FILING STATEMENT

OF

ELISSA RESOURCES LTD.

With respect to a Proposed Change of Business to a Technology Issuer

January 27, 2016

Neither the TSX Venture Exchange Inc. (the "Exchange") nor any securities regulatory authority has in any way passed upon the merits of the Change of Business described in this Filing Statement.

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GLOSSARY OF TERMS

The following is a glossary of certain defined terms used frequently throughout this Filing Statement. Terms and abbreviations used in the financial statements of the Issuer and the Target are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. Certain additional terms are defined within the body of this Filing Statement and in such cases will have the meanings ascribed thereto.

"$" means Canadian dollars.

"Affiliate" has the meaning set out in the Exchange Manual.

"Arm's Length Transaction means a transaction which is not a related party transaction as defined under applicable Securities Laws. The Transaction described in this Filing Statement is an Arm's Length Transaction.

"Associate" means, when used to indicate a relationship with a person or company:

(a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;

(b) any partner of the person or company;

(c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity; or

(d) in the case of a person, a relative of that person, including:

(i) that person's spouse or child, or

(ii) any relative of the person or of his spouse who has the same residence as that person;

but

(e) where the Exchange determines that two persons will, or will not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination will be determinative of their relationships in the application of Rule D (as defined in applicable Exchange Policies) with respect to that Member firm, Member corporation or holding company.

"Audit Committee" means the audit committee of the Board.

"BCBCA" means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c.57, as amended from time to time, including the regulations promulgated thereunder.

"Board" or "Board of Directors" means the board of directors of the Issuer or the Resulting Issuer, as the context requires.

"Bulletin Date"	means the date on which the Final Exchange Bulletin is issued by the Exchange with respect to the Transaction.
"CEO"	means each individual who served as Chief Executive Officer of the Issuer or acted in a similar capacity during the most recently completed financial year.
"CFO"	means each individual who served as Chief Financial Officer of the Issuer or acted in a similar capacity during the most recently completed financial year.
"Change of Business" or "COB"	means a transaction or series of transactions which will redirect an Issuer's resources and which changes the nature of its business, for example, through the acquisition of an interest in another business which represents a material amount of the Issuer's market value, assets or operation, or which becomes the principal enterprise of the Issuer. The Transaction described in this Filing Statement involves a Change of Business.
"Change of Control"	includes situations where after giving effect to the contemplated transaction and a result of such transaction: (a) any one Person holds a sufficient number of the Voting Shares of the Issuer or the Resulting Issuer to affect materially the control of the Issuer or Resulting Issuer, or (b) any combination of Persons, acting in concert of by virtue of an agreement, arrangement, commitment or understanding hold in total a sufficient number of the Voting Shares of the Issuer or Resulting Issuer to affect materially the control of the Issuer or Resulting Issuer; where such Person or combination of Persons did not previously hold a sufficient number of Voting Shares to affect materially the control of the Issuer or Resulting Issuer. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold more than 20% of the Voting Shares of the Issuer or Resulting Issuer is deemed to materially affect the control of the Issuer or Resulting Issuer. The Transaction contemplated by this Filing Statement involves a Change of Control.
"company"	unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
"Conditional Warrants"	means the conditional Warrants to be issued by the Issuer to the Vendors pursuant to the exercise of the Third Option, as more particularly described in the Investment Agreement.
"Control Person"	means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.
"Escrow Agent"	means Computershare Investor Services Inc.

"Escrow Agreement"	means the Tier 1 Exchange Form 5D – Value Security Escrow Agreement pursuant to which certain securities held by principals of the Resulting Issuer, will be deposited with the Escrow Agent.
"Escrow Policy"	means Policy 5.4 of the Exchange Manual.
"Exchange"	means the TSX Venture Exchange Inc.
"Exchange Manual"	means the Corporate Finance Manual of the Exchange and all orders, policies, rules, regulations, bulletins, staff notices and by-laws of the Exchange as amended from time to time.
"executive officer"	means (i) the chair, (ii) the vice-chair, (iii) a vice-president in charge of a principal business unit, division or function, including sales, finance or production; (iv) an officer, including of a subsidiary, who performs a policy making functions; (v) or any other individual performing policy making functions of a company, including the Issuer, the Target or the Resulting Issuer.
"Filing Statement"	means this filing statement dated January 27, 2016, together with all Schedules attached hereto.
"Final Exchange Bulletin"	means the Exchange bulletin to be issued following the submission of all required documentation in connection with the COB, which evidences the final Exchange acceptance of the Transaction.
"Financing"	means the recently completed non-brokered private placement of the Issuer raising gross proceeds of $1,500,936.12 through the sale of 12,507,801 units, each unit consisting of one Share and one Warrant.
"Finder"	means Alexander Smith.
"Finders Fee Agreement"	means the finder's fee agreement dated November 16, 2014 between the Issuer and the Finder relating to the Transaction.
"First Option"	means the initial option granted to the Issuer by the Target and the Vendors to acquire a 6.6% interest in the Target by contributing $200,000 in subscription funding to the Target, which option has been exercised by the Issuer.
"Funding Committee"	means the two person committee of the Target Board tasked with the administration of funds contributed to the Target by the Issuer pursuant to the exercise of the Second Option, at least one of such members being a representative of the Issuer.
"IFRS"	means International Financial Reporting Standards, as issued by the International Accounting Standards Board.

"Insider"	if used in relation to a company, means: (a) a director or senior officer of a company; (b) a director or senior officer of a company that is an Insider or subsidiary of a company; (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of a company; or (d) a company itself if it holds any of its own securities.
"Investment Agreement"	means the investment agreement dated October 22, 2015, as amended December 1, 2015 and January 13, 2016, between the Issuer, the Target, the Vendors and the beneficial owners of the Vendors, copies of which are available on SEDAR at www.sedar.com under the profile of the Issuer.
"Issuer"	means Elissa Resources Ltd., a corporation incorporated under the BCBCA and a tier 2 mining issuer listed on the Exchange under the trading symbol "ELI.V".
"Letter Agreement"	means the letter agreement between the Issuer, the Target and the Vendors concerning the Target Options, which letter agreement has been superseded by the Investment Agreement and the Shareholder Agreement.
"MD&A"	means management's discussion and analysis, as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*.
"Member"	means a member of the Exchange as defined in the TSX Venture Exchange Rules.
"Named Executive Officer or NEO"	means one of the (i) the CEO, (ii) the CFO, (iii) each of the Issuer's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, or (iv) any additional individuals for whom disclosure would have been provided under paragraph (i) above except that the individual was not serving as an executive officer of the Issuer, nor in a similar capacity, as at the end of the most recently completed financial year end.
"NI 43-101"	means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.
"Non-Arm's Length Party"	in relation to a company, a promoter, officer, director, other Insider or Control Person of that company and any Associates or Affiliates of any of such Persons, and in relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person.
"Options"	means incentive stock options granted under the Stock Option Plan to acquire Shares or Resulting Issuer Shares, as applicable.
"person"	includes any natural person, partnership, limited partnership, joint venture, syndicate, sole proprietorship, body corporate with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative.

"Resulting Issuer"	means the Issuer, which is currently a Tier 2 mining issuer, following the issuance of the Final Exchange Bulletin, to be renamed *"NexOptic Technology Corp."*.
"Resulting Issuer Options"	means incentive stock options granted under the Stock Option Plan to acquire Resulting Issuer Shares.
"Resulting Issuer Shares"	means common shares in the capital of the Resulting Issuer.
"Resulting Issuer Warrants"	means share purchase warrants in the capital of the Resulting Issuer.
"Second Option"	means, following the exercise of the First Option, the second option granted to the Issuer by the Target and the Vendors to acquire up to a further 28.4% interest in the Target by contributing a further $2,800,000 in subscription funding to the Target within the Second Option Period.
"Second Option Period"	means the period from the date of the exercise of the First Option on June 30, 2015 to November 18, 2017, being the date which is three years following the date of the Letter Agreement.
"Securities Laws"	means the *Securities Act* (British Columbia) or equivalent legislation in those provinces, states, and countries which have or assume jurisdiction over the affairs of the Issuer, the Vendors, the Resulting Issuer and any party to the Transaction, and the applicable rules, regulations, rulings, orders, instruments and forms made or promulgated under such laws, as well as the rules, regulations, by-laws and policies of the Exchange.
"SEDAR"	means the System for Electronic Document Analysis and Retrieval being the official website that provides access to most public securities documents and information filed by Issuers and investment funds with the Canadian Securities Administrators (CSA) in the SEDAR filing system at the website address of www.sedar.com.
"Shareholders' Agreement"	means the shareholders' agreement dated October 22, 2015 between the Issuer, the Target, the Vendors and their underlying beneficial owners of the Vendors concerning the operations and governance of the Target.
"Shareholders"	means the holders of Shares.
"Shares"	means common shares in the capital of the Issuer.
"Sponsor"	means has the meaning specified in the Sponsorship Policy and in this Filing Statement means Haywood Securities Inc.
"Sponsorship Agreement"	means the sponsorship agreement among the Issuer, the Target and the Sponsor dated January 13, 2016.
"Sponsorship Policy"	means Policy 2.2 of the Exchange Manual.
"Stock Option Plan"	means the incentive stock option plan of the Issuer or the Resulting Issuer, as applicable.
"Target"	means Spectrum Optix Inc., a private company incorporated under the *Business Corporations Act* (Alberta).

