncertainties, expenses and difficulties, including:

- navigating complex and evolving regulatory and competitive environments;
- attracting borrowers and investors to the New Issuer's platform;
- having a sufficient volume of mini-bonds facilitated through the New Issuer's platform and related transaction fees;
- developing and maintaining the New Issuer's platform including the New Issuer's proprietary risk management and fee systems;
- effectively using limited personnel and technology resources;
- developing and maintaining the security of the New Issuer's platform and the confidentiality of the information provided and utilized across the New Issuer's platform; and
- attracting, integrating and retaining an appropriate number of qualified employees.

If the New Issuer is not able to timely and effectively address these requirements, the New Issuer's business and results of operations may be harmed.

Risks Related to the Financial Services Industry

The Financial Services industry has proved to be high risk over the last few years. Fineqia is operating under interim permissions with the FCA and moving to full approval by June 2016. There is a risk that the FCA might bring in new regulations and, in particular, may require higher levels of regulatory capital at some stage. If the FCA decided to require a higher level of regulatory capital, the Company may need to raise more money in order to ensure that the level of capital was sufficient in order to continue to operate.

Competition

The New Issuer will face competition from new market entrants and current competitors as they expand into the new crowdfunding arena. These competitors may have substantially greater financial, marketing and other resources than the New Issuer and may limit the New Issuer's opportunities. To be competitive, the New Issuer must respond promptly and effectively to the challenges of technological change, evolving standards and its competitors' innovations. The New Issuer must also source successful products and services, create brand awareness, and utilize good sales pitches for its products and services. The Company believes that although it has a limited operating history, it is strategically positioned to compete because of its management's experience and business relationships in the industry.

If the credit decisioning and scoring models the New Issuer will use contain errors or are otherwise ineffective, the New Issuer's reputation and relationships with borrowers and investors could be harmed and the New Issuer's market share could decline.

Due Diligence Risk

The New Issuer's ability to attract borrowers and investors to, and build trust in, the New Issuer's platform is significantly dependent on the New Issuer's ability to effectively evaluate a borrower's credit profile and likelihood of default. To conduct this evaluation, the New Issuer will develop a proprietary risk management system. If the credit decisioning and scoring models underlying the New Issuer's proprietary risk management system contain errors or otherwise are ineffective and the data provided to borrowers and investors is incorrect, the New Issuer's mini-bond pricing and approval process could be negatively affected, resulting in mispriced or misclassified mini-bonds or incorrect approvals or denials of mini-bonds. If these errors were to occur, investors may try to rescind their affected investments or decide not to invest in mini-bonds or borrowers may reduce the use of the New Issuer's platform for mini-bonds.

The New Issuer will rely on data from third parties for the successful operation of the New Issuer's platform. The New Issuer's ability to review and select qualified borrowers and sufficient investors depends on credit, identification, employment and other relevant information that the New Issuer will receive from third parties, including credit bureaus. If this information becomes unavailable or becomes more expensive to access, it could increase the New Issuer's costs as the New Issuer seeks alternative sources of information. If this third-party data is incorrect, the New Issuer's ability to identify qualified borrowers and investors or approve and price loans may suffer and the New Issuer's business may be harmed.

Default Rates

Mini-bonds facilitated through the New Issuer's platform are not secured by any collateral, not guaranteed or insured by any third party and not backed by any governmental authority in any way. The New Issuer will therefore be limited in its ability to collect on the mini-bonds if a borrower is unwilling or unable to repay. A borrower's ability to repay the New Issuer can be negatively impacted by increases in their payment obligations to other lenders under mortgage, credit card and other loans, including student loans and home equity lines of credit. These changes can result from increases in base lending rates or structured increases in payment obligations and could reduce the ability of the New Issuer's borrowers to meet their payment obligations to other lenders and to the New Issuer. If a borrower defaults on a mini-bond, the New Issuer plans to outsource subsequent servicing efforts to third-party collection agencies, which may be unsuccessful in their efforts to collect the amount of the mini-bond. Because the New Issuer's servicing fees will depend in part on the collectability of the mini-bonds, if the New Issuer experiences an unexpected significant increase in the number of borrowers who fail to repay their loans or an increase in the principal amount of the loans that are not repaid, the New Issuer will be unable to collect its entire servicing fee for such mini-bonds and its revenue could be adversely affected.

If the New Issuer experienced substantial defaults on mini-bonds facilitated through the New Issuer's platform, the return on investment for investors in those mini-bonds would be adversely affected and investors may not find investing through the New Issuer's platform desirable.

Protection of Information

The New Issuer's ability to protect the confidential information of its borrowers and investors may be adversely affected by cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions.

The highly automated nature of the New Issuer's platform may make it an attractive target and potentially vulnerable to cyber attacks, computer viruses, physical or electronic break-ins or

similar disruptions. The New Issuer's platform will process certain sensitive data from its borrowers and investors. While the New Issuer will steps to protect confidential information that it will have access to, its security measures could be breached. Any accidental or willful security breaches or other unauthorized access to its platform could cause confidential borrower and investor information to be stolen and used for criminal purposes. Security breaches or unauthorized access to confidential information could also expose the New Issuer to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in the New Issuer's software are exposed and exploited, the New Issuer's relationships with borrowers and investors could be severely damaged, and the New Issuer could incur significant liability.

Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, the New Issuer and its third-party hosting facilities may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, federal regulators and many federal and state laws and regulations require companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause borrowers and investors to lose confidence in the effectiveness of the New Issuer's data security measures. Any security breach, whether actual or perceived, would harm the New Issuer's reputation, the New Issuer could lose borrowers, investors and ecosystem partners and the New Issuer's business and operations could be adversely affected.

Protection of Intellectual Property

The New Issuer's success and ability to compete also depend in part on protecting its intellectual property. The New Issuer will rely on a combination of copyright, trade secret, trademark and other rights, as well as confidentiality procedures and contractual provisions to protect its proprietary technology, processes and other intellectual property. However, the steps it takes to protect the New Issuer's intellectual property rights may be inadequate. Third parties may seek to challenge, invalidate or circumvent the New Issuer's copyright, trade secret, trademark and other rights or applications for any of the foregoing. In order to protect its intellectual property rights, the New Issuer may be required to spend significant resources. Litigation brought to protect and enforce intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of the New Issuer's intellectual property. The New Issuer's failure to secure, protect and enforce the New Issuer's intellectual property rights could seriously adversely affect the New Issuer's brand and adversely impact its business.

Dependence on Key Personnel

The success of the New Issuer will depend to a large extent on the expertise, ability, judgment, discretion, integrity and good faith of its management and on its ability to attract and retain key personnel, including the Chairman and CEO. The Company has entered management consulting agreements which address to a certain extent the continued involvement of certain key officers and directors. The inability of the New Issuer to retain its management and directors as a result of volatility or lack of positive performance in the New Issuer's share price may adversely affect its ability to carry out its business.

Shareholders will be required to rely on the Board to conduct the business of the New Issuer. The services provided by the Board and management will not be exclusive to the New Issuer and conflicts of interest may arise in the ordinary course of business.

Shareholders will be required to rely on the business judgment, expertise and integrity of the directors and management of the New Issuer. The New Issuer must rely substantially upon the knowledge and expertise of its directors and management. The death or disability of any of the

New Issuer's key personnel could adversely affect the ability of the New Issuer to achieve its objectives.

Certain of the directors and management of the New Issuer will not be devoting all of their time to the affairs of the New Issuer, but will be devoting such time as may be required to effectively manage the New Issuer. Certain of the directors and management are engaged and will continue to be engaged in the search for investments for themselves and on behalf of others, including other private and public corporations. Accordingly, conflicts of interest may arise from time to time. Any conflicts will be subject to the procedures and remedies under the BCBCA.

Investors not willing to rely on the management and judgment of the Board should not invest in the New Issuer.

Economic Conditions

General economic factors and conditions in Canada, the U.K., U.S. and worldwide, including the general interest rate environment, unemployment rates and residential home values, may affect borrower willingness to seek loans and investor ability and desire to invest in loans. For example, during the 2008 financial crisis, banks severely constrained lending activities, which caused a decline in loan issuances. A similar crisis could negatively impact the willingness of investors and borrowers to participate on the New Issuer's platform. Although the Canadian, U.K., U.S and global economies have shown improvement, the recovery remains modest and uncertain. Adverse economic conditions could reduce the number of qualified borrowers seeking mini-bonds on the New Issuer's platform, as well as their ability to make payments. Should any of these situations occur, the New Issuer's business would be negatively impacted.

