Condensed Consolidated Interim Financial Statements of
(unaudited)

ORBITE TECHNOLOGIES INC.
(Formerly known as Orbite Aluminae Inc.)

(A development stage company)

For the quarter and the nine months ended September 30, 2015

ORBITE TECHNOLOGIES INC.

Condensed Consolidated Interim Financial Statements

(unaudited)

For the quarter and the nine months ended September 30, 2015

Financial Statements

ORBITE TECHNOLOGIES INC.

Condensed Consolidated Interim Statements of Financial Position
(unaudited)

		September 30, 2015		December 31, 2014
Assets				
Current assets:				
Cash and cash equivalents	$	2,571,820	$	2,977,929
Short-term investments		871,080		376,199
Restricted cash (note 7)		25,069,900		-
Sales taxes and other receivables		769,762		1,346,020
Current income and mining taxes recoverable		1,760,700		1,760,700
Investment tax credits and other governmental assistance receivable		11,184,501		5,197,822
Inventory		215,785		129,579
Prepaid expenses and others		417,172		845,187
Derivative financial instruments (note 13)		-		354,000
Total current assets		42,860,720		12,987,436
Non-current assets:				
Restricted cash (note 7)		-		16,354,020
Investment tax credits receivable		-		9,356,591
Property, plant and equipment (note 4)		92,231,788		78,392,193
Patents and others		1,701,652		1,409,146
Exploration and evaluation assets (note 5)		17,034,198		16,975,490
Total non-current assets		110,967,638		122,487,440
Total assets	$	153,828,358	$	135,474,876
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$	8,534,695	$	5,155,262
Convertible debentures liability (note 7)		21,592,418	$	-
Short-term loan (note 6)		8,025,000		-
Long-term debt (note 8)		5,123		4,972
Derivative financial instruments (note 13)		115,591		-
Total current liabilities		38,272,827		5,160,234
Non-current liabilities:				
Convertible debentures liability (note 7)		1,132,153		21,371,538
Long-term debt (note 8)		4,902,313		4,638,799
Deferred income and mining tax liabilities		2,372,460		2,372,460
Derivative financial instruments (note 13)		30,697		69,604
Total non-current liabilities		8,437,623		28,452,401
Equity				
Share capital and warrants (note 9)		180,773,534		169,152,760
Contributed surplus		17,174,924		14,981,211
Deficit		(90,830,550)		(82,271,730)
Total equity attributable to equity holders of the Company		107,117,908		101,862,241
Commitment (note 14), Subsequent events (note 15), Going concern (note 2)				
Total liabilities and equity	$	153,828,358	$	135,474,876

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

ORBITE TECHNOLOGIES INC.
Condensed Consolidated Interim Statements of Comprehensive Loss
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2015	**2014**	**2015**	**2014**
Expenses				
Research and development charges, net of				
investment tax credits and other				
governmental assistance of:	$ 377,983	$ 425,569	$ 1,293,619	$ 1,301,398
$53,068 (2014-$20,195) for three months ended September 30				
$114,073 (2014-$64,870) for nine months ended September 30				
General and administrative charges	1,142,048	1,217,596	4,163,562	5,241,406
HPA plant operations	1,008,140	703,726	2,993,965	2,541,414
Other expense (income)	-	(2,300)	-	243,278
Loss before net finance income (expense) and income and mining taxes	(2,528,171)	(2,344,591)	(8,451,146)	(9,327,496)
Net finance income (expense) (note 10)	395,663	2,116,283	(107,674)	402,566
Loss before income and mining taxes	(2,132,508)	(228,308)	(8,558,820)	(8,924,930)
Income and mining taxes				
Current	-	-	-	60,800
Deferred	-	-	-	(60,800)
	-	-	-	-
Net loss and comprehensive loss	$ (2,132,508)	$ (228,308)	$ (8,558,820)	$ (8,924,930)
Basic and diluted net loss per share	$ (0.01)	$ (0.00)	$ (0.03)	$ (0.03)
Weighted average number of shares outstanding	371,168,998	301,218,432	349,986,674	269,330,519

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

ORBITE TECHNOLOGIES INC.

Condensed Consolidated Interim Statements of Changes in Equity
(unaudited)

	Nine months ended September 30, 2014				
	Number of shares	**Share capital and warrants**	**Contributed surplus**	**Deficit**	**Total**
Balance at January 1, 2014	220,005,587	$ 138,150,913	$ 13,876,689	$ (69,753,293)	$ 82,274,309
Share-based payments (note 9)	-	-	1,477,643	-	1,477,643
Broker's warrants issued	-	-	294,718	-	294,718
Exercise of share options (note 9)	3,700,000	1,896,553	(876,553)	-	1,020,000
Exercise of warrants (note 9)	833,250	399,960	-	-	399,960
Share issuance costs	-	-	-	(119,175)	(119,175)
Units issued	35,714,286	10,000,000	-	-	10,000,000
Shares issued for interest	289,962	100,768	-	-	100,768
Issuance of subscription rights	-	4	-	-	4
Convertible debentures conversion	49,187,572	16,479,336	-	-	16,479,336
Comprehensive loss	-	-	-	(8,924,930)	(8,924,930)
Balance at September 30, 2014	309,730,657	$ 167,027,534	$ 14,772,497	$ (78,797,398)	$ 103,002,633