"Target Board"	means the board of directors of the Target.
"Target Options"	means collectively, the First Option, the Second Option and the Third Option.
"Target Shares"	means common shares in the capital of the Target.
"Technology"	means the Target's technology, known as Blade Optics™ , which relates to a high efficiency optical concept, including the use of flat lenses.
"Third Option"	means, following the exercise of the Second Option, the third and final option granted to the Issuer by the Target and the Vendors to acquire the remaining 65% interest in the Target not already held by the Issuer by issuing Shares and Conditional Warrants equivalent to 35% of the Shares, and the Options and Warrants, collectively, then issued and outstanding in the Issuer on a post-issuance basis.
"Thor Property"	means the unpatented mining claims held by the Issuer located in the Crescent Mining District in southwestern Clark County, Nevada, known as the Thor rare earth property.
"Transaction"	means the change of the Issuer's business from that of a mining issuer to a technology issuer to allow the Issuer to focus on the exercise of the Target Options pursuant to the Investment Agreement.
"Transfer Agent"	means the Issuer's transfer agent and registrar, Computershare Investor Services Inc.
"Vendors"	means collectively, the shareholders of the Target other than the Issuer, being 3db Inc., a private Alberta company which is beneficially owned and controlled by John Daugela and Darcy Daugela and 1859764 Alberta Inc., which is beneficially owned by Aaron Hoddinott.
"Warrants"	means outstanding warrants of the Issuer to acquire additional Shares or Resulting Issuer Shares as applicable.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

The information provided in this Filing Statement, including information incorporated by reference, may contain "forward-looking statements" or "forward-looking information" (collectively referred to hereafter as "**forward-looking statements**") about the Issuer and/or the Target. In addition, the Issuer, the Vendors and/or the Target may make or approve certain statements in future filings with securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Issuer and/or the Target that are not statements of historical fact and may also constitute forward-looking statements.

All statements, other than statements of historical fact, made by the Issuer and/or the Target that address activities, events or developments that the Issuer and/or the Target expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments.

These statements speak only as of the date they are made and are based on information currently available and on the then current expectations of the Issuer and/or the Target and assumptions concerning future events. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements. See "*Risk Factors*".

In particular, this Filing Statement contains forward-looking statements pertaining to the following:

- the terms, conditions and completion of the Transaction;
- the Bulletin Date;
- use of proceeds from the Financing;
- the obtaining of all required regulatory approvals in connection with the Transaction;
- estimates of the Resulting Issuer's future revenues and profits;
- treatment under government regulatory and taxation regimes;
- projections of market prices and costs and the future market for the Technology and conditions affecting same;
- ability to obtain and protect the Target's and the Resulting Issuer's intellectual property and proprietary rights;
- expectations regarding the Resulting Issuer's ability to raise capital;
- timing and costs associated with completing research and development work relating to the Technology;
- statements relating to the business and future activities of, and developments related, to the Target and the Resulting Issuer after the date of this Filing Statement and thereafter;
- the Target's and the Resulting Issuer's strategies, objectives and plans to pursue the commercialization of the Technology;
- shareholder and regulatory approvals for the Transaction;
- market position and future financial or operating performance of the Resulting Issuer;
- liquidity of the Shares following the Bulletin Date; and
- anticipated developments in operations of the Target and the Resulting Issuer.

With respect to forward-looking statements listed above and contained in this Filing Statement, management of the Issuer and the Target have made assumptions regarding, among other things:

- the Issuer's, the Target's and Vendors' ability to satisfy the conditions to the Transaction;
- the legislative and regulatory environment;
- the timing and receipt of governmental approvals;
- foreign currency and exchange rates;
- predictable changes to market prices for the Technology and other predicted trends regarding factors underlying the market for the Technology;

- anticipated results and costs of research and development activities;
- the ability of the Resulting Issuer to monetize the Technology and the anticipated methods of doing so;
- how the Technology may impact different industries;
- that tax regimes will remain largely unaltered;
- the Resulting Issuer's ability to obtain additional financing on satisfactory terms; and
- the global economic environment.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Filing Statement:

- the possibility that future research and development results will not be consistent with the Target's or the Resulting Issuer's expectations;
- liabilities inherent in research and development and technology operations;
- fluctuations in currency and interest rates;
- critical illness or death of the key management and consultants of the Target or the Resulting Issuer;
- competition for, among other things, customers, supply, capital, capital acquisitions of technology and skilled personnel;
- risks relating to global financial and economic conditions;
- alteration of tax regimes and treatments;
- limited operating history;
- changes in legislation affecting operations;
- risks relating to intellectual property protection and the Target's ability to protect the Technology;
- failure to realize the benefits of the Transactions and any future acquisitions;
- incorrect assessments of the value of acquisitions; and
- other factors discussed under *Risk Factors*.

Consequently, all forward-looking statements made in this Filing Statement and other documents of the Issuer are qualified, in their entirety, by these cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on by the Issuer. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer, the Target and/or persons acting on their behalf may issue. The Issuer and the Target undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. For all these reasons, investors should not place undue reliance on forward-looking statements.

INFORMATION CONCERNING THE TARGET

The information contained or referred to in this Filing Statement relating to the Target has been furnished by the Target and the Vendors. In preparing this Filing Statement, the Issuer has relied upon the Target and the Vendors to ensure that the Filing Statement contains full, true and plain disclosure of all material facts relating to the Target. Although the Issuer has no knowledge that would indicate that any statements contained herein concerning the Target are untrue or incomplete, neither the Issuer nor any of its principals assumes any responsibility for the accuracy or completeness of such information or for any failure by the Target or the Vendors to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

CURRENCY AND ACCOUNTING PRINCIPLES

Unless otherwise indicated, all references to "$", "CDN$" or "dollars" in this Filing Statement refer to Canadian dollars.

Terms and abbreviations used in the financial statements of the Issuer and the Target and in the schedules to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

The historical financial statements of the Issuer included in this Filing Statement are reported in Canadian dollars and have been prepared in accordance with IFRS.

INDUSTRY DATA

The industry data contained in this Filing Statement is based upon information from independent industry and other publications and the Issuer's and the Target's management's knowledge of, and experience in, the industry in which the Resulting Issuer will operate. None of the sources of industry data have provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Transactions. Industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. Neither the Issuer nor the Target has independently verified any of the data from third party sources referred to in this Filing Statement or ascertained the underlying assumptions relied upon by such sources.

NOTE REGARDING PRO FORMA SHARE CAPITALIZATION AND FINANCIAL DISCLOSURE

Unless otherwise indicated, all disclosure herein with respect to the pro forma share capitalization and financial disclosure of the Resulting Issuer is following the completion of the Transaction and Financing.

DATE OF INFORMATION

Except as otherwise indicated in this Filing Statement, all information disclosed in this Filing Statement is as of January 27, 2016 and the phrase "as of the date hereof" and equivalent phrases refer to January 27, 2016.

SUMMARY

The following is a summary of information related to the Issuer, the Target and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement, including the Schedules, which are incorporated herein and form part of this Filing Statement. Certain capitalized words and terms used in this Summary are defined in the Glossary.

Summary and Principal Terms of the Transaction

The Issuer has entered into the Investment Agreement, whereby the Issuer was granted the Target Options and may acquire up to a 100% interest in the Target (and indirectly, the Technology) as follows:

(a) the Issuer was granted and exercised the First Option, thereby acquiring a 6.6% interest in the Target, in exchange of the contribution of subscription funding in the Target of an aggregate of $200,000;

(b) pursuant to the Second Option, the Issuer may acquire up to a further 28.4% interest (for an aggregate 35% interest) in the Target, by contributing subscription funding to the Target of an aggregate of $2,800,000 over the Second Option Period, which funds shall be administered by the Funding Committee; and

(c) pursuant to the Third Option, the Issuer may acquire the remaining 65% interest (for an aggregate 100% interest) in the Target by issuing to the Vendors, in aggregate, such number of Shares as equals 35% of the issued and outstanding Shares of the Issuer (and any other class or series of shares of the Issuer) on a post-issuance basis to a maximum of 72,096,977 Shares), as well as the Conditional Warrants, to a maximum 72,096,977 Conditional Warrants, on or before the expiry of the Second Option Period.

The Investment Agreement is available on SEDAR at www.sedar.com. The completion of the Transaction is conditional upon the receipt of the approval of the Exchange. The Board has approved the pursuit of the exercise of the Second Option in accordance with the Investment Agreement and will, upon exercise of the Second Option, make a determination whether to approve the exercise of the Third Option.

Pursuant to the Finder's Fee Agreement, the Finder is entitled to receive a fee as the Issuer acquires an interest in the Target as follows:

(a) $10,000 paid through the issuance of 200,000 pre-consolidation Shares at the time the Issuer acquired a 3.3% interest in the Target;

(b) $10,000 paid through the issuance of 57,143 Shares at the time the Issuer acquired a 6.6% interest in the Target; and

(c) 5% of the number of Shares issued by the Issuer upon the exercise of the Third Option (not including any Shares issuable upon the exercise of the Conditional Warrants), payable through the issuance of Shares (as to 50% of the amount due) and in cash (as to the remaining 50%), based on a deemed value for the Shares of the weighted average market price of the Shares for the 10 day period prior to which such payment is due, provided that such deemed value is not less than $0.05 per Share and, provided that the value of the cash portion of the fee may not exceed $200,000 and the share portion of the fee may not exceed $300,000.