Risk Factors Related to the Company's Shares

Loss of Investment

An investment in the New Issuer is speculative and may result in the loss of all, or a substantial portion of, an investor's investment. Only potential investors who are experienced in high risk investments and who can afford to lose all, or a substantial portion of, their investment should consider an investment in the New Issuer.

Fluctuations in the Value of the New Issuer and the Shares

The net asset value of the New Issuer and market value of its common shares will fluctuate with changes in the market value of the New Issuer's business. Such changes in value may occur as the result of various factors, including general economic and market conditions. There can be no assurance that shareholders will realize any gains from their investment in the New Issuer and may lose their entire investment.

No Guaranteed Return

There is no guarantee that an investment in the New Issuer will earn any positive return in the short term or long term.

Dividends

To date, the Company has not paid dividends on any of its common shares and the New Issuer is not required to pay any dividends on its common shares in the foreseeable future. Any decision to pay dividends will be made on factors such as the New Issuer's earnings, financial requirements and other conditions. The New Issuer plans to reinvest the profits of its earnings, if any, to further the growth and development of the New Issuer's business or operating subsidiaries, rather than to pay dividends.

Dilution from Future Offerings

The Company is authorized to issue an unlimited number of common shares. The New Issuer may issue additional securities (including common shares and convertible securities) from time-to-time to raise funding for its business and such issuances may be dilutive its shareholders.

Liquidity

The Company's common shares are subject to certain trade restrictions, which may include a hold period restricting the trading of the securities.

Market Disruption and Volatility

War and occupation, terrorism and related geopolitical risks may, in the future, lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual corporations or related groups of corporations. These risks could also adversely affect securities markets, inflation and other factors relating to the securities that would be held from time to time. Such events could, directly or indirectly, have a material effect on the prospects of the New Issuer and the value of the securities in its investment portfolio.

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many junior companies have experienced wide fluctuations in price. The market price of the New Issuer's common shares may be volatile and could be subject to wide fluctuations due to a number of factors. Broad market fluctuations, as well as economic conditions generally, may adversely affect the market price of the New Issuer's common shares.

Risks Related to the Crowdfunding Industry Generally

To continue to grow the New Issuer's business, the New Issuer must generate sufficient mini-bond originations through the New Issuer's marketplace by attracting a large number of mini-bond borrowers who meet the New Issuer's platform's lending standards and investors interested in investing in these mini-bonds. The following risk factors related the investment crowdfunding space will impact the New Issuer's reputation and the New Issuer's ability and success in attracting mini-bond borrowers and investors.

General Public Disclosure Requirement Connected with Intellectual Protection

Many interactive developers and innovators are reluctant to announce the details of a project before production due to theft and protecting their intellectual property from imitation and plagiarism. Disclosing innovations and ideas in a public forum allow market competitors access to a rich source of information about rivals and may have negative repercussions on intellectual property protection. In that situation entrepreneurs have to balance between need of raising capital and threat of overtaking idea by other market participants. Failure to attract and maintain borrowers and investors due to this concern would likely have a material adverse effect on the New Issuer's business, financial condition, and results of operations.

Public Fear of Abuse

Regulatory restrictions on social media marketing may become a barrier to public engagement. Failure to attract and maintain borrowers and investors because of this would likely have a material adverse effect on the New Issuer's business, financial condition, and results of operations.

Risk of Failure to Meet Campaign Goals

It is often easier to raise the money for a project than make a project of success. Negative impact of such event may lead to lower reputation of entrepreneur, which may cause future lack of interest from potential funders. If many of the New Issuer's borrowers develop a low reputation, it would likely have a material adverse effect on the number of investors using the platform and the New Issuer's business, financial condition, and results of operations.

One-Time Funding and Donor Exhaustion

Investors often sign up to invest in a particular project once. Crowd-funded business owners have luck when donators support their idea throughout the entire process; such performance gives ability for creators to get to a higher level of enterprise. If the New Issuer's borrowers generally do not have success in meeting their investment goals though the New Issuer's business, it may affect the New Issuer's reputation and would likely have a material adverse effect on the New Issuer's business, financial condition, and results of operations.

Risk of Fraud

Overly optimistic funders may be exposed to outright fraud or financial participation to projects which from the beginning are doomed to failure. False pages that look like authentic fundraising campaigns attract inexperienced investors promising significant benefits. Like with any online financial transaction, phishing schemes can be used to illegally gain access to personal and financial information. Often when investment amounts are small, individuals have weak incentives to perform due diligence. If the New Issuer's business is substantially linked to fraud perpetrated by its borrowers, it would likely have a material adverse effect on the New Issuer's reputation, its ability to attract investors, and its business, financial condition, and results of operations.

Risky Nature of Small Projects

Early-stage projects (e.g. start-ups) present usually higher rate of failure in comparison with others. Financing through crowdfunding may be perceived as an easier way in comparison to venture capital therefore entrepreneurs can wrongly appraise success of their project. Such misjudgment may lead to information asymmetry between creators and funders which increase cost of risk. If the New Issuer's business is substantially linked to misrepresentations made by its borrowers, it would likely have a material adverse effect on the New Issuer's reputation, its ability to attract investors, and its business, financial condition, and results of operations.

Mini-bonds are Generally Illiquid Products

Although the principal amount lent through a mini-bond is returned at the end of the term together with any accrued unpaid interest, provided the mini-bond issuer does not default on the mini-bond, the holder will not benefit from capital growth through trading during the life of the mini-bond. In addition, if base rates rise during the term of the bond, the coupon will remain less attractive but the bondholder will remain locked in. These factors may make the mini-bond market less attractive to investors and in turn to potential borrowers of the New Issuer. Failure to attract and maintain investors and borrowers because of this would likely have a material adverse effect on the New Issuer's business, financial condition, and results of operations.

No Protection by the FSCS

Unlike savers who may get protection of £85,000 (C\$173,500) per account by the FSCS, holders of mini-bonds get no protection under the scheme mentioned above. These factors may make the mini-bond market less attractive to investors and in turn to potential customers of the New Issuer. Failure to attract and maintain investors and borrowers because of this would likely have a material adverse effect on the New Issuer's business, financial condition, and results of operations.

Advertised Income Return May Attract Tax in Some Cases

Unless the mini-bond can be wrapped up into an SIPP, Small Self Administered Scheme or ISA, it will attract more tax. These factors may make the mini-bond market less attractive to investors and borrowers of the New Issuer which would likely have a material adverse effect on the New Issuer's business, financial condition, and results of operations.

- 17.2 If there is a risk that securityholders of the Issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.

As of the date of this Listing Statement, the Company is not aware of any factors which would cause a risk that securityholders of the Company may become liable to make an additional contribution beyond the price of their respective securities.

- 17.3 Describe any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2.

As of the date of this Listing Statement, the Company is not aware of any material risk factors material to the New Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under Sections 17.1 or 17.2.

18. Promoters

- 18.1 For a person or company that is, or has been within the two years immediately preceding the date of the Listing Statement, a promoter of the Issuer or of a subsidiary of the Issuer, state:

- (a) the person or company's name;
- (b) the number and percentage of each class of voting securities and equity securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised;
- (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the Issuer or from a subsidiary of the Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Issuer or a subsidiary of the Issuer in return; and
- (d) for an asset acquired within the two years before the date of the Listing Statement or thereafter, or to be acquired, by the Issuer or by a subsidiary of the Issuer from a promoter:
 - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,
 - (ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the Issuer, the promoter, or an associate or affiliate of the Issuer or of the promoter, and
 - (iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

N/A.

- 18.2 (1) If a promoter referred to in section 18.1 is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or company that:

- a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or
- b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

N/A.

- (2) For the purposes of section 18.2 (1), "order" means:

- (a) a cease trade order;

- (b) an order similar to a cease trade order; or
 - (c) an order that denied the relevant person or company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.
- (3) If a promoter referred to in section 18.2 (1):
- (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
 - (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

N/A.

- (4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in section 18.2(1) has been subject to:
- (a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or
 - (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

N/A.

- (5) Despite section 18.2(4), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

N/A.

19. Legal Proceedings

- 19.1 Describe any legal proceedings material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party or of which any of their respective property is the subject matter and any such proceedings known to the Issuer to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

The Company is not a party to any legal proceedings.

- 19.2 Regulatory actions - Describe any:

- (a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;
- (b) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and
- (c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

N/A.