	Nine months ended September 30, 2015				
	Number of shares	**Share capital and warrants**	**Contributed surplus**	**Deficit**	**Total**
Balance at January 1, 2015	320,795,551	$ 169,152,760	$ 14,981,211	$ (82,271,730)	$ 101,862,241
Share-based payments (note 9)	-	-	734,584	-	734,584
Warrants issued (note 7 and 9)	-	-	1,459,129	-	1,459,129
Shares issued for interest (note 9)	54,761	13,391	-	-	13,391
Convertible debentures conversion (note 7,9 and 13)	56,660,655	11,607,383	-	-	11,607,383
Comprehensive loss	-	-	-	(8,558,820)	(8,558,820)
Balance at September 30, 2015	377,510,967	$ 180,773,534	$ 17,174,924	$ (90,830,550)	$ 107,117,908

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

ORBITE TECHNOLOGIES INC.
Condensed Consolidated Interim Statements of Cash Flows
(unaudited)

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Cash flows used in operating activities:				
Comprehensive loss	$ (2,132,508)	$ (228,308)	$ (8,558,820)	$ (8,924,930)
Non-cash items:				
Depreciation of property, plant and equipment	63,964	85,142	208,902	264,808
Depreciation of patents	66,216	2,597	72,997	7,702
Share-based payments recognized in comprehensive loss (note 9)	204,676	270,693	723,027	1,398,978
Net finance income (expense)	(496,708)	(2,066,333)	(135,205)	(531,827)
Deferred income taxes	-	-	-	(60,800)
Changes in non-cash working capital items:				
Sales taxes and other receivables	322,747	473,730	576,258	(14,260)
Current income taxes recoverable	-	-	-	60,800
Investment tax credits and other governmental assistance receivable	50,364	(20,195)	7,424	(5,242)
Prepaid expenses and others	584,814	(64,485)	428,015	162,162
Inventory	(104,281)	(75,503)	(86,206)	(91,185)
Accounts payable and accrued liabilities	1,015,672	220,926	1,120,976	(1,819,058)
Interest received	171,297	154,299	437,082	190,977
Interest paid	(600,482)	(500,170)	(1,681,281)	(1,500,547)
	(854,229)	(1,747,607)	(6,886,831)	(10,862,422)
Cash flows from financing activities:				
Net proceeds from convertible debentures (note 7)	-	9,247,240	13,421,525	9,247,240
Proceeds from short-term loan (note 6)	5,000,000	-	8,025,000	-
Proceeds from long-term debt	-	-	-	3,800,000
Repayment of long-term debt	(1,127)	(1,201)	(3,308)	(3,565)
Issuance of shares, warrants, rights and exercise of options (note 9)	-	614,805	13,391	11,419,961
Share issuance costs	-	(6,776)	-	(119,175)
	4,998,873	9,854,068	21,456,608	24,344,461
Cash flows used in investing activities:				
Changes in restricted cash	(2,526,275)	(6,011,743)	(8,622,915)	(6,011,743)
Cash receipts from investment tax credits receivable	4,089,456	5,999,919	10,089,456	5,999,919
Additions to patents	232	(169,817)	(308,727)	(418,520)
Additions to property, plant and equipment	(6,294,600)	(5,283,795)	(15,546,856)	(11,963,211)
Additions to exploration and evaluation assets	(78,806)	(79,944)	(91,964)	228,652
Changes in short-term investments	(467,378)	(1,182)	(494,880)	(5,071)
	(5,277,371)	(5,546,562)	(14,975,886)	(12,169,974)
Net increase (decrease) in cash and cash equivalents	(1,132,727)	2,559,899	(406,109)	1,312,065
Cash and cash equivalents, beginning of period	3,704,547	8,661,605	2,977,929	9,909,439
Cash and cash equivalents, end of period	$ 2,571,820	$ 11,221,504	$ 2,571,820	$ 11,221,504

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. Nature of operations

Orbite Technologies Inc. (the “Company” or “Orbite”) was incorporated on June 17, 1983 under the Canada Business Corporations Act. On June 12, 2015, the Company amended its articles to change its name to “Orbite Technologies Inc.” (formerly known as Orbite Aluminae Inc.). Its share capital is comprised of one Class of common shares, i.e. the Class A shares (the “Common Shares” or the “Class A Shares”), which are the only shares that are currently issued and outstanding. On June 17, 2015, the Company’s securities began trading under the “Industrial-Technology” listing category of the Toronto Stock Exchange instead of the “Mining” category. Orbite is a development stage corporation involved in the extraction of different ores, namely alumina, using environmentally friendly extraction processes. The Company’s activities are located in Québec, Canada and its shares are listed on the Toronto Stock Exchange ‘’TSX’’ under the stock symbol “ORT” and since September 10, 2012, on the OTCQX International under the symbol “EORBF.” The Company’s 2012, 2013 and 2015 convertible debentures are also listed on the TSX under the symbols ‘’ORT.DB’’, ‘’ORT.DB.A’’ and ‘’ORT.DB.B’’ respectively.

The Company's headquarters are located at 6505 TransCanada Highway, Suite 610, Saint-Laurent, Québec, Canada.