See "*Information Concerning the Transaction.*"

Arm's Length Transaction

The Transaction will be carried out by parties dealing at arm's length to one another and therefore will not be a Related Party Transaction. See "*Information Concerning the Transaction.*"

The Issuer

The Issuer is a company incorporated under the BCBCA on October 11, 2007 and its principal business has been the exploration and development of the Thor Property, located in Nevada.

Upon the Bulletin Date, the Resulting Issuer anticipates having 38,821,449 Resulting Issuer Shares issued and outstanding, 3,460,000 Resulting Issuer Options outstanding, and 32,046,691 Resulting Issuer Warrants outstanding. See "*Information Concerning the Resulting Issuer – Fully Diluted Share Capital*."

At present, the Issuer has been operating as a mining issuer. The Transactions constitute a Change of Business and following its completion, the Issuer would become a tier 2 technology issuer and its primary business would become the further development and commercialization of the Technology. See "*Information Concerning the Issuer.*"

Directors and Management

Following the Bulletin Date, the persons below will hold the following positions with the Resulting Issuer:

Mr. Paul McKenzie – President, CEO and Director
Mr. G. Arnold Armstrong – Chairman and Director
Mr. John Daugela – Director
Mr. Mel Klohn –Director
Mr. J. Garry Clark – Director
Ms. Kerry Suffolk - Director
Ms. Samantha Shorter - CFO
Ms. Shauna Hartman - Corporate Secretary.

See "*Information Concerning the Resulting Issuer – Directors and Officers*".

Reason for the Transaction

The Transaction will enable the shareholders of the Resulting Issuer to participate in a company whose primary business is the development and commercialization of the Technology. The Issuer will continue to hold the Thor Property. The Transaction will enable the Resulting Issuer to become listed as a Tier 2 technology issuer on the Exchange.

Interests of Insiders, Promoters or Control Persons

Insiders of the Issuer currently hold an aggregate of 3,914,962 Shares, 2,471,667 Options and 2,750,000 Warrants, of which 3,807,533 Shares and 4,343,334 underlying Shares will be held in escrow pursuant to the Escrow Agreement. See *"Information Concerning the Resulting Issuer – Escrowed Securities"* for additional information.

No Insider, promoter or Control Person of the Issuer and no Associate or Affiliate of same has any interest in the Transaction or the Target. John Daugela, who is, indirectly, one of two controlling shareholders of the Target, as well as a director, will be appointed as a director of the Issuer upon completion of the Transaction.

See "*Information Concerning the Resulting Issuer – Escrowed Securities*" and "*Pro Forma Consolidated Capitalization*" for additional information.

Funds Available

As at September 30, 2015, the Issuer had working capital of $1,334,806. The principal purpose of such funds, after giving effect to the Transaction and for the 12 months thereafter, will be for, among other things, working capital and future research and development activities involving the Technology. It is anticipated that the Resulting Issuer will use such funds as follows:

Use of Available Funds	Amount
Estimated general and administrative costs over the 12 months following the Bulletin Date(1)	$528,850
Operational costs for research and development of the Technology and maintenance of the Target Options(2)	$700,000
Unallocated working capital(3)	$105,956
Total	**$1,334,806**

Notes:

(1) General and administrative costs for the next 12 months are expected to be comprised of: change of business completion costs of $30,000, legal fees of $20,000, audit and accounting fees of $11,250, office rent and supplies of $93,900, listing fees and shareholder communication costs of $29,700, consulting fees and employment costs of $180,000 (See *"Information Concerning the Resulting Issuer – Executive Compensation"*), investor relations and media relations fees of $114,000 (See *"Information Concerning the Resulting Issuer – Investor Relations Arrangements")* and miscellaneous administrative expenses of $50,000.

(2) Research and development costs for the next 12 months are expected to be comprised of prototype development costs of $380,000 and intellectual property protection costs of $320,000. The Investment Agreement requires that the Issuer expend at least $500,000 per year of the Second Option Period in order to maintain the Second Option. As of December 31, 2015, the Issuer had advanced an aggregate of $440,000 in subscription funding to the Target in furtherance of the Second Option.

(3) Unallocated costs will be added to the working capital of the Issuer and invested in short-term interest bearing obligations.

There may be circumstances where, for sound business reasons a reallocation of funds may be necessary. See "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

Selected Pro Forma Consolidated Financial Information

The following table sets forth certain financial information of the Issuer as of September 30, 2015 and of the Target as of September 30, 2015, and pro forma financial information for the Resulting Issuer, on a consolidated basis, after giving effect to the Transaction and Financing and certain other adjustments.

The following information should be read in conjunction with the financial statements and reports thereon included in this Filing Statement, being the audited consolidated financial statements of the Issuer for the years ended December 31, 2014 and 2013, which are attached as Schedule "A" hereto, and corresponding MD&A for the year ended December 31, 2014, attached as Schedule "B"; the unaudited interim condensed consolidated financial statements of the Issuer for the three and nine months ended September 30, 2015, which are attached as Schedule "C" hereto, and corresponding MD&A, attached as Schedule "D"; the audited financial statements of the Target for the period ended December 31, 2014, which are attached as Schedule "E"; the unaudited interim condensed financial statements of the Target for the three and nine months ended September 30, 2015, which are attached hereto as Schedule "F" and the corresponding

MD&A of the Target for both the nine months ended September 30, 2015 and the year ended December 31, 2014, attached as Schedule "G" and the unaudited consolidated pro forma financial statements of the Resulting Issuer giving effect to the Transaction as well as the Financing which are attached as Schedule "H" hereto.

	Issuer as at September 30, 2015 (unaudited) ($)	**Pro Forma Adjustments (unaudited) ($)**	**Resulting Issuer Pro Forma as at September 30, 2015 (unaudited) ($)**
Operations Data			
Net Income (Loss)	($957,825)	($94,075)	($1,051,900)
Net Income (Loss) per Share (basic and fully diluted)	($0.05)	N/A	($0.03)
Balance Sheet Data			
Current Assets	$1,473,694	($730,000)	$743,694
Total Assets	**$4,014,391**	**($30,000)**	**$3,984,391**
Current Liabilities	$132,453	N/A	$132,453
Total Liabilities	**$132,453**	**N/A**	**$132,453**
Shareholders' Equity	**$3,881,938**	**($30,000)**	**$3,851,938**

Notes:

(1) As the Issuer will continue to be a minority shareholder of the Target upon the completion of the Change of Business, the pro forma information above is not presented on a consolidated basis incorporating the Target's operations.

Market for Securities

The Shares are currently listed on the Exchange for trading under the symbol "ELI". The price of the Shares on July 22, 2015, being the last day on which the Shares traded prior to the halt of trading of the Shares pending the announcement of the Issuer's determination to proceed with the exercise of the Second Option and the Transaction was $0.135. The Shares have been halted from trading on the Exchange since July 23, 2015. See "*Information Concerning the Issuer – Stock Exchange Price*" for more information.

Upon completion of the Transaction, the Resulting Issuer Shares will continue to be listed on the Exchange under the trading symbol "NXO".

Conflicts of Interest

Directors or officers of the Resulting Issuer may, from time to time, serve as directors or officers of, or participate in ventures with, other companies involved in the technology industry. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible business opportunities or in generally acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the BCBCA to act at all times in good faith in the interests of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. As of the date of this Filing Statement, to the best of its knowledge, the Issuer is not aware of the existence of any conflicts of interest between Issuer and any of the directors or officers of the Issuer. Please see *"Information Concerning the Resulting Issuer – Conflicts of Interest"*.

For information concerning the director and officer positions held by the proposed directors and officers of the Resulting Issuer, please see *"Information Concerning the Resulting Issuer – Other Reporting Issuer Experience"*.

Sponsorship

Pursuant to the Sponsorship Agreement, the Issuer has engaged the Sponsor to act as its sponsor in respect of the Transaction. The Sponsor will be paid a sponsorship fee of $35,000 (plus GST) payable in cash, for its services as Sponsor, of which $15,000 has been paid. As Sponsor, it will provide the Exchange with written confirmation of the completion of appropriate due diligence on both the Transaction and this Filing Statement that is generally in compliance with the relevant standards and guidelines applicable in the Sponsorship Policy. The Sponsor will also be reimbursed by the Issuer for its reasonable out of pocket expenses, for which a deposit of $10,000 has been advanced. The Sponsor is an arm's length party to the Issuer, the Vendors and the Target. Please see "*Information Concerning the Resulting Issuer – Sponsorship Relationship*" for more information.

Exchange Approval

The Exchange has conditionally accepted the Transaction subject to the Issuer fulfilling all of the requirements of the Exchange. Please see *"Risk Factors – Completion of the Transaction"*.

Interests of Experts

To the best of the Issuer's knowledge, no direct or indirect interest in the Issuer is held or will be received by any experts responsible for opinions or reports referred to in this Filing Statement. No expert is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer. Please see "*Information Concerning the Resulting Issuer – Experts*" for more information.

Risk Factors

An investment in the Issuer, or the Resulting Issuer following completion of the Transaction, involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Issuer and the Resulting Issuer.