20. Interest of Management and Others in Material Transactions

- 20.1 Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer:

- (a) any director or executive officer of the Issuer;
- (b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of your outstanding voting securities; and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

To the knowledge of management of the Company, other than as disclosed below, no informed person (a director, officer or holder of 10% or more of the common shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries since October 1, 2014 (being the commencement of the Company's last completed financial year), or has any interest in any material transaction in the current year other than as set out as follows:

On August 11, 2015, Bundeep Singh Rangar, CEO and a director of the Company, acquired beneficial ownership of 37,002,090 units (the "**Units**") of the Company for a subscription price of \$0.01 per Unit, through the purchase of 13,470,000 Units by Rangar Capital Limited, a company wholly-owned by Mr. Rangar, and 23,532,090 Units by IXL Bancorp Limited, a company controlled by Mr. Rangar. Each Unit is comprised of one common share and one common share purchase warrant (a "**Warrant**"), with each Warrant entitling the holder to purchase an additional Common Share at a price of \$0.05 per common share for 5 years.

On August 11, 2015, Stephen John McCann, CFO and a director of the Company, acquired beneficial ownership of 18,200,000 Units for a subscription price of \$0.01 per Unit, through the purchase of such Units by Original Ventures Limited, a company controlled by Mr. McCann.

On August 11, 2015, Brij Chadda, a director of the Company, acquired beneficial ownership of 2,500,000 Units for a subscription price of \$0.01 per Unit.

Upon Completion of the Transactions, Bundeep Singh Rangar, CEO and a director of the Company, is expected to acquire beneficial ownership of the following: (i) under the Final Tranche, 16,450,000 units at \$0.01 per unit, through the purchase of these units by Rangar Capital Limited, a company wholly-owned by Mr. Rangar. Each unit is comprised of one common share and one warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.05 per share for 5 years; and (ii) under the Debt, 494,500 common shares of the Company at a deemed price of \$0.05 per share. Mr. Rangar's securities acquired under the Final Tranche will be subject to escrow. See section 11 – Escrowed Securities.

Upon Completion of the Transactions, Stephen John McCann, CFO and a director of the Company, is expected to acquire beneficial ownership of the following: (i) under the Final Tranche, 6,750,000 units at \$0.01 per unit. Each unit is comprised of one common share and one warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.05 per share for 5 years; and (ii) under the Debt, 100,000 common shares of the Company at a deemed price of \$0.05 per share. Mr. McCann's securities acquired under the Final Tranche will be subject to escrow. See section 11 – Escrowed Securities.

Upon Completion of the Transactions, Brij Chadda, a director of the Company, is expected to acquire beneficial ownership of the following: under the Debt, 90,000 common shares of the Company at a deemed price of \$0.05 per share.

Upon Completion of the Transactions, Martin Bernholtz, a director of the Company, is expected to acquire beneficial ownership of the following: under the Debt, 90,000 common shares of the Company at a deemed price of \$0.05 per share by Accretive Capital Corp., a company wholly-owned by Mr. Bernholtz.

21. Auditors, Transfer Agents and Registrars

21.1 State the name and address of the auditor of the Issuer.

On August 12, 2015, Collins Barrow Toronto LLP, Chartered Accountants, resigned as auditor of the Company, and on the same day, the Company appointed McGovern, Hurley, Cunningham, LLP, Chartered Accountants, as the successor auditor. The reporting package required by National Instrument 51-102 *Continuous Disclosure Obligations* regarding the change of auditor is attached as Schedule "A" to the Information Circular of the Company dated August 12, 2015 and was filed on SEDAR on August 25, 2015 at www.sedar.com.

21.2 For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the Issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the Issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

The transfer agent and registrar of the Company's common shares is Computershare Investor Services Inc., of 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9.

22. Material Contracts

22.1 Give particulars of every material contract, other than contracts entered into in the ordinary course of business that was entered into within the two years before the date of Listing Statement by the Issuer or a subsidiary of the Issuer.

Form 46-201 escrow agreement dated May 23, 2013 between the Company, Computershare Investor Services Inc. (as escrow agent), and the principals of the Company.

Immediately upon the Completion of the Transactions, a Form 46-201 escrow agreement will be entered into between the Company, Computershare Investor Services Inc. (as escrow agent), and the principals of the Company.

22.2 If applicable, attach a copy of any co-tenancy, unitholders' or limited partnership agreement.

Not applicable to the Company.

23. Interest of Experts

23.1 Disclose all direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.

No person whose profession or business gives authority to a statement made by such person and who is named in this Listing Statement (being the auditors of the Company) has received or will receive a direct or indirect interest in the property of the Company or any related person of the Company. As at the date hereof, the aforementioned persons do not beneficially own, directly or indirectly, any securities of the Company. In addition, none of the aforementioned persons nor any director, officer or employee of any of the aforementioned persons, is or expected to be elected, appointed or employed as a director, senior officer, promoter or employee of the Company.

23.2 Disclose the beneficial ownership, direct or indirect, by a person or company referred to in section 23.1 of any securities of the Issuer or any Related Person of the Issuer.

N/A.

23.3 For the purpose of section 23.2, if the ownership is less than one per cent, a general statement to that effect shall be sufficient.

N/A.

23.4 If a person, or a director, officer or employee of a person or company referred to in section 23.1 is or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of any associate or affiliate of the Issuer, disclose the fact or expectation.

N/A.

24. Other Material Facts

24.1 Give particulars of any material facts about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

There are no material facts of the Company not disclosed in this Listing Statement.

25. Financial Statements

25.1 Provide the following audited financial statement for the Issuer:

(a) copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years as if the Issuer were subject to such law; and

The audited financial statements for the year ended September 30, 2015, together with the MD&A are attached hereto.

(b) a copy of financial statements for any completed interim period of the current fiscal year.

The audited financial statements for the quarter ended March 31, 2016, together with the MD&A are attached hereto.

25.2 For Issuers re-qualifying for listing following a fundamental change provide

N/A.

CERTIFICATE OF THE ISSUER

The foregoing contains full, true and plain disclosure of all material information relating to NanoStruck Technologies Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at London, United Kingdom, this 29th day of July, 2016.

"Bundeep Singh Rangar"

Bundeep Singh Rangar,
Chairman & Chief Executive Officer

"Stephen John McCann"

Stephen John McCann,
Chief Financial Officer

"Brij Chadda"

Brij Chadda,
Director

"Martin Bernholtz"

Martin Bernholtz,
Director

**SCHEDULE "A" -
Excerpt of Executive Compensation contained in
Information Circular of NanoStruck Technologies Inc. dated August 11, 2015**

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation, Philosophy and Objectives

The Company does not have a formal compensation program. The Board, through the Compensation Committee, meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company's compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with similar companies in the same industry sector as the Company to enable the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is channelling all available resources to ensure a secure and reliable ramp up in its previous and new markets.

The Board, as a whole, ensures that total compensation paid to all Named Executive Officers ("**NEOs**"), as hereinafter defined, is fair and reasonable. The Board relies on the experience of its members as officers and directors with other similar companies in the same industry sector as the Company in assessing compensation levels.

The Compensation Committee is comprised of

Analysis of Elements

Base salary is used to provide the NEOs a set amount of money during the year with the expectation that each NEO will perform his responsibilities to the best of his ability and in the best interests of the Company.

The Company considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Company to reward each NEO's efforts to increase value for shareholders without requiring the Company to use cash from its treasury. Stock options are generally awarded to executive officers at the commencement of employment and periodically thereafter. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company's stock option plan (the "**Plan**").

Long Term Compensation and Option-Based Awards

The Company has no long-term incentive plans other than its Plan. The Company's directors and officers and certain consultants are entitled to participate in the Plan. The Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Plan aligns the interests of the NEO and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Company's Common Shares.

Options are granted by the Board. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the NEOs and the

Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- parties who are entitled to participate in the Plan;
- the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than the prescribed discount permitted by the Canadian Securities Exchange from the market price on the date of grant;
- the date on which each option is granted;
- the vesting period, if any, for each stock option;
- the other material terms and conditions of each stock option grant; and
- any re-pricing or amendment to a stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Plan. The Board reviews and approves grants of options on an annual basis and periodically during a financial year.

Summary Compensation Table

In this section, a “Named Executive Officer” (“**NEO**”) includes (i) the CEO, (ii) the CFO, (iii) each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers as at the end of the most recently completed financial year of September 30, 2014, and whose total compensation was more than \$150,000; and (iv) any additional individuals for whom disclosure would have been required except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year.