The Company owns the intellectual property rights to patented and patent-pending proprietary processes and technologies, which are expected to enable the environmentally sustainable and cost effective production of high value products such as high purity alumina, silica, hematite, magnesium oxide, titanium oxide, smelter grade alumina as well as rare earth oxides and rare metal oxides from a variety of potential feedstocks which could include red mud, fly ash, aluminous clay, mine tailings, bauxite and kaolin clay, without generating red mud waste or tailings. Orbite owns 100% of the mining rights of several properties in the province of Québec and an option to acquire claims in the province of Nova Scotia. The majority of the claims are located in Grande-Vallée and between Rimouski and Cap-Chat, all in the Gaspé region. Most of the exploration and evaluation activities undertaken are in relation to its 41 km^2 Grande-Vallée property, the site of an aluminous clay deposit located 32 km northeast of Murdochville, Québec. The Company has a 20-year renewable mining lease on its Grande-Vallée property, granted by Québec’s Ministry of Natural Resources and Wildlife, that would be sufficient to operate the future open pit operation to supply a smelter-grade alumina (“SGA”) plant and the high-purity alumina (“HPA”) plant operations.

In regards to its HPA project, Orbite has entered into the construction phase at the HPA plant in Cap-Chat, Québec, which was the site of the Company’s alumina extraction pilot plant until March 2012.

The Company published a revised preliminary economic assessment in regards to the SGA project in May 2012.

The potential for recovery of costs incurred on exploration and evaluation activities and the investment in the HPA plant depends on various factors including the existence of sufficient quantities of reserves, the ability to obtain all required permits, the ability to obtain appropriate financing to put mining properties into production, construct production facilities, and bring those into operation, the efficiency and commercial viability of its processes, and the ability to realize a profitable return for the Company.

2. Basis of presentation and measurement

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim financial reporting using accounting policies consistent with the International Financial Reporting Standards (''IFRS'') issued by the International Accounting Standards Board (''IASB''). These consolidated interim financial statements should be read in conjunction with the Company's audited annual consolidated financial statements and notes thereto prepared for the year ended December 31, 2014.

The Board of Directors approved the consolidated interim financial statements for the quarter and the nine months ended September 30, 2015 and authorized their publication on November 12, 2015.

Basis of measurement and Going Concern

The consolidated interim financial statements have been prepared on a historical cost basis except for derivative financial instruments and the 2013 convertible debentures, measured at fair value through profit or loss.

Going Concern

The consolidated interim financial statements have been prepared on a going concern basis, meaning on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the construction of its HPA plant, the exploration and development of its mineral property interests, the attainment of profitable operations or the receipt of proceeds from the disposition of its mineral property interests. The Company is a development stage corporation and has not generated revenue or cash flows from its HPA plant which is currently under construction. The Company's sole source of funding to this point has been the issuance of equity securities, debt and government grants. There can be no assurance that the HPA plant will operate successfully or economically, that the estimated capital costs will be sufficient to achieve the design capacity or the product purities and characteristics, or that the plant will provide a return on investment or become profitable.

In order to finance ongoing construction and subsequent commissioning of its HPA plant, the Company closed a $10 million bought deal on April 6, 2015 and an additional $5 million on May 6, 2015 (see note 7). On November 5, 2015, the Company completed secured debt financings (the "Facility") totalling up to $22 million (US$ 16.95 million) in the aggregate, and Investissement Quebec has agreed to increase the amount of its second secured bridge loan to $7.6 million from $5 million (See note 15). These fundings represent the remaining funds required for completion and commissioning of its HPA plant. The Company has no other committed sources of future financing as of the date of these consolidated interim financial statements other than the one mentioned above. If the going concern assumption were not appropriate for these consolidated interim financial statements, adjustments to the carrying value of assets and liabilities, reported expenses and consolidated statement of financial position classifications would be necessary. Such adjustments could be material.

Principles of consolidation

The consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary company that was incorporated in 2012. The wholly owned subsidiary is an entity over which the Company has control, where control is defined as the power to govern financial and operating policies.

The financial statements of the subsidiary are prepared for the same reporting period as the parent Company, using consistent accounting policies.

On consolidation, all significant inter-entity balances, transactions including unrealized gains and losses resulting from these transactions are eliminated. The subsidiary has not commenced any operating activities.

Functional and presentation currency

These consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. Significant accounting policies

Adoption of new accounting standards

These consolidated interim financial statements have been prepared in accordance with accounting policies which are consistent with those used and described in the Company's annual consolidated financial statements for the year ended December 31, 2014.

New standards and interpretations not yet adopted

Certain new standards, interpretations, and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2016. The Company has not early adopted these standards. Those which are considered to be relevant to the Company's operations are as follows:

IFRS 9 Financial Instruments

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)).