The risks, uncertainties and other factors, many of which are beyond the control of the Issuer or the Resulting Issuer, that could influence actual results include, but are not limited to: (i) risk relating to the Transaction; (ii) competitive risks; (iii) product development risks; (iv) limited protections of patents and proprietary rights; (v) infringement of intellectual property rights; (vi) regulatory risks; (vii) risks relating to the acceptance of the Resulting Issuer's products; (viii) risks concerning the experimental nature of the Resulting Issuer's business; (ix) risks concerning commercial production; (x) expansion risks; (xi) technological risks; (xii) risk of product obsolescence; (xiii) risks relating to the Resulting Issuer's additional funding requirements; (xiv) risks relating to the limited operating history of the Issuer and the Target; (xv) risks relating to lack of cash flow; (xvi) the Resulting Issuer's reliance on operators and key employees; (xvii) economic risks; (xviii) conflicts of interest between the Resulting Issuer and its proposed directors and officers; (xix) control held by the Resulting Issuer's insiders; (xx) the Resulting Issuer's ability to pay dividends; (xxi) risks regarding uninsured losses; and (xxii) market risks; and other factors beyond the control of the Issuer or the Resulting Issuer. For a detailed description of certain risk factors relating to the ownership of Resulting Issuer Shares, which should be carefully considered before making an investment decision, see "*Risk Factors*".

RISK FACTORS

The Resulting Issuer's securities should be considered highly speculative due to the nature of the Resulting Issuer's business. An investor should consider carefully the risk factors set out below. In addition, investors should carefully review and consider all other information contained in this Filing Statement (including all Schedules hereto) before making an investment decision. An investment in securities of the Resulting Issuer should only be made by persons who can afford a significant or total loss of their investment.

The following are certain risk factors relating to the business of the Resulting Issuer assuming completion of the Transaction, which factors investors should carefully consider when making an investment decision concerning the Issuer or the Resulting Issuer. These risks and uncertainties are not the only ones facing the Resulting Issuer. Additional risks and uncertainties not currently known to the Issuer or the Target, or that the Issuer or the Target currently deems immaterial, may also impair the operations of the Resulting Issuer. The markets in which the Resulting Issuer proposes to compete are very competitive and change rapidly. New risks may emerge from time to time. If any such risks actually occur, the financial condition, liquidity and results of operations of the Resulting Issuer could be materially adversely affected and the ability of the Resulting Issuer to implement its growth plans could be adversely affected.

Completion of the Transaction

There are risks associated with the Transaction including (i) market reaction to the Transaction and the future trading prices of the Shares cannot be predicted; (ii) uncertainty as to whether the Transaction will have a positive impact on the entities involved in the transactions; and (iii) there is no assurance that required approvals will be received.

The Issuer is proposing to complete the Transaction to strengthen its market position and to create the opportunity to realize certain benefits including, among other things, those set forth in this Filing Statement. Achieving the benefits of the Transaction depends in part on the ability of the Resulting Issuer to effectively capitalize on its assets, to profitably sequence the growth prospects of its asset base and to maximize the potential of its improved growth opportunities and capital funding opportunities as a result of acquisition of an indirect interest in the Technology. A variety of factors, including those risk factors set forth in this Filing Statement, may adversely affect the ability to achieve the anticipated benefits of the Transaction.

Additionally, each of the Issuer and the Vendors have the right to terminate the Investment Agreement in certain circumstances. Accordingly, there is no certainty that the Investment Agreement will not be terminated by either the Issuer or the Vendors before the completion of the Transaction or thereafter.

Finally, there can be no assurance that the Transaction will be accepted by the Exchange. There can be no assurance that all the necessary approvals will be obtained. If the Transaction is not accepted by the Exchange and the Transaction is not completed, the Issuer will continue to search for other opportunities; however, it will have incurred significant costs associated with the Transaction.

Competition

The lens industry is highly competitive with a number of well-established market participants. Competition in this industry occurs on many fronts, including developing and bringing new products to market before others, developing new technologies to improve existing products, developing new products to provide the same benefits as existing products at less cost, developing new products to provide benefits superior to those of existing products, and acquiring or licensing complementary or novel technologies from other companies or individuals. The Resulting Issuer may be unable to contend successfully with current or future competitors which include major technology companies, many of which are large, well-established companies with access to financial, technical and marketing resources significantly greater than the Resulting Issuer and substantially greater experience in developing, licensing and manufacturing products, conducting research and development activities and obtaining regulatory approvals. The Resulting Issuer's competitors may develop or acquire new or improved products that are similar to those

offered by the Resulting Issuer, while not necessarily being direct competitors currently, or may make technological advances that reduce their cost of production so that they may engage in price competition.

Development Risk

Substantial corporate resources will be expended on the development of the Technology. The Technology remains in the research and development stages and has not yet been commercialized. There can be no guarantee that the Technology will achieve the objectives which the Resulting Issuer believes are necessary for it to result in a successful product in the market. In addition, the Technology is in early stages of development and there can be no guarantee that technical milestones can be achieved. There are significant risks, expenses, delays and difficulties frequently encountered in establishing new products in the technology industry, which is characterized by an increasing number of market entrants, intense competition and high failure rate. Further, there is always the risk in product development that the products will fail to function as intended or that the market for such products will not develop as anticipated or when anticipated. There is often a lengthy time period between the time of technology conceptualization to technology commercialization, and there can be no assurances that development of new technologies will be completed at all, on time or within budget. Failure to successfully commercialize the Technology may materially and adversely affect the Resulting Issuer's financial condition and results of operations.

Limited Protection of Patents and Proprietary Rights

The Resulting Issuer's success will depend in part on its ability to protect its proprietary rights and technologies, including, but not limited to the Technology. The Resulting Issuer will rely on a combination of contractual arrangements, licenses, patents, trade secrets and know-how to protect its proprietary technology and rights and the Resulting Issuer's failure to protect its intellectual property rights may result in the loss of valuable technologies and undermine its competitive position. However, not all of these measures may apply or may afford only limited protection. In addition, the laws of some foreign countries do not protect proprietary technology rights to the same extent as do the laws of Canada and the United States. A failure of the Resulting Issuer to adequately protect its proprietary rights may adversely affect the business of the Resulting Issuer.

Unpatented trade secrets, improvements, confidential know-how and continuing technological innovation may be important to the Resulting Issuer's scientific and commercial success. Although the Resulting Issuer will attempt to, and will continue to attempt to, protect proprietary information through reliance on trade secret laws and the use of confidentiality agreements with collaborators, contract manufacturers, licensees, clinical investigators, employees and consultants and other appropriate means, these measures may not effectively prevent disclosure of or access to proprietary information, and, in any event, others may develop independently, or obtain access to, the same or similar information.

Despite the Resulting Issuer's efforts to protect its proprietary rights, there can be no assurance that the Technology will not be infringed upon, that the Resulting Issuer would have adequate remedies for any such infringement or adequate funds to take action against those infringing the Technology, or that its trade secrets will not otherwise become known or independently developed by its competitors. There can also be no assurance that any patents now or hereafter issued to, licensed by or applied for by the Resulting Issuer will be upheld, if challenged, or that the protections afforded thereby will not be circumvented by others. There can be no assurance that the Resulting Issuer's competitors will not independently develop technologies that are substantially equivalent or superior to the Technology.

Infringement of Intellectual Property Rights

While the Resulting Issuer believes that its intellectual property does not infringe upon the proprietary rights of third parties, its commercial success depends, in part, upon the Resulting Issuer not infringing intellectual property rights of others. A number of the Resulting Issuer's competitors and other third parties have been issued or may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those utilized by the Resulting Issuer. Some of these patents may grant very broad protection to the owners of the patents.

The Resulting Issuer may become subject to claims by third parties that its technology infringes their intellectual property rights due to the growth of products in its target markets, the overlap in functionality of those products and the prevalence of products.

Litigation may be necessary to determine the scope, enforceability and validity of third party proprietary rights or to establish the Resulting Issuer's proprietary rights. Some of its competitors have, or are affiliated with companies having, substantially greater resources than the Resulting Issuer and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Resulting Issuer.

Regardless of their merit, any such claims could be time consuming to evaluate and defend, result in costly litigation, divert management's attention and focus away from the business, subject the Resulting Issuer to significant liabilities and equitable remedies, including injunctions, require the Resulting Issuer to enter into costly royalty or licensing agreements and require the Issuer to modify or stop using infringing technology.

Regulatory Approvals

The Resulting Issuer may be subject to various laws, regulations, regulatory actions and court decisions in Canada, the United States and in other countries that may have negative effects on the Resulting Issuer. Failure to obtain regulatory approvals or delays in obtaining regulatory approvals by the Resulting Issuer, its collaborators, customers, vendors or service providers would adversely affect the marketing of products and services developed by the Resulting Issuer, and the Resulting Issuer's ability to generate revenues. Changes in the regulatory environment imposed upon the Resulting Issuer could adversely affect the ability of the Resulting Issuer to attain its corporate objectives.

No Assurance of Commercial Production

The Resulting Issuer will be a research and development company with no history of production or sale. There is no assurance that it will seek or achieve commercial production of any product or the sale of any product.