The following table sets forth compensation paid to each of the Company’s NEOs in the most recently completed financial year ended September 30, 2014, for the three most recently completed financial years that they have been NEOs of the Company:

Name and principal position	Year ⁽¹⁾	Salary (\$) ⁽²⁾	Share-based awards (\$)	Option-based awards (\$) ⁽³⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans (\$)			
Bundeep Singh Rangar ⁽⁴⁾ CEO	2014	Nil	162,377	216,049	N/A	N/A	N/A	76,073 ⁽⁵⁾	454,499
	2013	Nil	Nil	Nil	N/A	N/A	N/A	26,475 ⁽⁶⁾	26,475
Alfredo Albi ⁽⁷⁾ Former CFO and COO	2014	Nil	Nil	59,413	N/A	N/A	N/A	66,600 ⁽⁸⁾	126,013
	2013	Nil	Nil	Nil	N/A	N/A	N/A	48,000 ⁽⁹⁾	48,000
Rajeev Agarwal ⁽¹⁰⁾ Former CFO	2014	Nil	38,191	64,815	N/A	N/A	N/A	126,809 ⁽¹¹⁾	229,815
Richard Goldman ⁽¹²⁾ Former CFO	2014	Nil	Nil	Nil	Nil	Nil	Nil	4,000 ⁽¹³⁾	4,000
Raj Kurichh ⁽¹⁴⁾ Former CMO	2014	Nil	45,000	59,413	N/A	N/A	N/A	116,000 ⁽¹⁵⁾	220,413

Notes:

- (1) Financial years ended September 30.
- (2) All amounts shown were paid in Canadian currency, the reporting currency of the Company.
- (3) Figures represent the grant date fair value of the options. The Company used the Black-Scholes option pricing model for calculating such fair value, as such model is commonly used by junior public companies. Assumptions used for such

calculations include a risk free interest rate of 1.11% to 1.16%, annualized volatility of 81%, and a dividend rate of zero percent.

- (4) Mr. Rangar has served as CEO since August 28, 2013.
- (5) Consulting fees for Mr. Rangar for 3.6 months @ \$21,000 per month.
- (6) Consulting fees for Mr. Rangar for 3 months @ \$8,825 per month.
- (7) Mr. Albi served as CFO from May 28, 2013 to November 4, 2013, COO from November 4, 2013 to April 11, 2014 and Corporate Secretary from May 28, 2013 to April 11, 2014.
- (8) Consulting fees for Mr. Albi for 5.5 months @ \$12,000 per month.
- (9) Consulting fees for Mr. Albi for the period May 28, 2013 to September 30, 2013 @ \$12,000 per month.
- (10) Mr. Agarwal served as CFO from November 4, 2013 to September 14, 2014.
- (11) Consulting fees for Mr. Agarwal for the period November 4, 2013 to September 14, 2014 @ \$10,500 per month.
- (12) Mr. Goldman served as CFO from September 24, 2014 to January 15, 2015.
- (13) Consulting fees for Mr. Goldman for 0.5 months @ \$8,000.
- (14) Mr. Kurichh served as Chief Marketing Officer from November 4, 2013 to May 20, 2015.
- (15) Consulting fees for Mr. Kurichh for 9 months @ \$7,500 per month and 3 months @ \$12,500, plus applicable HST.

INCENTIVE PLAN AWARDS

Outstanding Option-Based Awards

The Company currently has in place a 10% rolling stock option plan. The purpose of granting stock options is to assist the Company in compensating, attracting, retaining and motivating its NEOs and to closely align the personal interests of such persons to that of the shareholders. In determining the number of options to be granted to the NEOs, the Board will take into account the number of options, if any, previously granted to each NEO and the exercise price of any outstanding options to ensure that such grants are in accordance with the Canadian Securities Exchange.

The following table sets out all option-based awards outstanding as at September 30, 2014 for each NEO. There were no share-based awards granted to any of the NEOs:

Option-based Awards				
Name and Principal Position	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Bundeep Singh Rangar ⁽²⁾ CEO	2,000,000 ⁽³⁾	0.15	November 4, 2016	Nil
Alfredo Albi ⁽⁴⁾ Former CFO	Nil	N/A	N/A	N/A
Rajeev Agarwal ⁽⁵⁾ Former CFO	600,000 ⁽⁵⁾	0.15	December 13, 2014 ⁽⁵⁾	Nil
Richard Goldman ⁽⁶⁾ Former CFO	Nil	N/A	N/A	N/A
Raj Kurichh ⁽⁷⁾ Former CMO	550,000	0.15	November 4, 2016 ⁽⁷⁾	Nil

Notes:

- (1) This amount is based on the difference between the market value of the securities underlying the options on September 30, 2014, which was \$0.03, being the last trading day of the Company's shares for the financial year and the exercise price of any outstanding options.
- (2) Mr. Rangar has served as CEO since August 28, 2013.
- (3) Held by Rangar Capital Limited, a company wholly owned by Mr. Rangar.
- (4) Mr. Albi served as CFO from May 28, 2013 to November 4, 2013.
- (5) Mr. Agarwal served as CFO from November 4, 2013 to September 14, 2014. These options expired 90 days from his resignation date.
- (6) Mr. Goldman served as CFO from September 24, 2014 to January 15, 2015.

- (7) Mr. Kurichh served as Chief Marketing Officer from November 4, 2013 to May 20, 2015. Following Mr. Kurichh's resignation, he became a consultant to the Company pursuant to a consulting agreement and his options remained issued and outstanding until the expiry date.

Incentive Plan Awards – Value Vested or Earned During The Year

The following table sets out the value vested during the year ended on September 30, 2014 for options awarded under the Plan for the NEO, as well as the value earned under non-equity incentive plans for the same period.

Name	Option-based awards - Value vested during the year (\$) ⁽¹⁾	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Bundeep Singh Rangar ⁽²⁾ CEO	Nil	N/A	N/A
Alfredo Albi ⁽³⁾ Former CFO	N/A	N/A	N/A
Rajeev Agarwal ⁽⁴⁾ Former CFO	Nil	N/A	N/A
Richard Goldman ⁽⁵⁾ Former CFO	N/A	N/A	N/A
Raj Kurichh ⁽⁶⁾ Former CMO	Nil	N/A	N/A

Notes:

- (1) All options during the financial year ended September 30, 2014, vested at a nil value.
(2) Mr. Rangar has served as CEO since August 28, 2013.
(3) Mr. Albi served as CFO from May 28, 2013 to November 4, 2013.
(4) Mr. Agarwal served as CFO from November 4, 2013 to September 14, 2014.
(5) Mr. Goldman served as CFO from September 24, 2014 to January 15, 2015.
(6) Mr. Kurichh served as Chief Marketing Officer from November 4, 2013 to May 20, 2015. Following Mr. Kurichh's resignation, he became a consultant to the Company pursuant to a consulting agreement and his options remained issued and outstanding until the expiry date.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Termination and Change of Control Benefits

The Company does not have any plan contract, agreement or plan or arrangement that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, a change in control of the Company or a change in the NEO's responsibilities, other than as follows:

The services of Bundeep Singh Rangar, CEO of the Company, are provided pursuant to a consulting services agreement dated June 19, 2013 between the Company and Mr. Rangar. The agreement is for an indefinite term which shall remain in force until terminated by either of the parties, and provides for certain termination benefits. In the event that Mr. Rangar's consultancy is terminated in accordance with Section 4 of the agreement, the Company shall pay to Mr. Rangar the fees earned and the reimbursable expenses incurred up to the date of termination. Upon payment to Mr. Rangar of the amounts required to be paid to him pursuant to section 4.1.2 of the agreement, the Company shall have no further liability to Mr. Rangar for any sum whatsoever, including without limitation, loss of profit or any other losses suffered by Mr. Rangar resulting from such termination.

The Company has no formal employment or consulting agreements with any other of its NEOs which provide for termination or change of control benefits.

DIRECTOR COMPENSATION

Director Compensation Table

The Company compensates its directors through the payment of board fees and the issuance of option grants. NEOs do not receive additional compensation for serving as directors. Options were granted to directors who are not NEOs during the year ended September 30, 2014.