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

Use of estimates and judgments

The preparation of the consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made. Management uses historical experience, general economic conditions and trends, as well as assumptions regarding probable future outcome as the basis for determining estimates. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant management's judgments as well as the relevant uncertainty sources were the same as those applied to the consolidated annual financial statements for the year ended December 31 2014. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

4. Property, plant and equipment

		Land and improvements		Buildings and improvements		Machinery, equipment, furniture and fixtures		Assets under construction		Total
Cost										
Balance at January 1, 2015	$	263,830	$	8,937,790	$	1,938,537	$	68,162,969	$	79,303,126
Additions		-		72,635		294,133		20,408,701		20,775,469
Investment tax credits		-		-		-		(6,726,972)		(6,726,972)
Balance at September 30, 2015	$	263,830	$	9,010,425	$	2,232,670	$	81,844,698	$	93,351,623
Accumulated depreciation										
Balance at January 1, 2015	$	-	$	184,755	$	726,178	$	-	$	910,933
Depreciation		-		38,870		170,032		-		208,902
Balance at September 30, 2015	$	-	$	223,625	$	896,210	$	-	$	1,119,835
Carrying amounts										
As at September 30, 2015	$	263,830	$	8,786,800	$	1,336,460	$	81,844,698	$	92,231,788
As at December 31, 2014	$	263,830	$	8,753,035	$	1,212,359	$	68,162,969	$	78,392,193

The majority of the equipment being purchased and constructed in relation to the HPA commercial plant is eligible for an investment tax credit. The tax credit receivable is recorded in the same period as the eligible addition and is credited against property, plant and equipment). During the nine month period ended September 30, 2015, $2,982,118 (September 30, 2014 – $2,695,178) in borrowing costs were capitalized in assets under construction.

5. Exploration and evaluation assets

Changes in exploration and evaluation assets by property are as follows:

	January 1, 2015	Additions / Deductions	September 30, 2015
Grande-Vallée	$ 15,726,245	$ 56,172	$ 15,782,417
Chaswood	759,743	2,536	762,279
Rimouski – Cap-Chat	197,433	-	197,433
Le Tac	223,031	-	223,031
Others	69,038	-	69,038
	$ 16,975,490	$ 58,708	$ 17,034,198

6. Short term loan

On January 13, 2015 and June 19, 2015 Orbite entered into a loan agreement for up to $3,025,000 and $5,000,000 respectively, from Investissement Québec. These loans are repayable when the Company receives the funds from the present and future receivables secured against this loan as described below, or at the latest by June 30, 2016 and June 30, 2017 respectively. They carry an interest rate of 3.5% over the prevailing prime lending rate, which at September 30, 2015 was standing at 2.70%. Interest is payable monthly and during the nine month period ended September 30, 2015 the interest expense amounted to $179,620. The loans are subject to certain reporting and financial customary terms and conditions including maintaining a minimum working capital ratio until repayment of the loan. As of September 30, 2015, the available aggregate of $8.025 million was fully withdrawn.

The loans are secured by a 1st ranking movable hypothec on the universality of the Company's present and future receivables in the amount of $9,630,000, excluding manufacturing investment tax credits related to the HPA plant for the fiscal years ended December 31, 2012 and December 31, 2013.

7. Convertible debentures

Transactions affecting the convertible debenture liability were as follows:

2012 Convertible debentures

	September 30, 2015	December 31, 2014
Balance - beginning of period	$ 20,667,513	$ 19,586,770
Effective interest accretion	2,424,905	3,080,743
Interest payments	(1,500,000)	(2,000,000)
	$ 21,592,418	$ 20,667,513
Presented as Current Liabilities	(21,592,418)	
Balance - end of period	-	20,667,513

2013 Convertible debentures

	September 30, 2015	December 31, 2014
Balance - beginning of period	$ 704,025	$ 11,799,410
Conversion into common shares	(202,500)	(11,619,104)
Net fair value change	-	523,719
Balance - end of period	$ 501,525	$ 704,025

2015 Convertible debentures

	September 30, 2015	December 31, 2014
Balance - beginning of period	$ -	$ -
Issuances	8,613,642	-
Effective interest accretion	110,216	-
Interest paid in shares upon conversion	(54,081)	-
Conversion into common shares	(8,039,149)	-
Balance - end of period	$ 630,628	$ -
Carrying amount at end of period	$ 1,132,153	$ 21,371,538

On April 6, 2015, Orbite completed the first portion of the public offering of units in the amount of $10,000,000 under the short form base shelf prospectus and prospectus supplement dated March 18 and March 30, 2015 respectively (the "Offering").

On May 6, 2015 Orbite concluded the issuance of 5,000 additional units for gross proceeds of $5,000,000 as a result of the exercise of the over-allotment, the underwriter under the public offering, of its financing option, bringing the aggregate gross proceeds for the public offering to $15,000,000.

Each unit consists of $1,000 principal amount of 5% convertible unsecured unsubordinated debentures (the "Debentures") and 1,077 share purchase warrants (each a "Warrant") of the Company. The Debentures will mature on April 6, 2020 (the "Maturity Date") and will bear interest at a rate of 5% per annum payable semi-annually.

Each Debenture is convertible, at the option of the holder at any time prior to the Maturity Date, into the number of shares computed on the basis of (i) the principal amount of the Debentures divided by the conversion price of $0.325 per share (the "Conversion Price"), and (ii) an amount equal to the additional interest amount that such holder would have received if it had held the Debenture until the Maturity Date (the "Make-Whole Amount") divided by the then 5 day volume weighted average trading price of the shares on the TSX (the "Current Market Price"). The Make-Whole Amount shall be reduced by 1% for each 1% that the

Current Market Price at time of conversion exceeds the Conversion Price. Each Warrant will be exercisable into one share for a period of 36 months from their issue date at a price of $0.39 per share.

For its services, Euro Pacific Canada Inc. received a cash commission of $900,000 (equal to 6% of the gross proceeds raised) and 2,769,230 non-transferable broker warrants (equal to 6% of the shares into which the principal of the Debentures sold are convertible). Each broker warrant is exercisable into one share for a period of 36 months at a price of $0.39 per share.