Slow Acceptance of the Resulting Issuer's Technology

It should be understood that the marketplace may be slow to accept or understand the significance of the Resulting Issuer's Technology due to its unique nature and the competitive landscape. Market confusion may slow sales and acceptance of the Resulting Issuer's potential products. If the Resulting Issuer is unable to promote, market and monetize the Technology and secure relationships with industry professionals and product manufacturers, the Resulting Issuer's business and financial condition would be adversely affected.

Experimental Field

The Resulting Issuer will be engaged in the research and development of the Technology with the goal of commercializing viable products. The development of the Technology will require extensive experimental effort and can require significant investment. Customers may be hesitant to implement any new technologies developed without extensive and time-consuming testing.

Expansion Risk

Any expansion of the Resulting Issuer's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the Resulting Issuer will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that the Resulting Issuer will be able to manage growth successfully. Any inability of the Resulting Issuer to manage growth successfully could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Technological Advancements

The markets for the Resulting Issuer's Technology are characterized by rapidly changing technology and evolving industry standards, which could result in product obsolescence or short product life cycles. Accordingly, the Resulting Issuer's success will be dependent upon its ability to anticipate technological changes in the industries it serves and to successfully identify, obtain, develop and market new products that satisfy evolving industry requirements.

The lens industry is subject to significant technological advancements, changing industry standards, market trends, customer preferences and competitive pressures which can, among other things, necessitate revisions in pricing strategies, price reductions and reduced profit margins.

The success of the Resulting Issuer will depend on its ability to secure technological superiority in its services and maintain such superiority in the face of new technologies. No assurance can be given that further modification of product offerings of the Resulting Issuer will not be required in order to meet demands or to remain competitive. The future success of the Resulting issuer will be influenced by its ability to continue to adapt its products. Although the Resulting Issuer has committed resources to improve its products, there can be no assurance that these efforts will increase profits.

Risk of Obsolescence

New developments in technology may negatively affect the development or sale of some or all of the Resulting Issuer's products or make its products obsolete. The inability of the Resulting Issuer to enhance existing products in a timely manner or to develop and introduce new products that incorporate new technologies, conform to increasingly regulatory requirements, and achieve market acceptance in a timely manner could negatively impact the Resulting Issuer's competitive position. New product development or modification is costly, involves significant research, development, time and expense, and may not necessarily result in the successful commercialization of any new products.

Additional Funding Requirements

The Resulting Issuer will require additional financing to implement its business plan. The Resulting Issuer may raise additional funds through gap financing, debt financing and/or subsequent equity financing. The Resulting Issuer may also borrow funds from a financial institution(s) using the assets of the Resulting Issuer as security for said loan(s). The Resulting Issuer may also obtain additional financing through certain government subsidies or tax incentives available in certain geographic areas, if available, at the Resulting Issuer's discretion. Failure to obtain such additional capital on terms acceptable to the Resulting Issuer could restrict its ability to implement its growth plans. Further, a shortage of funds may prevent or delay the Resulting Issuer from getting its products to the marketplace, achieving profitability or enabling the Resulting Issuer to pay distributions to its shareholders. There is no assurance that the Resulting Issuer will have adequate capital to conduct its business or satisfy its financial obligations.

The ability of the Resulting Issuer to arrange financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Resulting Issuer. There can be no assurance that the Resulting Issuer will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Resulting Issuer. If additional financing is raised by the issuance of shares from the treasury of the Resulting Issuer, control of the Resulting Issuer may change and shareholders may suffer additional dilution. There can be no assurance that the Resulting Issuer will generate cash flow from operations necessary to support the continuing operations of the Resulting Issuer.

Limited Operating History

The Issuer and the Target have each incurred losses since their inception and the Resulting Issuer is expected to continue to incur losses. As such, the Resulting Issuer will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect

to personnel, financial and other resources and lack of revenues. The Resulting Issuer's ability to reach and then sustain profitability depends on a number of factors, including the growth rate of the developmental lens industry, the continued market acceptance of the Technology and the competitiveness of the Resulting Issuer. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of its success must be considered in light of its early stage of operations.

Lack of Operating Cash Flow

The Resulting Issuer currently has no source of operating cash flow, which is expected to continue for the immediately foreseeable future. The Resulting Issuer's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations.

Dependence on Management and Key Personnel

The Resulting Issuer's management will make all decisions with respect to the Resulting Issuer's assets, including investment decisions and the day-to-day operations of the Resulting Issuer. As a result, the success of the Resulting Issuer for the foreseeable future will depend largely upon the ability of its management team, including but not limited to Paul McKenzie and John Daugela and its key consultants, including, but not limited to Ian Powell and Robert Cardinal. The loss of any one of these individuals could have a material adverse effect on the Resulting Issuer. If the Resulting Issuer lost the services of one or more of its executive officers or key employees and consultants, it would need to devote substantial resources to finding replacements, and until replacements were found, the Resulting Issuer would be operating without the skills or leadership of such personnel, any of which could have a significant adverse effect on the Resulting Issuer's business. The Resulting Issuer currently does not carry "key-man" life insurance policies covering any of these officers or consultants.

The future success of the Resulting Issuer depends in significant part on the contributions of its executive officers and scientific and technical personnel. The loss of the services of one or more key individuals may significantly delay or prevent achievement of scientific or business objectives. Competition for qualified and experienced personnel in the technology field is generally intense, and the Resulting Issuer will rely heavily on its ability to attract and retain qualified personnel in order to successfully implement its scientific and business objectives. The failure to attract or retain key executives and personnel could impact the Resulting Issuer's operations, including failure to achieve targets and advancement of the Technology.

Adverse General Economic Conditions

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Some of the key impacts of the financial market turmoil included contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A similar slowdown in the financial markets or other economic conditions, including but not limited to, inflation, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Resulting Issuer's operations. Specifically, a global credit/liquidity crisis could impact the cost and availability of financing and overall liquidity, volatile energy, commodity and consumables prices and currency exchange rates could impact costs and the devaluation and volatility of global stock markets could impact the valuation of the Resulting Issuer's equity and other securities. These factors could have a material adverse effect on the Resulting Issuer's financial condition and results of operations.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including technology companies) and, as a result of these and other activities, such directors and officers of the Resulting Issuer may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in

accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the proposed management of the Resulting Issuer's knowledge, as at the date hereof there are no existing or potential material conflicts of interest between the Resulting Issuer and a proposed director or officer of the Resulting Issuer except as otherwise disclosed herein.

Substantial Control by Insiders

In the event that all of the Target Options are exercised and the Resulting Issuer acquires a 100% interest in the Target, the Vendors will beneficially own approximately 35% of the Resulting Issuer Shares. As a result, the Vendors will be able to influence or control matters requiring approval by the Resulting Issuer's shareholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from those of investors and may vote in a manner that is adverse to investors' interests. This concentration of ownership may have the effect of deterring, delaying or preventing a change of control of the Resulting Issuer, could deprive the Resulting Issuer's shareholders of an opportunity to receive a premium for their Resulting Issuer Shares as part of a sale of the Resulting Issuer, and might ultimately affect the market price of the Resulting Issuer Shares.

Dividends

To date, the Issuer has not paid any dividends on their outstanding shares. Any decision to pay dividends on the shares of the Resulting Issuer will be made by its board of directors on the basis of the Resulting Issuer's earnings, financial requirements and other conditions.

Uninsured Risks

The Resulting Issuer may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Furthermore, the Resulting Issuer may incur a liability to third parties (in excess of any insurance coverage) arising from any damage or injury caused by the Resulting Issuer's operations.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Resulting Issuer's securities will be established or sustained. The market price for the Resulting Issuer's securities could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of the Resulting Issuer. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

INFORMATION CONCERNING THE ISSUER

Corporate Structure

The Issuer was incorporated under the BCBCA on October 7, 2007 as "Elissa Energy Inc." and changed its name to "Elissa Resources Ltd." on February 5, 2010. The business office of the Issuer is located at Suite 1450-700 West Georgia Street, Vancouver, British Columbia, V7Y 1K8 and the registered and records office of the Issuer is located at Suite 2080, 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4. The Issuer is a reporting issuer in the provinces of British Columbia and Alberta and the Shares are listed for trading on the Exchange under trading symbol "ELI". The Issuer has two wholly owned subsidiaries, being Red Hill Energy (US) Inc., a company incorporated in Nevada and 0875514 B.C. Ltd., a company incorporated pursuant to the BCBCA.

General Development of the Business

Three Year History

The Issuer has been a mineral exploration company involved in the exploration primarily of the Thor Property.

Acquisition of Thor Property

The Thor Property was acquired by the Issuer as part of a plan of arrangement between the Issuer and the predecessor issuers of Prophecy Development Corp. effective as at April 16, 2010. Pursuant to the plan of arrangement, the Issuer received $1 million in funding and all of the shares of Red Hill Energy (US) Inc. and 0875514 B.C. Ltd. in exchange for the issuance of 16,455,757 Shares, all of which were distributed to the shareholders of Red Hill Energy Inc.

South Standby Property

On February 24, 2014, the Issuer entered into an option agreement for the acquisition of a 100% interest in certain mining claims located in South Dakota. Under the terms of the agreement, in order to exercise the option, the Issuer was obligated to make cash payments of an aggregate of US$170,000 and issue an aggregate of 800,000 Shares over a four year period. The Issuer made an initial cash payment of US$30,000 and issued 300,000 Shares upon approval of the agreement by the Exchange. During the year ended December 31, 2014, the Issuer determined not pursue the exercise of the option.