Name	Fees earned (\$)	Share based awards (\$)	Option based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Brij Chadda	5,250	N/A	Nil	N/A	N/A	Nil	5,250
Martin Bernholtz	5,250	N/A	Nil	N/A	N/A	Nil	5,250
Simon Charles ⁽²⁾	Nil	N/A	Nil	N/A	N/A	Nil	Nil
John Morita ⁽³⁾	5,000	16,312	32,407	N/A	N/A	Nil	53,719
David Rowson ⁽⁴⁾	Nil	N/A	Nil	N/A	N/A	Nil	Nil
Rocky Bellotti ⁽⁵⁾	4,000	N/A	64,815	N/A	N/A	Nil	68,815

Notes:

- (1) Figures represent the grant date fair value of the options. The Company used the Black-Scholes option pricing model for calculating such fair value, as such model is commonly used by junior public companies. Assumptions used for such calculations include a risk free interest rate of 1.11% to 1.16%, annualized volatility of 81%, and a dividend rate of zero percent.
- (2) Mr. Charles served as director until December 18, 2014.
- (3) Mr. Morita served as director until September 7, 2014. These options expired 90 days from his resignation date.
- (4) Mr. Rowson served as director until April 11, 2014.
- (5) Mr. Bellotti served as director until January 24, 2014.

Outstanding Option-Based Awards

The following table sets forth for each director, other than those who are also NEOs of the Company, all awards outstanding at the end of the most recently completed financial year ended September 30, 2014, including awards granted before the most recently completed financial year.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Brij Chadda	100,000	\$0.15	November 4, 2016	Nil
Martin Bernholtz	Nil	N/A	N/A	N/A
Simon Charles ⁽²⁾	Nil	N/A	N/A	N/A
John Morita ⁽³⁾	300,000	\$0.15	December 13, 2014 ⁽⁴⁾	Nil
David Rowson ⁽⁴⁾	Nil	N/A	N/A	N/A
Rocky Bellotti ⁽⁵⁾	600,000	\$0.15	April 14, 2014 ⁽⁶⁾	Nil

Notes:

- (1) This amount is based on the difference between the market value of the securities underlying the options on September 30, 2014, which was \$0.03, being the last trading day of the Company's shares for the financial year and the exercise price of any outstanding options.

- (2) Mr. Charles served as director until December 18, 2014.
- (3) Mr. Morita served as director until September 7, 2014. These options expired 90 days from his resignation date.
- (4) Mr. Rowson served as director until April 11, 2014.
- (5) Mr. Bellotti served as director until January 24, 2014. These options expired 90 days from his resignation date.

Narrative Discussion

The Company has no arrangements, standard or otherwise, pursuant to which directors were compensated by the Company for their services as directors, for committee participation, for involvement in special assignments during the most recently completed financial year.

The Company has a stock option plan for the granting of incentive stock options to the directors, officers, employees and consultants. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors, officers, employees and consultants and to closely align the personal interests of such persons to that of the shareholders.

Incentive Plan Awards – Value Vested or Earned During The Year

The following table sets forth, for each director, other than those who are also NEOs of the Company, the value of all incentive plan awards vested during the year ended September 30, 2014:

Name	Option-based awards - Value vested during the year (\$) ⁽¹⁾	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Brij Chadda	Nil	N/A	N/A
Martin Bernholtz	N/A	N/A	N/A
Simon Charles ⁽²⁾	N/A	N/A	N/A
John Morita ⁽³⁾	Nil	N/A	N/A
David Rowson ⁽⁴⁾	N/A	N/A	N/A
Rocky Bellotti ⁽⁵⁾	Nil	N/A	N/A

Notes:

- (1) All options during the financial year ended September 30, 2014, vested at a nil value.
- (2) Mr. Charles served as director until December 18, 2014.
- (3) Mr. Morita served as director until September 7, 2014.
- (4) Mr. Rowson served as director until April 11, 2014.
- (5) Mr. Bellotti served as director until January 24, 2014.

Consolidated Financial Statements
(Expressed in Canadian dollars)

NANOSTRUCK TECHNOLOGIES INC.

(Formally Blue Gold Water Technologies Ltd.)

Years ended September 30, 2015 and 2014

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



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		Equity to be issued (\$)	Contributed Surplus (\$) (Note 3(n))	Deficit (\$) (Note 3(n))	Total (\$)
		Number of shares	Amount (\$)				
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 private 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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

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 years 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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

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 contingent 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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(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

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(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
	\$	\$
<u>(Loss) before income taxes</u>	<u>(1,000,716)</u>	<u>(5,119,628)</u>
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
<u>Deferred income tax (recovery)</u>	<u>(303,799)</u>	<u>-</u>

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(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:

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

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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Financial Statements

For the years ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

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.

NANOSTRUCK TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
FOR THE YEAR ENDED SEPTEMBER 30, 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 years ended September 30, 2015 and 2014. 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 January 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.

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.

On May 20, 2015 Mr. Raj Kurichh, Chief Marketing Officer and Director resigned from his position in the Company.

On May 20, 2015 the Company has appointed Brij Chadda to the Audit Committee. The Audit Committee members now include Brij Chadda (Chair), Marty Bernholtz and Stephen McCann. In addition, the Issuer has added Stephen McCann to the Compensation Committee. The Compensation Committee members include Stephen McCann (Chair), Bundeep Singh Rangar and Brij Chadda.

In June 2015 Company has repaid in full the short-term loan taken out on February 27th, 2014. The total repaid was \$576,363.52 including \$536,620.65, from a \$600,000 facility, and \$39,742.87 accumulated interest.

On August 12, 2015, Collins Barrow Toronto LLP, Chartered Accountants, resigned as auditor of the Company, and on the same day, the Company appointed McGovern, Hurley, Cunningham, LLP, Chartered Accountants, as the successor auditor.

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 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 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.

In September 2015 the Company had agreements to convert debts, totalling \$152,949 to equity. These debts were not converted as at September 30, 2015 but the value of the debts is accounted for in share capital as shares to be issued.

In September 2015 the Company received deposits totalling \$342,040 for 34,204,000 private placement units. The shares were not issued prior to September 30, 2015 and the value of the shares is accounted for in share capital as shares to be issued.

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.

General overview and discussion of the activities of management during the year ended September 30, 2015.

1. 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.

2. During the latter half of the year Management of the Company have been in negotiation with Creditors to negotiate and settle debts.

3. During May the Company opened a Private Placement to raise a minimum of \$500,000. The first tranche closed on August 11, 2015 after the Company raised \$1,570,000.
4. In September 2015 the Company had agreements to convert debts, totalling \$152,949 to equity.
5. In September 2015 the Company received deposits totalling \$342,040 for 34,204,000 private placement units. The shares were not issued prior to September 30, 2015 and the value of the shares is accounted for in share capital as shares to be issued.
6. On September 16, 2015 the Company announced the voting results of its 2015 Annual General Meeting held on September 15, 2015. A total of 188,637,176 common shares representing 72.72% of the issued shares of the Company were represented at the Meeting. All resolutions were approved 100% by voters.
7. 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.
8. 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.

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 September 30, 2015.

	For the Three Months Ended							
	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013
\$								
Revenue	-	-	-	-	-	-	-	-
Income (loss) from continuing operations	132,643	(13,966)	(450,489)	(365,105)	(1,513,879)	(1,513,879)	(994,880)	(740,185)
Net Income (Loss)	132,643	(13,966)	(450,489)	(365,105)	(1,513,879)	(1,513,879)	(994,880)	(740,185)
Income (loss) from continuing operations per share -basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)	(0.02)	(0.02)	(0.01)	(0.01)
Income (loss) per share -basic and diluted	(0.00)	(0.00)	(0.01)	(0.004)	(0.02)	(0.02)	(0.01)	(0.01)

Selected Annual Information

For Year Ended September 30

	2015	2014	2013	2015/2014 change	
	\$	\$	\$	\$	%
Statement of operations					
Revenue	-	-	35,400	-	-
Expenses					
Salaries and benefits	785,682	889,269	1,095,794	(146,314)	16.45%
Amortization	-	24,798	51,679	(24,798)	-
Other overhead expenses (recovery)	(115,107)	4,191,915	2,383,519	(4,060,497)	96.86%
Interest	26,342	13,647	(172,278)	12,695	93.02%
Reverse takeover transaction costs	-	-	4,964,243	-	-
Total expenses	696,917	5,119,629	8,322,957	(4,218,914)	
Income (loss) before taxes	(1,000,716)	(5,119,629)	(8,287,557)	4,218,914	
Net income (loss)	(696,917)	(5,119,629)	(8,287,557)	4,218,914	
Net income (loss) attributable to shareholders	(696,917)	(5,119,629)	(8,287,557)	4,218,914	
Earnings per share (EPS -basic and diluted)	(0.01)	(0.06)	(0.42)		
Balance sheet data					
Total assets	573,576	385,300	2,538,120		
Total liabilities	866,285	1,741,283	646,553		
Total shareholders funds	(292,709)	(1,355,983)	1,891,567		