The aggregate number of shares to be issued upon conversion of the Debentures and for any payment of the Make-Whole Amount shall not exceed the number of shares equal to the principal amount of the Debentures divided by $0.325 less the 25% maximum discount allowable by the Toronto Stock Exchange.

The convertible debentures holders' conversion option, which includes the Make Whole Amount is recorded as a derivative financial liability at fair value with all subsequent changes in fair value to be recorded in net finance income (expense), the debt portion is initially recorded at its fair value and subsequently accounted for using the effective interest rate method, and the warrants are equity classified with no future remeasurement and represent the residual value of the proceeds from the issuance. The accounting policy for 2015 convertible debentures is consistent with the accounting policy used for the Series X convertible debentures and the 2012 convertible debentures.

At the issuance date the 2015 convertible debentures were recorded as follows:

Debt component net of transaction cost of $1,315,729	$	8,613,642
Recognition of the conversion option derivative financial liability on issuance of convertible debentures		3,785,402
Warrants issued net of transaction cost of $128,868		1,156,360
Non-cash transaction costs related to broker's warrants recognized as contributed surplus		302,769
Transaction costs recognized as finance expenses		(436,648)
Net proceeds	$	13,421,525

2015 Convertible debentures

During the nine month period ended September 30, 2015, 56,106,714 common shares were issued as a result of the exercise of the conversion option by the 2015 debenture holders. During the period, 13,969 units of debentures were converted at a weighted average price of $0.250 per common share. The common shares issued included the accrued and unpaid interest to the date of conversion. Consequently, an amount of $11,404,883 (including accrued interest paid in shares of $54,081) was transferred to share capital representing the fair value of the derivative financial liability and the carrying amount of the debt of the converted units immediately before conversion as well as the accrued and unpaid interest to the date of conversion. The conversion is a non-cash transaction and thus excluded from the cash flow statement.

2013 Convertible debentures

During the nine month period ended September 30, 2015, 553,941 common shares were issued as a result of the exercise of the conversion option by the 2013 debenture holders. During the period, 150 units of debentures were converted at a weighted average price of $0.366 per common share. The common shares issued included the accrued and unpaid interest to the date of conversion as well as the Make-Whole Amount. Consequently, an amount of $202,500 representing the fair value of the converted units immediately before conversion was transferred from convertible debenture liability to share capital. The conversion is a non-cash transaction and thus excluded from the cash flow statement.

2012 Convertible debentures

As at September 30, 2015, the 2012 convertible debentures are secured against the HPA plant buildings having a carrying value of $8,786,800 (December 31, 2014 – $8,846,796) as well as the Company's 2012 and 2013 refundable investment tax credits resulting from the purchase of manufacturing equipment related to the Company's HPA facility of $nil (December 31, 2014 - $9,356,591) and the restricted cash of $25,069,900 (December 31, 2014 - $16,354,020). During the nine month period ended September 30, 2015, the Company received payments totaling $9.3 million from tax authorities in consideration of its investment tax credits. As at September 30, 2015, a total amount of $25,069,900 (including interest) is deposited in a segregated account and serves as security for the convertible debentures issued in December 2012 and maturing in December 2017. See note 15 for redemption of the 2012 convertible debentures subsequent to the period ended September 30, 2015. Given the Company's intent and ability to repay the 2012 convertible debentures in the short term, the carrying amount of the 2012 debentures and the restricted cash have been classified as current liabilities and current assets respectively, as at September 30, 2015.

8. Long-term debt

		September 30, 2015		December 31, 2014
Government loans	$	4,896,072	$	4,628,696
Secured loans		11,364		15,075
Total		4,907,436		4,643,771
Presented as:				
Current		5,123		4,972
Non-current		4,902,313		4,638,799

Transactions affecting the long-term debt were as follows:

		September 30, 2015		December 31, 2014
Balance at January 1, 2015	$	4,643,771	$	2,643,284
Net proceeds		-		3,800,000
Government grant allocated to property, plant and equipment		-		(2,066,842)
Effective interest accretion		267,778		272,812
Repayments		(4,113)		(5,483)
Balance at end of period	$	4,907,436	$	4,643,771

9. Share capital, warrants, share-based payments and subscription rights

For the nine months ended September 30, 2015 the Company issued 54,761 Class A shares at a price of $0.2446 in settlement of the interest due on the 2013 Convertible debentures, representing an amount of $13,391.

Warrants

The number of warrants issued and outstanding during the period are as follows:

	September 30, 2015			September 30, 2014		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Balance - beginning of period	47,623,893	$	0.46	16,449,020	$	0.49
Issued	18,924,230 *		0.39	32,057,143		0.45
Exercised	-		-	(833,250)		0.48
Balance - end of period	66,548,123	$	0.44	47,672,913	$	0.46

* Upon issuance of the 2015 convertible debentures, 2,769, 230 broker warrants were issued. The weighted average fair value of the broker warrants was $0.1083 at issuance date and was determined using a Black Scholes option pricing model. The following assumptions used to determine the fair value of the warrants issued are as follows: a $0.26 stock price, a $0.39 exercise price, an 80% expected volatility rate, a 0% expected dividend rate, a risk-free rate of 0.6% and a 3 years expected life.