Sage Creek Property

On October 20, 2010, the Issuer entered into an option agreement to acquire a 100% interest in the Sage Creek gold property, located in Indian Creek Mining District, Lemhi County, Idaho. The option agreement called for lease payments of (i) US $10,000 on execution of the agreement; (ii) US $10,000 within 30 days following the execution; (iii) US $30,000 on or before April 20, 2012; (iv) US $25,000 on or before October 20, 2012; and (v) US $10,000, after October 20, 2012 on each subsequent anniversary of the agreement. During the year ended December 31, 2012, the Issuer decided not to pursue the exercise of the Sage Creek option.

St. Elmo Property

On September 30, 2010, the Issuer exercised an option to lease with an option to purchase the St. Elmo Property located in Elko County, Nevada for aggregate consideration of US$1,250,000 payable in cash over a seven year period. During the year ended December 31, 2012, the Issuer decided not to pursue the St. Elmo project.

Recent Financings

In the last three years, the Issuer has completed two financings, the first of which was completed on April 14, 2015 and consisted of the issuance of 15,000,000 units at a price of $0.05 per unit for aggregate gross proceeds of $750,000. Each unit was comprised of one Share and one Warrant, exercisable at a price of $0.10 per share until April 16, 2017.

Aggregate finder's fees of $14,240 were paid in cash and 488,000 finder's units, having the same terms as the units issued.

The second financing was completed on September 21, 2015 and consisted of the issuance of 12,507,801 units at a price of $0.12 per unit for aggregate gross proceeds of $1,500,936.12. Each unit was comprised of one Share and one Warrant, exercisable at a price of $0.20 per share until September 21, 2017, provided however that in the event that the closing price of the Issuer's shares on the Exchange exceeds $0.40 per share for a period of 10 consecutive trading days, at the Issuer's election, the term within which the Warrants are exercisable will be reduced and the holders of the Warrants will be entitled to exercise their Warrants for a period of 30 days commencing on the day the Issuer either (i) disseminates a press release or (ii) sends a written notice to the holders of the Warrants, advising of the commencement of a 30 day exercise period. Aggregate finder's fees of $54,076.60 were paid in cash and 450,640 finder's warrants, having the same terms as the warrants issued.

Change of Business

The Issuer intends that the Transaction shall constitute a Change of Business for the Issuer. Upon the completion of the Transactions, the Resulting Issuer will carry on in the business of the further research and development of the Technology. Upon the date of the Final Exchange Bulletin, the Issuer will cease being a Tier 2 mining issuer and will become a Tier 2 technology issuer on the Exchange. See "*Information Concerning the Transaction.*"

Selected Consolidated Financial Information and Management's Discussion and Analysis

Overall Performance

Since incorporation to September 30, 2015, the Issuer has incurred costs in carrying out its listing application, costs of exploring the Thor Property, acquisition costs for other non-material properties and in meeting the disclosure obligations required for a reporting issuer listed for trading on the Exchange.

Expenses from Last Three Years

The following table sets forth selected financial information of the Issuer for the last three financial years and the most recently completed interim period. Such information is derived from the Issuer's financial statements and should be read in conjunction with such financial statements. See Schedule "A" – Audited Financial Statements of the Issuer for the years ended December 31, 2014, 2013 and 2012; and Schedule "C" – Unaudited Interim Financial Statements of the Issuer for the nine months ended September 30, 2015.

Expenses	For the year ended December 31, 2012	For the year ended December31, 2013	For the year ended December 31, 2014	For the nine months ended September 30, 2015	For the period from January 1, 2012 to September 30, 2015
Consulting fees	$93,542	$37,379	$18,567	$45,951	**$195,439**
Depreciation	$8,774	$7,857	$3,391	-	**$20,022**
Directors' fees	$46,389	$54,382	-	$12,000	**$112,771**
Insurance	$19,847	$22,847	$21,100	$9,953	**$73,747**
Investor relations	$101,473	$7,799	$7,176	$134,061	**$250,509**
Management fees	$84,000	$84,000	$84,000	-	**$252,000**
Office and administration	$95,946	$88,644	$75,223	$81,859	**$341,672**
Professional fees	$92,565	$92,991	$118,676	$95,112	**$399,344**

Expenses	For the year ended December 31, 2012	For the year ended December31, 2013	For the year ended December 31, 2014	For the nine months ended September 30, 2015	For the period from January 1, 2012 to September 30, 2015
Salaries	$201,792	$135,788	$106,391	$94,927	**$538,898**
Share-based payments	$65,916	-	-	$305,169	**$371,085**
Shareholder communications and filing fees	$40,540	$37,425	$51,612	$51,072	**$180,649**
Transaction costs	-	-	-	$102,060	**$102,060**
Travel	$44,721	$22,519	$17,428	$25,661	**$110,329**
Total	**$895,505**	**$591,631**	**$503,564**	**$957,825**	**$2,948,525**

During the years ended December 31, 2014 and 2013, the Issuer incurred $Nil in deferred acquisition costs in association with the Transaction. From January 1, 2014 to September 30, 2015, the Issuer incurred $102,060 in costs in association with the Transaction. Since the completion of the quarter ended September 30, 2015, management of the Issuer estimates that the Issuer has incurred additional costs of approximately $30,000.

As of September 30, 2015, the Issuer had a cash balance of approximately $1,458,354. The Issuer estimates that its additional cash expenditures in pursuing the Transaction, including legal fees, filing fees and audit fees will be approximately $30,000.

Management's Discussion and Analysis

The Issuer's MD&A for the year ended December 31, 2014 and for the nine months ended September 30, 2015 are incorporated by reference and attached to this Filing Statement as Schedules "B" and Schedule "D" respectively, and should be read in conjunction with the Issuer's audited consolidated financial statements for the years ended December 31, 2014 and 2013 and notes thereto and the Issuer's unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2015, together with the notes thereto, incorporated by reference and attached to this Filing Statement as Schedule "A" and Schedule "C" respectively.

A pro forma consolidated statement of financial position for the Resulting Issuer giving effect to the Transaction as at September 30, 2015 is attached to this Filing Statement as Schedule "H".

Description of the Securities

The authorized capital of the Issuer consists of an unlimited number of Shares without par value. As at the date of this Filing Statement, there are 38,821,449 Shares issued and outstanding.

The holders of the Shares are entitled to vote at all meetings of the Shareholders, to receive dividends if, as and when declared by the directors and to participate rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Issuer. The Shares carry no pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring a holder of Shares to contribute additional capital and no restrictions on the issuance of additional securities by the Issuer. There are no restrictions on the repurchase or redemption of Shares by the Issuer except to the extent that any such repurchase or redemption would render the Issuer insolvent.

Additionally, the Issuer has 32,046,691 Warrants outstanding at exercise prices varying from $0.10 to $0.90 and expiry dates ranging from March 4, 2016 to September 21, 2017.

Stock Option Plan

The Board may, in accordance with its Stock Option Plan, from time to time, in its discretion, and in accordance with the rules and regulations of the Exchange, grant to directors, officers, employees or consultants of the Issuer non-transferable- Options to purchase Shares for a period of up to five years from the date of the grant.

The purpose of the Stock Option Plan is to assist the Issuer in attracting and retaining directors, officers, employees and consultants of the Issuer and of its affiliates and to motivate them to advance the interests of the Issuer by affording them with the opportunity to acquire an equity interest in the Issuer through Options granted under the Stock Option Plan to purchase Shares.

The Stock Option Plan is administered by the Board, which will have full and final authority with respect to the granting of all Options thereunder. Options may be granted under the Stock Option Plan as the Board may from time to time designate. The exercise prices shall be determined by the Board but shall, in no event, be less than the discounted market price of the Issuer's shares on the Exchange on the date of grant, in accordance with the Exchange Policies. The Stock Option Plan provides that the number of all Shares reserved for issuance, together with any Options issued to eligible charitable organizations, will not exceed 10% of the issued and outstanding Shares, from time to time. If any Option granted under the Stock Option Plan expires or terminates for any reason without having been exercised in full, the unpurchased shares subject thereto will again be available for the purpose of the Stock Option Plan. In addition, the number of Shares reserved for issuance to any individual will not exceed 5% of the issued and outstanding Shares in any 12 month period. The maximum number of Shares subject to an Option to a participant who is a consultant is currently limited to an amount equal to 2% of the then-issued and outstanding Shares (on a non-diluted basis) in any 12-month period. The number of Options granted to all persons in aggregate who are employed to perform investor relations activities is currently limited to an amount equal to 2% of the then-issued and outstanding Shares (on a non-diluted basis) in any 12-month period. Additionally, the maximum number of Shares reserved for issuance to insiders, within a one year period, may not exceed 10% of the Shares issued and outstanding as at the date of grant of the Option. Options will expire not later than the date which is five years from the date of grant. Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession. Options granted to Consultants performing investor relations activities must vest in stages over a 12-month period with no more than 25% of the Options vesting in any three-month period, but the Stock Option Plan contains no other specified vesting requirements, but permits the Board to specify a vesting schedule in its discretion. The Stock Option Plan requires annual shareholder approval.