As the Company continues in the research and development stage, the Company has incurred significant operating losses since inception. In the year ended September 30, 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 Year ended September 30, 2015

The Company's net loss for the period was \$696,917 compared to the loss of \$5,119,628 for the Year ended September 30, 2014. The net decrease in loss of \$4,422,711 was primarily due to the following:

- a) Professional fees, consulting and advisory decreased by \$205,373 from \$511,888 in 2014 to \$305,515 in 2015. The decrease was primarily due an increased involvement in the developing business opportunities undertaken by the Company current management; and
- b) Salaries and wages decreased by \$103,587 from \$889,269 in 2014 to \$785,682 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 \$256,900 from \$380,752 in 2014 to \$123,852 in 2015. The decrease was due to the reduced number of employees, the cut back of entertaining and greater control of costs; and
- d) Research and development costs decreased by \$479,668 from \$479,668 in 2014 to \$nil in 2015. The decrease reflected the Company capitalising on past investment in Research and Development initiatives without the need to expend more; and
- e) Advertising and promotion fees decreased by \$545,310 from \$549,360 in 2014 to \$4,050 in 2015. The decrease was facilitated by an increase in face to face public and investor relations activity by senior management; and
- f) Share based payments decreased by \$664,081 from \$664,081 in 2014 to \$nil in 2015. The decrease was primarily attributable to options granted to consultants and management during the year ended September 30, 2014 as well as to debt that was owed by the Company to consultants and management that was converted into shares during that year; and
- g) Office and Laboratory costs decreased by \$153,577 from \$230,803 in 2014 to \$77,226 in 2015. The decrease is mainly due to the Company having closed the Mississauga premises, including office and laboratory in May 2015, to avoid unnecessary expenditure; and
- h) Impairment of Property, plant & equipment decreased by \$1,230,412 from \$1,257,213 in 2014 to \$26,801 in 2015. The charge in 2014 was related to construction in progress for two tailing projects and one water remediation project as a result of future development uncertainty; and
- i) Insurance costs decreased by \$23,751 from \$61,485 in 2014 to \$37,734 in 2015. This was due to the reduction of employees and closure of premises; and
- j) Intangible asset impairment decreased by \$100,000 from \$100,000 in 2014 to \$nil in 2015. This is as a result of write down in the value a patent held by University of Saskatchewan due to uncertainty over the status of the Agreement between the University and Blue Gold Holdings Ltd, an unrelated company, holding the license to use the patent and previously acquired by the Company; and
- k) Inventory obsolescence decreased by \$71,222 from \$71,222 in 2014 to \$nil in 2015. The decrease was due to the write-off of construction in progress assets in 2014 which relate to contracts no longer being pursued; and
- l) Loss on the sale of fixed assets increased by \$6,114 from \$nil in 2014 to \$6,114 in 2015. The increase was due to remaining fixed assets being sold or realised for \$15,865 in 2015, following impairment of \$26,801 against a net book value of \$48,780; and
- m) Debt settlement gain has increased by \$349,775 from \$nil in 2014 to \$349,775 in 2015. This is as a result of corrections to accounts payable balances and, further, negotiations with significant creditors to come to an agreement of balances payable; and
- n) Gain on debt conversions decreased by \$104,643 from \$165,143 in 2014 to \$60,501 in 2015. This is in respect of 15,294,900 shares with a fair value of \$152,949 issued to settle debt of \$213,449 in 2015, giving a gain of \$60,501. In 2014, 7,592,244 shares with a value fair of \$476,705 were issued to settle debt of \$648,848, giving a gain of \$165,143; and
- o) Tax recovery increased by \$303,799 from \$nil in 2014 to \$303,799 in 2015. This recovery is a deferred tax recovery arising largely in relation to the expiry of 9,668,028 warrants in the year.

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 September 30, 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 September 30, 2015 totaled 4,320,000, with all options having an exercise price of \$0.15, with an average contractual life of 0.92 years.

In June 2015 Company has repaid in full the short-term loan taken out on February 27th, 2014. The total repaid was \$576,363.52 including \$536,620.65, from a \$600,000 facility, and \$39,742.87 accumulated interest. The loan accrued annual interest of 10% per annum, was unsecured and was due on demand.

At September 30, 2015, the Company's working capital deficit was \$292,709 (September 30, 2014 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 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 nine months ended September 30, 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, 2014 - Sep 30, 2015 Fees Accrued (\$)
Bundeep Singh Rangar	Chairman, CEO	Consulting/Board Fees	254,000
Steve McCann (appointed CFO Jan 27th, 2015)	CFO, Chair of Audit Committee	Consulting/Board Fees	132,177
Brij Chadda	Director	Board Fees	23,500
Marty Bernholz	Director	Board Fees	21,500
Raj Kurichh (resigned May 20th, 2015)	ex Director, Officer	Consulting Fees	87,500
Richard Goldman (resigned Jan 15th, 2015)	ex CFO	Consulting Fees	32,319

IndusView UK Ltd	A company with common Director	Consulting fees	22,500
Michael Morris	Strategic Advisor	Consulting fees	40,000

Included in accounts payable and accrued liabilities as at September 30, 2015 is \$101,753 owing to Rangar Capital Limited, a corporation controlled by the CEO of the Company; \$31,000 owing to Original Ventures, a corporation controlled by the CFO of the Company, \$9,500 owing to Brij Chadda; \$54,032 owing to Raj Kurichh and \$5,325 owing to IndusView UK Ltd. (September 30, 2014 – aggregate of \$346,026)

Included in prepaid expenses and deposits as at September 30, 2015 are \$209,000 advanced to IndusView UK Ltd. and \$80,000 advanced to IXL Holdings Ltd. which has a common officer was the Company. (September 30, 2014 - \$nil)

(b) The following is the detail of remuneration/ consulting paid / accrued (excluding out of pocket expense) to related parties during the year ended September 30, 2014:

Name of Officer/ Director	Position	Nature of Payment	Fees Accrued / Paid (\$)	Shares issued (\$)	Stock Options (\$)	Warrants (\$)	Oct 1, 2013 - Sep 30, 2014 Total (\$)
Bandeep S. Rangar	Chairman, Interim CEO	Consulting fees	76,073	162,377	216,049	38,270	492,769
Raj Kurichh (see Note 14)	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 were not paid post-retirement benefits, termination benefits or other long-term benefits during the year ended September 30, 2015 and 2014.

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 returned the office equipment and vacated the Mississauga premises.

ACCOUNTING POLICIES

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 based payments 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 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.

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 (\$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.

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 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 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. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of operations, the net realizable value of its assets may be substantially less than the amounts recorded on the statements of financial position. These 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 a cumulative deficit of \$11,703,292 (\$13,499,750 – September 30, 2014) and had a working capital deficit of \$292,709 as at September 30, 2015 (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.

The Company has been successful in fund raising in 2015 with further funding planned, enabling the Company to control, negotiate and settle outstanding liabilities. In addition, the Company's proposed fund raising will eliminate

the working capital deficit completely and enable the Company to rebuild on a sound financial basis. This activity has already significantly reduced previous concern 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:

	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 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.

Consolidated Financial Statements
(Expressed in Canadian dollars)

NANOSTRUCK TECHNOLOGIES INC.

(Formally Blue Gold Water Technologies Ltd.)

For the three and six month periods ended March 31, 2016 and 2015
(Unaudited)

NanoStruck Technologies Inc.
Consolidated statements of financial position
(Expressed in Canadian Dollars)

	Notes	March 31, 2016	September 30, 2015
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		357	52,208
Receivables		316,553	214,368
Prepaid expenses and deposits		461,000	307,000
		777,910	573,576
Property, plant and equipment	6	-	-
Total assets		777,910	573,576
Liabilities and Shareholders' Deficit			
Current liabilities			
Accounts payable and accrued liabilities		660,788	866,285
Total current liabilities		660,788	866,285
Shareholders' deficit			
Share capital		8,079,177	8,076,052
Equity to be issued		1,838,513	494,990
Contributed surplus	8	2,839,541	2,839,541
Deficit		(12,640,109)	(11,703,292)
Total shareholders' equity (deficit)		117,122	(292,709)
		777,910	573,576

Nature of operations (Note 1), going concern (Note 2), commitments (Note 9), contingencies (Note 11), and subsequent events (Notes 8, 11 and 12)

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	Three months ended		Six months ended	
	March 31 2016	March 31 2015	March 31 2016	March 31 2015
	\$	\$	\$	\$
Expenses				
Professional fees, consulting and advisory	207,318	565	519,797	2,647
Salaries and wages	137,000	190,217	288,000	405,956
Office and Laboratory	2,900	172,674	3,649	257,347
Travel and lodging	31,256	42,068	53,134	71,725
Meals and entertainment	2,412	-	4,776	-
Advertising and promotion	60,000	-	60,000	-
Transfer agent and filing fees	12,000	2,000	13,500	5,000
Insurance	9,007	5,350	18,963	21,570
Bank service charges	1,350	678	1,978	1,561
Amortization	-	27,305	-	32,335
Debt settlement gain	-	-	(26,980)	-
	463,243	440,857	936,817	798,141
Loss before finance charges	(463,243)	(440,857)	(936,817)	(798,141)
Finance charges				
Interest expense	-	9,631	-	17,452
	-	9,631	-	17,452
Loss and comprehensive loss	(463,243)	(450,488)	(936,817)	(815,593)
Basic and diluted loss per share	(0.002)	(0.120)	(0.004)	(0.009)
Weighted average number of common shares outstanding	259,707,692	94,658,046	259,707,692	94,658,046

See accompanying notes to the consolidated financial statements.