The number of warrants issued and outstanding by exercise price is as follows:

Exercise price		Expiry date	Number of warrants
$	0.33	May 2017	17,857,143
$	0.39	April 2018	18,924,230
$	0.48	December 2016	15,566,750
$	0.60	July 2017	14,200,000
			66,548,123

Share options

Changes in the Company's Class A share purchase options issued and outstanding are as follows:

	September 30, 2015			September 30, 2014		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Balance - beginning of period	15,792,500	$	0.94	15,083,489	$	1.25
Granted	5,459,000		0.30	6,527,500		0.40
Exercised	-		-	(3,700,000)		0.28
Expired	(3,993,750)		1.05	(1,494,996)		2.87
Cancelled	(62,500)		0.40	(523,493)		2.56
Balance - end of period	17,195,250	$	0.71	15,892,500	$	0.93
Options exercisable - end of period	9,998,912	$	0.93	10,238,328	$	1.07

On April 28, 2015, the Company granted new stock options to certain employees at an exercise price of $0.30 per share.

The weighted average fair value of share options granted was $0.17 for the nine months ended September 30, 2015 (for the nine months ended September 30, 2014 - $0.24). The weighted average assumptions used to determine the fair value of the options issued and the share-based payment expense are as follows:

		September 30, 2015		September 30, 2014
Exercise price	$	0.30	$	0.40
Risk-free interest rate		0.92%		1.72%
Expected volatility		80%		75%
Expected life in years		6.40		5.68
Expected dividend		Nil		Nil
Expected forfeiture rate		9.65%		8.74%

Share options issued and outstanding by range of exercise price are as follows:

	September 30, 2015	
Exercise price	Number	Weighted average remaining contractual life (years)
$0.30 - 0.40	12,049,000	8.8
$0.41 - 0.67	1,020,000	0.2
$0.68 - 1.69	2,025,000	7.7
$1.70 - 2.53	435,000	4.7
$2.54 - 2.97	1,566,250	5.9
$2.98 - 3.47	50,000	0.8
$3.48 - 4.47	50,000	0.6
	17,195,250	7.7

The share-based payment expense was recognized as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Research and development	$ 27,169	$ 28,878	$ 65,760	$ 112,403
General and administration	149,503	239,788	594,344	1,260,735
HPA plant operations	28,004	2,027	62,923	25,840
Recognized in comprehensive loss	204,676	270,693	723,027	1,398,978
Capitalized in property, plant and equipment	2,696	15,808	11,557	71,165
	$ 207,372	$ 286,501	$ 734,584	$ 1,470,143

10. Net finance income (expense)

Net finance income (expense) is composed as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Finance income				
Interest income	$ 176 374	$ 139 959	$ 442 159	$ 190 977
Finance expense				
Interest on convertible debentures and on short-term loan	(952 250)	(972 373)	(2 714 742)	(2 492 315)
Interest on long-term debt	(93 537)	(93 648)	(267 778)	(202 863)
Transaction costs and other interest	(35 772)	(506 961)	(572 755)	(563 925)
	(1 081 559)	(1 572 982)	(3 555 275)	(3 259 103)
Other financial losses				
Effect of changes in fair value of derivative financial instruments	240 457	2 454 757	29 674	842 388
Effect of changes in foreign exchange rates	(1 588)	15 001	(6 350)	(66 874)
	238 869	2 469 758	23 324	775 514
Capitalized interest on qualifying assets	1 061 979	1 079 548	2 982 118	2 695 178
Net finance income (expense)	$ 395 663	$ 2 116 283	$ (107 674)	$ 402 566

11. Related party transactions

During the three and nine months ended September 30, 2015, the Company incurred $15,527 and $357,960 respectively (three and nine months ended September 30, 2014 - $54,762 and $189,857) from a legal firm in which a director of the Company is an equity partner. These transactions took place in the normal course of operations and were measured at the exchange amount, which is the amount established and accepted by the parties.

12. Earnings per share

For the period ended September 30, 2015 and 2014, all outstanding warrants, share options and convertible debentures were anti-dilutive since the Company reported net losses.

13. Financial Instruments

Financial risk management objectives and policies

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management manages financial risks.

The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial risks

The Company's main financial risk exposure and its financial risk management policies are as follows:

Interest rate risk

Convertible debentures bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. An increase of 25 basis point (0.25%) would not have a significant impact on the Company's results.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Generally, the maximum credit risk is equivalent to the carrying value of financial assets exposed to credit risk, less any impairment. The Company is subject to credit risk primarily through cash, cash equivalents, short-term investments and restricted cash. The Company reduces its credit risk by maintaining its cash, its restricted cash and its investments in financial instruments guaranteed by and held by a Canadian chartered bank having a good credit rating but the Company is subject to concentration of credit risk.

Currency Risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which certain assets and liabilities are denominated and the respective functional currency of the Company, the Canadian Dollar. The currencies in which these transactions are primarily denominated are the U.S dollar and the Euro. An increase or decrease of 10 percent of the US dollar or the Euro at the balance sheet date would not have a significant impact on the Company's results.

Liquidity risk

The Management's objective is to maintain sufficient cash to ensure that the Company has at its disposal sufficient sources of financing. The Company also establishes budgets and liquidity forecasts designed to ensure that it has at its disposal sufficient funds to meet its financial obligations, as they become due. Refer to note 2 Going concern.