If an option holder ceases to be a director, officer, employee or consultant, as the case may be, of the Issuer for any reason (other than death), s/he may, but only within the 90 days following the cessation of such director, officer, employee or consultant's services, exercise his Option to the extent that he was entitled to exercise it at the date of such cessation, provided that, in the case of an option holder who is engaged in investor relations activities on behalf of the Issuer, this 90-day period will be shortened to 30 days. In the case of an optionee's death, the optionee's heirs or administrators can exercise any portion of the Options for up to one year from the optionee's death. Nothing contained in the Stock Option Plan, nor in any Option granted pursuant to the Stock Option Plan, will confer upon any optionee any right with respect to continuance as a director, officer, employee or consultant of the Issuer or of any Affiliate.

The Issuer is required to obtain disinterested shareholder approval of any decrease in the exercise price of Options previously granted to Insiders. Additionally, the Issuer must obtain disinterested shareholder approval of Options if the Stock Option Plan, together with all of the Issuer's previously established and outstanding Stock Option Plans or grants, could result at any time in the grant to Insiders, within a 12-month period, of a number of Options exceeding 10% of the issued shares of the Issuer. In order to obtain disinterested shareholder approval, the proposed grant or Stock Option Plan must be approved by a majority of the votes cast by all shareholders of the Issuer at a shareholders' meeting, excluding the votes attached to shares that are beneficially owned by Insiders and Associates of Insiders.

The Issuer has granted Options to persons eligible to receive Options under the Stock Option Plan. As of the date of this Filing Statement, the Issuer has 2,895,000 Options outstanding at exercise prices ranging from $0.15 to $0.81 and expiry dates ranging from April 19, 2016 to September 21, 2020.

Prior Sales

During the 12 months prior to the date of this Filing Statement, the Issuer has issued the following securities:

Date	Number of Common Shares	Reason for Issuance	Issue Price per Common Share	Aggregate Issue Price	Consideration Received
April 16, 2015	15,000,000	Private Placement	$0.05	$750,000	Cash
April 16, 2015	488,000	Finder's fees financing	$0.05	$24,400	N/A
August 21, 2015	57,143	Finder's fee Transaction	$0.175	$10,000	N/A
September 16, 2015	5,808,000	Private Placement	$0.12	$696,960	Cash
September 21, 2015	6,699,801	Private placement	$0.12	$803,976.12	Cash
Total	**28,052,944**			**$2,285,336.12**	

Stock Exchange Price

The Shares have been listed and posted for trading on the Exchange since March 28, 2011. The following table sets out the high and low trading of the Shares for the periods indicated as reported by the Exchange:

Month	High $	Low $	Close $	Volume
Year ended December 31, 2013	$0.04	$0.02	$0.02	296,200
Quarter ended March 31, 2014	$0.04	$0.02	$0.03	792,400
Quarter ended June 30, 2014	$0.03	$0.02	$0.02	494,900
Quarter ended September 30, 2014	$0.05	$0.02	$0.04	642,900
Year ended December 31, 2014	$0.05	$0.03	$0.03	397,500
Quarter ended March 31, 2015	$0.04	$0.02	$0.03	657,200
Quarter ended June 30, 2015(1)	$0.25	$0.06	$0.16	1,745,706
Quarter ended September 30, 2015(2)	0.185	0.13	0.135	134,929
October 2015	Halted trading			
November 2015	Halted trading			
December 2015	Halted trading			
January 2016	Halted trading			

Notes:
(1) On April 16, 2015, the Shares were consolidated on a three old for one new basis.
(2) The Shares were halted on July 23, 2015 pending the announcement of the determination to proceed with the Transaction. The last trade of the Shares prior to the trade halt was on July 22, 2015 at a price of $0.135.

Executive Compensation

Compensation Discussion and Analysis

This compensation discussion and analysis describes and explains the Issuer's policies and practices with respect to the of its named executive officers, being its President and Chief Executive Officer, Paul McKenzie (the "CEO"), G. Arnold Armstrong Chairman, Daniel Frederiksen, the former Chief Financial Officer and Chief Financial Officer, Samantha Shorter (the "CFO") for the financial year ended December 31, 2014 and the nine months ended September 30, 2015. No other individuals are considered "Named Executive Officers" as such term is defined in Form 51-102F6 – Statement of Executive Compensation.

Compensation Philosophy, Objectives and Process

Executive compensation is based upon the need to provide a compensation package that will allow the Issuer to attract and retain qualified and experienced executives, balanced with a pay-for performance philosophy. Compensation for this fiscal year and prior fiscal years have historically been based upon a negotiated salary, with stock options and bonuses potentially being issued and paid as an incentive for performance. The Issuer does not have a formal compensation program. The Board meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis.

Stock Options

The Issuer has a Stock Option Plan for the granting of stock options to the directors, officers, employees and consultants of the Issuer. The purpose of granting such stock options is to assist the Issuer in compensating, attracting, retaining and motivating such persons and to closely align the personal interest of such persons to that of the Issuer's shareholders. The allocation of options under the Stock Option Plan is determined by the Board which, in determining such allocations, considers such factors as previous grants to individuals, overall company performance, peer company performance, share price performance, the business environment and labour market, the role and performance of the individual in question and, in the case of grants to non-executive directors, the amount of time directed to the Issuer's affairs and time expended for serving on the Company's audit committee. The Issuer's Stock Option Plan is more particularly described above at *"Information Concerning the Issuer – Stock Option Plan"*.

Summary Compensation Table

In accordance with the provisions of applicable securities legislation, the Issuer had four "Named Executive Officers" during the financial year ended December 31, 2014 and the nine months ended September 30, 2015, namely G. Arnold Armstrong, Chairman, Paul McKenzie, President and CEO, Daniel Frederiksen, former CFO and Samantha Shorter, CFO.

The following table sets forth all annual and long term compensation for services in all capacities to the Company for the most recently completed financial year ended December 31, 2014 and the two prior financial year ends as well as the nine months ended September 30, 2015.

Summary Compensation Table

Name and Principal Position	Period Ended	Salary ($)[1]	Share-based awards ($)	Option-based awards ($)[2]	Non-equity incentive plan compensation		Pension value ($)	All other compensation ($)	Total compensation ($)
					Annual incentive plans ($)	Long term incentive plans ($)			
Paul McKenzie President/CEO	September 30, 2015	94,927	Nil	93,764	Nil	Nil	Nil	Nil	188,691
	December 31, 2014	96,000	Nil	Nil	Nil	Nil	Nil	Nil	96,000
	December 31, 2013	100,000	Nil	Nil	Nil	Nil	Nil	8,600	108,600
	December 31, 2012	101,000	Nil	8,500	Nil	Nil	Nil	8,600	118,100
Daniel Frederiksen, former CFO[3]	September 30, 2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	December 31, 2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	December 31, 2013	Nil	Nil	Nil	Nil	Nil	Nil	8,600	8,600
	December 31, 2012	2,000	Nil	8,500	Nil	Nil	Nil	8,600	19,100
G. Arnold Armstrong, Chairman	September 30, 2015	Nil	Nil	93,764	Nil	Nil	Nil	3,000	96,764
	December 31, 2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	December 31, 2013	Nil	Nil	Nil	Nil	Nil	Nil	8,600	8,600
	December 31, 2012	70,000	Nil	8,500	Nil	Nil	Nil	8,600	87,100
Samantha Shorter, Chief Financial Officer[4]	September 30, 2015	Nil	Nil	20,383	Nil	Nil	Nil	29,345	49,728
	December 31, 2014	Nil	Nil	Nil	Nil	Nil	Nil	2,515	2,515

Notes:

1. The value of perquisites and benefits, if any, for each Named Executive Officer was less than the lesser of $50,000 and 10% of the total annual salary and bonus.
2. The value of the option-based award was determined using the Black-Scholes option-pricing model. No action compensation was paid to NEOs in connection with the granting of the options noted above.
3. Mr. Frederiksen resigned as director and Chief Financial Officer of the Issuer on November 13, 2014.
4. Ms. Shorter was appointed as Chief Financial Officer of the Issuer on November 13, 2014.

The Issuer has calculated the "grant date fair value" amounts in the '*Option-based Awards'* column using the Black-Scholes model, a mathematical valuation model that ascribes a value to a stock option based on a number of factors in valuing the option-based awards, including the exercise price of the options, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security and the risk-free rate of return. Calculating the value of stock options using this methodology is very different from simple "in-the-money" value calculation. Stock options that are well out-of-the-money can still have a significant "grant date fair value" based on a Black-Scholes valuation. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation. The total compensation show in the last column is total compensation of each NEO reported in the other columns. The value of the in-the-money options currently held by each director (based on share price less option exercise price) is set forth in the '*Value of Unexercised in-the-money Options'* column of the "*Outstanding Share Based and Option-Based Awards*" table below

Incentive Plan Awards: Outstanding share-based awards and option-based awards

The Stock Option Plan has been established to attract and retain employees, consultants, officers or directors to the Issuer and to motivate them to advance the interests of the Issuer by affording them with the opportunity to acquire an equity interest in the Issuer. The Stock Option Plan is administered by the directors of the Issuer. The Stock Option Plan provides that the number of Shares issuable under the Stock Option Plan, together with all of the Issuer's other previously established or proposed share compensation arrangements may not exceed 10% of the total number of issued and outstanding shares of the Issuer. All options expire on a date not later than five years after the date of grant of such option.