NanoStruck Technologies Inc.

Consolidated statements of changes in equity

(Expressed in Canadian dollars)

	Share capital		Equity to be issued (\$)	Contributed		Total (\$)
	Number of shares	Amount (\$)		Surplus (\$)	Deficit (\$)	
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	1,611,706	117,873	-	-	-	117,873
Share issued to management & directors	5,980,538	358,832	-	-	-	358,832
Fair value of the warrants issued to director	-	-	-	38,269	-	38,269
Private placements	9,025,000	512,656	-	-	-	512,656
Fair value of the warrants issued with the private placement	-	-	-	219,613	-	219,613
Expired options and warrants	-	-	-	(713,972)	713,972	-
Net loss and comprehensive loss for the period	-	-	-	-	(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)
Net loss and comprehensive loss for the period	-	-	-	-	(815,593)	(815,593)
Balance at March 31, 2015	94,658,046	7,291,552	-	4,852,215	(14,315,343)	(2,171,576)
Balance at September 30, 2015	259,396,900	8,076,052	494,990	2,839,541	(11,703,292)	(292,709)
Share issued for debt	312,500	3,125	-	-	-	3,125
Shares to be issued	-	-	1,343,523	-	-	1,343,523
Net loss and comprehensive loss for the period	-	-	-	-	(936,817)	(936,817)
Balance at March 31, 2016	259,709,400	8,079,177	1,838,513	2,839,541	(12,640,109)	117,122

See accompanying notes to the consolidated financial statement

NanoStruck Technologies Inc.

Consolidated statements of cash flows

(Expressed in Canadian dollars)

	Notes	Six months ended	
		March 31 2016	March 31 2015
		\$	\$
Cash flows from operating activities			
Net loss		(936,817)	(815,593)
Adjustments for non-cash items:			
Amortization		-	32,335
Accrued interest		-	17,452
Write off Prepaids		-	155,671
Gain on debt settlement		(26,980)	-
Changes in non-cash working capital items:			
Account receivables and sales tax receivable		(102,185)	(17,322)
Prepaid expenses and deposits		(154,000)	-
Accounts payables and accrued liabilities		(178,517)	470,764
Cash flows from operating activities		(1,398,499)	(156,693)
Cash flows from investing activities			
Proceeds from sale of plant and equipment		-	16,445
Cash flows used in investing activities		-	16,445
Cash flows from financing activities			
Shares issued		3,125	-
Shares to be issued from debt settlement		6,745	-
Proceeds received for units to be issued		1,336,778	-
Short term loan		-	131,621
Cash flows from financing activities		1,346,648	131,621
Net increase (decrease) in cash		(51,851)	(8,627)
Cash, beginning of year		52,208	8,405
Cash, end of period		357	(222)

See accompanying notes to the consolidated financial statements.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Interim Financial Statements
Three and six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)

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.

On March 31, 2016 the Company announced it has received conditional approval of the CSE for its proposed change of business, subject to majority shareholder approval.

The Company’s Board intend to seek the necessary majority shareholder approval for the change of business to become a platform for the emerging area of alternative finance known as crowdfunding and discontinue its water remediation and tailings processing business. The decision to implement the change of business has been the result of extensive in-house and external research. The Company’s management deems the change of business to be necessary to deliver improved shareholder returns and long-term shareholder value.

Trading of the Company’s common shares will remain halted to allow dissemination of the listing statement describing the fundamental change and to obtain consents from the majority shareholders of the Company. Thereafter, the Company’s common shares will resume trading under its new name, Fineqia International Inc., new CUSIP/ISIN numbers and new stock ticker symbol.

The change of business will be executed through the incorporation of a new wholly-owned U.K. subsidiary, which will operate a regulated crowdfunding platform focused on debt instruments, specifically referred to as minibonds. The platform will allow individuals and financial institutions to discover and invest in high yield debt securities that meet U.K. crowdfunding regulatory guidelines.

The Company’s strategic focus will be to provide a platform and associated services to support security issuances and manage administration of debt securities such as minibonds. The platform will bring an issuing company’s minibonds to market, by distributing and marketing minibonds to the crowd, as well as transparently highlighting the risks and objectively outlining opportunities involved.

2. 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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Interim Financial Statements
Three and six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)

The Company has incurred losses to date of \$12,640,109 and had net working capital of \$117,122 as at March 31, 2016 (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.

3. Significant accounting policies

Statement of Compliance

These consolidated interim 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 periods presented.

These financial statements have been authorized for issuance by the Company's Board of Directors on May 30, 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 Nano Struck 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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Interim Financial Statements
Three and six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(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.

(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 and comprehensive loss.

(c) *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 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

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Interim Financial Statements
Three and six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued) **(c) Financial instruments (continued)**

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

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 gain 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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Interim Financial Statements
Three and six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)

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.

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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Interim Financial Statements
Three and six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

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

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.

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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Interim Financial Statements
Three and six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(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

(k) Basic and diluted loss per share (continued)

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 three and six months ended March 31, 2016 and 2015, all outstanding warrants and share options were not included in this calculation as they would be anti-dilutive.

(l) 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 and comprehensive loss.

(m) 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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Interim Financial Statements
Three and six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(n) *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 March 31, 2016 (September 30, 2015 - \$Nil).

(o) *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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Interim Financial Statements
Three and six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)

3. Significant accounting policies (continued) (o) *Accounting standards adopted during the year (continued)*

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.

IFRS 34 Interim Financial Reporting - Statement of compliance

The Company applies International Financial Reporting Standards [“IFRS”] as issued by the International Accounting Standards Board [“IASB”]. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of May 30, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended September 30, 2015, except as noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending September 30, 2016 could result in restatement of these unaudited condensed interim consolidated financial statements.

(p) *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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Interim Financial Statements
Three and six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)

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 contingent 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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Interim Financial Statements
 Three and six months ended March 31, 2016 and 2015
 (Expressed in Canadian Dollars)

5. Related party transactions

The following is the detail of remuneration paid or accrued to key management personnel during the six months ended March 31, 2016:

Name of Director	Officer/ Position	Nature of Payment	Oct 1, 2015 - Mar 31, 2016 Fees Accrued/Paid (\$)
Bundeep S. Rangar	Chairman, CEO	Consulting/Board Fees	128,000
Steve McCann	CFO, Chair of Audit Committee	Consulting/Board Fees	92,000
Brij Chadda	Director	Board Fees	12,000
Marty Bernholz	Director	Board Fees	11,000

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 six months ended March 31, 2016.