The following table presents the contractual maturities of the financial liabilities and operating leases as of September 30, 2015:

	Carrying Amount	Contractual Cash flows	Payable within remaining financial year	Payable during Years 2 and 3	Payable during Years 4 and 5	Payable After year 5
Accounts payable and accrued liabilities	$ 8 534 695	$ 8 534 695	$ 8 534 695	$ -	$ -	$ -
Short-term loan	8 025 000	8 708 163	124 388	8 583 775	-	-
Convertible debentures 2012 [a)]	21 592 418	29 402 000	500 000	28 902 000	-	-
Derivative financial instrument [b)]	146 288	-	-	-	-	-
Convertible debentures 2013 [c)]	501 525	482 951	27 863	55 725	399 363	-
Convertible debentures 2015 [d)]	630 628	1 280 158	25 775	103 100	103 100	1 048 183
Long-term debt	4 907 436	4 611 881	1 371	930 510	920 000	2 760 000
Operating leases	-	496 421	126 563	369 859	-	-
Purchase obligations	-	1 146 000	1 146 000	-	-	-
	$ 44 337 990	$ 54 662 269	$ 10 486 655	$ 38 944 969	$ 1 422 463	$ 3 808 183

[a)] Includes interest outflows at 8%. As of September 30, 2015, funds representing an amount of $25,069,900 were deposited in a segregated account as security for the debentures. These debentures were repaid shortly after September 30, 2015 prior to their contractual maturity (see note 15).

[b)] The embedded derivative has no outflows since it is included in the 2012 and 2015 convertible debentures.

[c] Includes interest outflows at 7.5%. The Company may force conversion beginning on one-year anniversary and interest can be paid in cash or common shares at the Company's option.
[d] Includes interest outflows at 5%.

Fair value of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts included in the balance sheet, are as follows:

	September 30, 2015		December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	$ 2,571,820	$ 2,571,820	$ 2,977,929	$ 2,977,929
Short-term investment	871,080	871,080	376,199	376,199
Derivative financial instrument (current assets)	-	-	354,000	354,000
Restricted cash	25,069,900	25,069,900	16,354,020	16,354,020
Financial liabilities				
Accounts payable and accrued liabilities	8,534,695	8,534,695	5,155,262	5,155,262
Short-term loan	8,025,000	8,025,000	-	-
Derivative financial instrument (current liabilities)	115,591	115,591	-	-
Derivative financial instrument (non-current liabilities)	30,697	30,697	69,604	69,604
Convertible debentures 2012 liability	21,592,418	24,790,000	20,667,513	23,500,000
Convertible debentures 2013 liability	501,525	501,525	704,025	704,025
Convertible debentures 2015 liability	630,628	979,450	-	-
Long-term debt (including current portion)	4,907,436	3,812,794	4,643,771	3,755,766

Fair value hierarchy

The Company defines the fair value hierarchy for financial instruments carried at fair value as follows:

- Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements includes inputs other than quoted prices included in level 1 that are observable for the assets or liability, either directly or indirectly.
- Level 3 valuations use unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instrument for which the determination of fair value requires significant judgment or estimation.

If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair valued measurement of the instrument.

2012 Convertible debentures

The embedded early payment option has been classified as a level 2 fair value measurement whereas the control premium and the convertible debentures holders' conversion option are classified as level 3 measurements. The variation in its fair value during the period is recorded under net finance income (expense) (note 10).

The effect of a change in the volatility assumption as of September 30, 2015, which is the significant unobservable input in the fair value estimate, of 5% would have the following impact on the derivative financial liability:

- An increase of 5% would increase the value of the derivative financial liability by $15,732
- A decrease of 5% would decrease the value of the derivative financial liability by $11,791

Since there is no future cash disbursements associated with the derivative financial liability, it is presented in the non-current section of the statements of financial position.

The reconciliation of changes in level 3 fair value measurements of the non-current financial liabilities for the period ended September 30, 2015 is presented in the following table:

		September 30, 2015		September 30, 2014
Balance - beginning of period	$	69,604	$	3,510
Loss (gain) recognized in net finance expense (income)		(38,907)		313,639
Balance - end of period	$	30,697	$	317,149

2013 Convertible debentures

The 2013 convertible debentures including the conversion option is classified as level 1 fair value measurements since the debenture is listed on TSX exchange and the market is active. The changes in fair value are recognized in net finance expense. At the issuance date, the transaction costs were also included in net finance expense.

2015 Convertible debentures

The 2015 convertible debentures conversion option derivative financial liability was classified as a level 3 measurement. The variation in its fair value during the period is recorded under net finance income (expense) (note 10).

The reconciliation of changes in level 3 fair value measurements for the nine months ended September 30, 2015 is presented in the following table:

		September 30, 2015
Balance - beginning of period	$	-
Recognition of the conversion option derivative financial liability on issuance of convertible debentures		3,785,402
Conversion into common shares		(3,311,653)
Gain recognized in net finance expense (income)		(358,158)
Balance - end of period	$	115,591

The effect of a change in the volatility assumption as of September 30, 2015, which is the significant unobservable input in the fair value estimate, of 5% would have the following impact on the derivative financial liability:

- An increase of 5% would increase the value of the derivative financial liability by $6,305
- A decrease of 5% would decrease the value of the derivative financial liability by $6,725

Basis for determining fair values

The fair value of cash and cash equivalents, short-term investments, accounts payables, accrued liabilities and provisions approximates its carrying value given their short-term maturity date.

The fair value of the long-term debt at September 30, 2015 and December 31, 2014 was determined based on discounted cash flows at a weighted average discount rate of 14.5%, a rate for a similar loan at the balance sheet date.

The fair value of the convertible debentures holders' conversion option of the 2012 convertible debentures was determined using a Black Scholes option pricing model and the following assumptions at September 30, 2015: an 80% (December 31, 2014 - 75%) expected volatility rate, a 0% expected dividend rate and a risk-free rate of 0.54% (December 31, 2014 - 1.06%) for the remaining contractual life of the conversion option.

The fair value of the 2012 convertible debentures, comprising the convertible debenture liability and the derivative financial liability components, was $24,790,000 at September 30, 2015 (December 31, 2014 - $ 23,500,000) and was determined based on its quoted price on the Toronto Stock Exchange.

The fair value of the 2013 convertible debenture liability including the embedded conversion option was $501,525 at September 30, 2015 (December 31, 2014 - $704,025) and was determined based on its quoted price on TSX.

The fair value of the 2015 convertible debentures conversion option derivative financial liability of $115,591 was determined using a Black Scholes option pricing model and the following assumptions at September 30, 2015: an 80% expected volatility rate, a 0% expected dividend rate and a risk-free rate of 0.54% for the remaining contractual life of the conversion option.

The fair value of the 2015 convertible debentures, comprising the convertible debenture liability and the conversion option derivative financial liability components, was $979,450 at September 30, 2015 and was determined based on its quoted price on the Toronto Stock Exchange.

14. Commitment

As at September 30, 2015, the total remaining purchase commitment for capital expenditures at the HPA project relating to equipment amounts to approximately $1,146,000.

15. Subsequent events

Extension of $2M Loan from Government of Quebec

On October 6, 2015, the Company entered into a revised agreement with the government of Quebec regarding its $2 million non-interest bearing loan contracted on March 24, 2010, whereby the first principal payment date was deferred to January 2020 and the last principal payment date in January 2024.

Redemption of 2012 Convertible Debentures

On October 16, 2015, the Company redeemed all outstanding 2012 debentures in the aggregate principal amount of $25 million plus accrued interests. As per the terms of the Trust Indenture, for each $1,000 principal amount of debentures redeemed, the Company issued 285.714 class A share purchase warrants exercisable until December 13, 2017 at a price of $3.50. Accordingly, all of the security granted by the Company to secure the 2012 debentures were released and discharged.

Amendments to Contribution Agreements – CED

On October 20, 2015, the Company entered into amendments to its contribution agreements with Canada Economic Development for the $800,000 and the $4.0 million of non-interest bearing secured loans contracted on September 4, 2009 and February 5, 2014, respectively. The amendments provide that the $4.0 million loan payable in 10 semi-annual installments which were to begin in April 2017, have now been deferred to January 2020. The loans were initially secured by a first ranking movable hypothec against the Company's equipment located at the Company's high purity alumina production facility in Cap-Chat, Quebec, which was replaced by a second ranking hypothec against the (i) Company's equipment located at its HPA production facility in Cap-Chat, Quebec and its Development Technology Center in Laval, and (ii) the immovable comprised of the Company's HPA production facility in Cap-Chat, Quebec.

$22M Secured Debt Financing

On November 5, 2015, the Company completed a secured debt financing totalling up to C$22 million (or US$16.95 million) in the aggregate (the "Facility"). The Facility is comprised of a US$6.5 million (C$8.5 million) revolving credit facility, term loan A (US$0.45 million, or C$0.6 million) and term loan B (US$10.0 million, or C$13.0 million). The credit facility and term loans will bear interest at the London Interbank Offered Rate (or Libor) rate, which shall be no less than 0.5% (currently 0.2%), plus 6.5%.

A portion of the revolving credit facility and term loan A will be repayable as the Investment Tax Credits ("ITC") payments for the 2014 financial year are received by the Company, while the term loan B principal is repayable in 36 equal monthly installments starting December 1, 2016. The balance of the revolving credit facility will be used to finance the Company's eligible receivables. The Facility is subject to certain reporting, financial and other customary conditions. The Facility is secured by a 1st ranking hypothec on the universality of the Company's present and future movable and immovable assets, excluding the ITC receivables for the 2015 financial year, which are currently being financed by Investissement Québec ("IQ"). The Facility shall expire no later than November 4, 2019.

Investissement Québec

The Company announced on November 5, 2015 that Investissement Québec ("IQ") has agreed to increase the amount of its second secured bridge loan, initially granted in June 2015 in the amount of C$5 million, to C$7.6 million. This loan is collateralized against the Company's ITC receivables for the 2015 and subsequent financial years, and is repayable upon receipt by the Company of ITC payments for the 2015 financial year from tax authorities, but in no event later than June 30, 2017. Other terms for the loan with IQ remain unchanged, with interest payable at prime (presently 2.7%) plus 3.5%.

The Company also used a portion of proceeds of its November 5 financing, namely $3,025,000, to repay in full the bridge loan contracted with IQ to finance the Company's 2014 ITCs. The security granted to IQ on the Company's 2014 ITC was subsequently discharged.