6. Property, plant and equipment

	Manufacturing Equipment	Furniture & Fixtures	Computer & Electronics	Leasehold Improvements	TOTAL
	\$	\$	\$	\$	\$
COST					
Balance as at September 30, 2014	34,319	20,185	29,335	51,080	134,919
Disposals	(16,445)	-	-	-	(16,445)
Balance, March 31, 2015	17,874	20,185	29,335	51,080	118,474
Balance as at September 30, 2015	-	-	-	-	-
Additions	-	-	-	-	-
Balance, March 31, 2016	-	-	-	-	-
ACCUMULATED AMORTIZATION					
Balance as at September 30, 2014	34,319	10,247	17,294	24,279	86,139
Charge for the year	(16,445)	9,938	12,041	26,801	32,335
Balance, March 31, 2015	17,874	20,185	29,335	51,080	118,474
Balance as at September 30, 2015	-	-	-	-	-
Charge for the year	-	-	-	-	-
Balance, March 31, 2016	-	-	-	-	-
Net Book Value, March 31, 2015	-	-	-	-	-
Net Book Value, March 31, 2016	-	-	-	-	-

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Interim Financial Statements
Three and six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)

7. 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. On October 1, 2015 the Company issued 312,500 shares to a consultant valued at \$3,125 as consideration of debt settlement with a carrying value of \$15,625. As at March 31, 2016 the Company had 259,709,400 common shares issued and outstanding

8. Contributed surplus

	Number of options	Weighted average exercise price (\$)	Grant date fair value of options (\$)	Number of warrants	Weighted average exercise price (\$)	Grant date fair value of warrants (\$)	Total value (\$)
September 30, 2014	8,120,000	0.19	827,133	24,146,878	0.24	4,025,082	4,852,215
Granted	-	-	-	-	-	-	-
Expired	-	-	-	(2,392,088)	(0.38)	-	-
March 31, 2015	8,120,000	0.19	827,133	21,754,790	0.23	4,025,082	4,852,215
September 30, 2015	4,320,000	0.15	322,771	179,217,704	0.06	2,516,770	2,839,541
Granted	-	-	-	-	-	-	-
Expired	-	-	-	-	-	-	-
March 31, 2016	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.

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	

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Interim Financial Statements
Three and six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)

9. Commitments

There were no outstanding commitments as at March 31, 2016.

10. 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.

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 March 31, 2016, the Company had net working capital of \$117,122 (September 30, 2015: negative \$292,709). 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 capital surplus was \$117,122 as at March 31, 2016 (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.

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Interim Financial Statements
Three and six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)

10. Financial instruments and risk management (continued)

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 six months ended March 31, 2016.

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 March 31, 2016, the Company had net working capital of \$117,122.

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 March 31, 2016 and 2015, the Company did not hold any financial instruments measured at fair value.

11. 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 (Note 8). 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

NANOSTRUCK TECHNOLOGIES INC.

Notes to Consolidated Interim Financial Statements
Three and six months ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)

11. Contingencies (continued)

Company's dealings with Holdings or Raj Kurichh. As such, the outcome or potential impact on the Company is not known at this time.

12. Subsequent events

Subsequent to March 31, 2016, the Company received an additional \$565,800 in share subscription proceeds. The Company has agreed to issue 56,580,000 units for this cash consideration of \$565,800. Each unit will consist of one common share and one common share purchase warrant exercisable at \$0.05 for a period of five years.

NANOSTRUCK TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED MARCH 31, 2016

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 and six months periods ended March 31, 2016 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 May 30, 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 six months ended March 31, 2016.

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 2015 - March 2016 the Company received deposits totalling \$1,339,903 for 133,990,300 private placement units. The shares were not issued prior to March 31, 2016 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.

On March 31, 2016 the Company announced it has received conditional approval of the CSE for its proposed change of business, subject to majority shareholder approval.

The Company's Board intend to seek the necessary majority shareholder approval for the change of business to become a platform for the emerging area of alternative finance known as crowdfunding and discontinue its water remediation and tailings processing business. The decision to implement the change of business has been the result of extensive in-house and external research. The Company's management deems the change of business to be necessary to deliver improved shareholder returns and long-term shareholder value.

Trading of the Company's common shares will remain halted to allow dissemination of the listing statement describing the fundamental change and to obtain consents from the majority shareholders of the Company. Thereafter, the Company's common shares will resume trading under its new name, Fineqia International Inc., new CUSIP/ISIN numbers and new stock ticker symbol.

The change of business will be executed through the incorporation of a new wholly-owned U.K. subsidiary, which will operate a regulated crowdfunding platform focused on debt instruments, specifically referred to as minibonds. The platform will allow individuals and financial institutions to discover and invest in high yield debt securities that meet U.K. crowdfunding regulatory guidelines.

The Company's strategic focus will be to provide a platform and associated services to support security issuances and manage administration of debt securities such as minibonds. The platform will bring an issuing company's minibonds to market, by distributing and marketing minibonds to the crowd, as well as transparently highlighting the risks and objectively outlining opportunities involved.

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 March 31, 2016.

	For the Three Months Ended							
	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014
\$								
Revenue	-	-	-	-	-	-	-	-
Income (loss) from continuing operations	(463,243)	(473,576)	132,643	(13,966)	(450,489)	(365,105)	(1,870,685)	(1,513,879)
Net Income (Loss)	(463,243)	(473,576)	132,643	(13,966)	(450,489)	(365,105)	(1,870,685)	(1,513,879)
Income (loss) from continuing operations per share -basic and diluted	(0.002)	(0.002)	0.000	(0.001)	(0.006)	(0.004)	(0.02)	(0.020)
Income (loss) per share -basic and diluted	(0.002)	(0.002)	0.000	(0.001)	(0.006)	(0.004)	(0.02)	(0.020)

As the Company continues in the research and development stage, the Company has incurred significant operating losses since inception. In the six months ended March 31, 2016, the running costs increased at a far lower rate as all non-essential expenditure was curtailed. The Company channeled available resources to external review of the change of business. 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 March 15, 2016

The Company's net loss for the period was \$463,243 compared to the loss of \$450,488 for the three months ended March 31, 2015. The net increase in loss of \$12,755 was primarily due to the following:

- a) Professional fees, consulting and advisory increased by \$164,657 from \$565 in 2015 to \$165,222 in 2016. The increase was due a focused exploration and research of possible new business opportunities undertaken by the Company current management; and
- b) Salaries and wages decreased by \$53,218 from \$190,218 in 2015 to \$137,000 in 2016. 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 \$8,357 from \$42,068 in 2015 to \$33,711 in 2016. 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 \$169,911 from \$172,733 in 2015 to \$2,822 in 2016. 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) Advertising and promotion costs increased by \$60,000 from \$nil in 2015 to \$60,000 in 2016. The increase was due to developing potentially new business avenues for the Company.

For the six months ended March 15, 2016

The Company's net loss for the period was \$936,819 compared to the loss of \$815,593 for the equivalent six months ended March 31, 2015. The net increase in loss of \$121,226 was primarily due to the following:

- a) Professional fees, consulting and advisory increased by \$431,075 from \$2,647 in 2015 to \$433,722 in 2016. The increase was due a focused exploration and research of possible new business opportunities undertaken by the Company current management; and
- b) Salaries and wages decreased by \$117,956 from \$405,956 in 2015 to \$288,000 in 2016. 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 \$13,622 from \$71,725 in 2015 to \$58,103 in 2016. 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 \$253,925 from \$257,347 in 2015 to \$3,422 in 2016. 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 \$2,607 from \$21,570 in 2015 to \$18,963 in 2016. This was due to the reduction of employees and closure of premises; and
- f) Advertising and promotion costs increased by \$60,000 from \$nil in 2015 to \$60,000 in 2016. The increase was due to developing potentially new business avenues for the Company.
- g) Gain on debt conversions increased by \$26,980 from \$nil in 2015 to \$26,980 in 2016. 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 March 31, 2016 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 March 31, 2016 totaled 4,320,000, with all options having an exercise price of \$0.15, with an average contractual life of 0.42 years.

At March 31, 2016, the Company's net working capital surplus was \$117,122 (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 six months ended March 31, 2016 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 - Mar 31, 2016 Fees Accrued/Paid (\$)
Bundeep S. Rangar	Chairman, CEO	Consulting/Board Fees	128,000
Steve McCann	CFO, Chair of Audit Committee	Consulting/Board Fees	92,000
Brij Chadda	Director	Board Fees	12,000
Marty Bernholz	Director	Board Fees	11,000

Key management personnel were not paid post-retirement benefits, termination benefits or other long-term benefits during the six months ended March 31, 2016.

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

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.

IFRS 34 Interim Financial Reporting

Statement of compliance

The Company applies International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"]. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of May 30, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended September 30, 2015, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending September 30, 2016 could result in restatement of these unaudited condensed interim consolidated financial statements.

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 March 31, 2016, the Company had a net working capital of \$117,122 (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 net capital surplus was \$117,122 as at March 31, 2016 (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 six months ended March 31, 2016. 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 \$12,640,109 and had net working capital of \$117,122 as at March 31, 2016 (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 March 31, 2016, the Company received an additional \$565,800 in share subscription proceeds. The Company has agreed to issue 56,580,000 units for this cash consideration of \$565,800. Each unit will consist of one common share and one common share purchase warrant exercisable at \$0.05 for a period of five years.