The following table sets forth details of all awards outstanding as at December 31, 2014, including awards granted prior to the most recently completed financial year to NEOs. On April 15, 2015, the Issuer completed a consolidation of its share capital on a three old for one new basis and the information in the table presented below is shown on a pre-consolidation basis.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	**Option Exercise Price ($)**	**Option Expiration Date**	**Value[1] of Unexercised In-The-Money Options($)**	**Number of Shares or Units of Shares That Have Not Vested (#)**	**Market or Payout Value[1] of Share-Based Awards That Have Not Vested ($)**
Paul McKenzie, President, Chief Executive Officer and Director	50,000 250,000 75,000	$0.21 $0.10 $0.27	January 6, 2017 October 7, 2015 April 19, 2016	Nil	Nil	Nil
Daniel Frederiksen, Former Chief Financial Officer and Director[2]	50,000 250,000 75,000	$0.21 $0.10 $0.27	January 6, 2017 October 7, 2015 April 19, 2016	Nil	Nil	Nil
G. Arnold Armstrong, Chairman and Director	50,000 250,000 75,000	$0.21 $0.10 $0.27	January 6, 2017 October 7, 2015 April 19, 2016	Nil	Nil	Nil
Samantha Shorter, Chief Financial Officer[3]	Nil	Nil	Nil	Nil	Nil	Nil

(1) This amount is the excess of the market value of the Issuer's shares on December 31, 2014 over the exercise price of the options. The last trading price of the Issuer's shares at its financial year ended December 31, 2014 was $0.025.

(2) Mr. Frederiksen resigned as director and Chief Financial Officer of the Issuer on November 13, 2014.

(3) Ms. Shorter was appointed as Chief Financial Officer of the Issuer on November 13, 2014.

The following table sets forth details of all awards outstanding as at September 30, 2015, including awards granted prior to the period ended September 30, 2015 to NEOs. On April 15, 2015, the Issuer completed a consolidation of its share capital on a three old for one new basis and the information in the table presented below is shown on a post-consolidation basis.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value[1] of Unexercised In-The-Money Options($)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value[1] of Share-Based Awards That Have Not Vested ($)
Paul McKenzie, President, Chief Executive Officer and Director	16,667 83,333 25,000 805,000	$0.63 $0.30 $0.81 $0.15	January 6, 2017 October 7, 2015 April 19, 2016 September 20, 2020	Nil	Nil	Nil
Daniel Frederiksen, Former Chief Financial Officer and Director[2]	Nil	Nil	Nil	Nil	Nil	Nil
G. Arnold Armstrong, Chairman and Director	16,667 83,333 25,000 805,00	$0.63 $0.30 $0.81 $0.15	January 6, 2017 October 7, 2015 April 19, 2016 September 20, 2020	Nil	Nil	Nil
Samantha Shorter, Chief Financial Officer[3]	150,000	$0.15	September 20, 2020	Nil	Nil	Nil

(1) This amount is the excess of the market value of the Issuer's shares on September 30, 2015 over the exercise price of the options. The last trading price of the Issuer's shares at the nine months ended September 30, 2015 was $0.135.

(2) Mr. Frederiksen resigned as director and Chief Financial Officer of the Issuer on November 13, 2014.

(3) Ms. Shorter was appointed as Chief Financial Officer of the Issuer on November13, 2014.

Incentive Plan Awards: Value Vested or Earned During the Year

The following table sets forth information concerning all awards outstanding under share-based or option-based incentive plans of the Issuer at the year ended December 31, 2014 and the nine months ended September 30, 2015 to each of the Named Executive Officers.

Name (a)	Option-based awards – Value vested during the year[1] ($) (b)	Share-based awards – Value vested during the year ($) (c)	Non-equity incentive plan compensation – Value earned during the year ($) (d)
Paul McKenzie, President, Chief Executive Officer and Director	Nil	Nil	Nil
Daniel Frederiksen, Former Chief Financial Officer and Director	Nil	Nil	Nil
G. Arnold Armstrong, Chairman and Director	Nil	Nil	Nil
Samantha Shorter, Chief Financial Officer	Nil	Nil	Nil

(1) Dollar value that would have been realized is calculated by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date

Option Repricing

No stock options were repriced during the financial year ended December 31, 2014 or the nine months ended September 30, 2015.

Pension Plan Benefits

The Issuer does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Termination of Employment, Changes in Responsibility & Employment Contracts

The Issuer entered into an employment agreement ("GAA Agreement") with G. Arnold Armstrong on February 1, 2012 in connection with his acting as Chairman of the Board. Under the GAA Agreement, the Issuer agreed to pay Mr. Armstrong $10 per annum, reimburse all reasonable out-of-pocket expenses and grant incentive stock options from time to time. In the event of a change in control Mr. Armstrong will be entitled to receive from the Issuer $125,000, plus accrued but unused vacation to the date of termination. The GAA Agreement is effective for a period of one year and shall be automatically renewable for successive one year terms on each anniversary of the GAA Agreement, subject to salary review and earlier termination pursuant to the terms and conditions of the GAA Agreement.

The Issuer entered into an employment agreement ("McKenzie Agreement") with Paul McKenzie on February 1, 2012 as amended July 22, 2015 in connection with his acting as Chief Executive Officer of the Issuer. Under the McKenzie Agreement, the Issuer agrees to pay Mr. McKenzie $12,000 per month, reimburse all reasonable out-of-pocket expenses and grant incentive stock options from time to time. In the event of a change in control Mr. McKenzie will be entitled to receive from the Issuer 12 months' compensation, plus accrued but unused vacation to the date of termination. The McKenzie Agreement will be effective for a period of one year and shall be automatically renewable for successive one year terms on each anniversary of the McKenzie Agreement, subject to salary review and earlier termination pursuant to the terms and conditions of the McKenzie Agreement.

The exercise of the Third Option pursuant to the Investment Agreement could result in a trigger of the change in control provisions of both the GAA Agreement and the McKenzie Agreement. As a result, each of Mr. Armstrong and Mr. McKenzie have agreed in writing to waive the application of such provisions as it relates to the exercise of the Third Option.

Compensation of Directors

The following table sets forth all amounts of compensation provided to directors who were not Named Executive Officers of the Issuer during the nine months ended September 30, 2015 and the financial year ended December 31, 2014.

Name [1]	Period Ended	Fees Earned ($)[2]	Share-Based Awards ($)	Option-Based Awards ($)[3]	Non-Equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total Compensation ($)
Mel Klohn	September 30, 2015	3,000	Nil	17,471	Nil	Nil	Nil	20,471
	December 31, 2014	Nil	Nil	Nil	Nil	Nil	13,500[4]	13,500
J. Garry Clark	September 30, 2015	3,000	Nil	17,471	Nil	Nil	Nil	20,471
	December 31, 2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Kerry Suffolk	September 30, 2015	3,000	Nil	17,471	Nil	Nil	Nil	20,471
	December 31, 2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

1. As noted above, this table does not include directors that are also NEOs. Disclosure of compensation paid to NEOs who are also directors of the Issuer and receive compensation for their services as a director are reflected in the Summary Compensation table above.
2. the value of perquisites and benefits, if any, for each Named Executive Officer was less than the lesser of $50,000 and 10% of the total annual salary and bonus.

3 the value of the option-based award was determined using the Black-Scholes option-pricing model.
4. represents consulting fees.

All non-executive directors are compensated for the services to the Issuer, as approved by the Board. Pursuant to the recommendations of the Board, all non-executive directors receive a fee $5,000 per year and $600 per board and/or audit committee meeting attend. Directors are also entitled to be reimbursed for expenses incurred by them in their capacity as directors. During the year ended December 31, 2014, the Issuer paid $nil directors' fees (2013: $54,382). On July 22, 2015, the Board determined to pay fees to all directors and officers as an annual fee of $12,000 per year, to be paid at the discretion of the Board.

Incentive Plan Awards: Outstanding share-based awards and option-based awards

Directors are also eligible to participate in the Stock Option Plan.

The following table sets forth information concerning all awards outstanding under share-based or option-based incentive plans of the Issuer as at December 31, 2014, including awards granted prior to the most recently completed financial year to each of the Directors of the Issuer who were not Named Executive Officers. On April 15, 2015, the Issuer completed a consolidation of its share capital on a three old for one new basis and the information in the table presented below is shown on a pre-consolidation basis.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	**Option Exercise Price ($)**	**Option Expiration Date**	**Value[1] of Unexercised In-The-Money Options ($)**	**Number of Shares or Units of Shares That Have Not Vested (#)**	**Market or Payout Value[1] of Share-Based Awards That Have Not Vested ($)**
Mel Klohn	50,000 250,000 75,000	$0.21 $0.10 $0.27	January 6, 2017 October 7, 2015 April 19, 2016	Nil	Nil	Nil
J. Garry Clark	10,000 250,000 75,000	$0.21 $0.10 $0.27	January 6, 2017 October 7, 2015 April 19, 2016	Nil	Nil	Nil
Kerry Suffolk	100,000	$0.21	February 1, 2017	Nil	Nil	Nil

(1) This amount is the excess of the market value of the Issuer's shares on December 31, 2014 over the exercise price of the options. The last trading price of the Issuer's shares at its financial year ended December 31, 2014 was $0.025.

The following table sets forth information concerning all awards outstanding under share-based or option-based incentive plans of the Issuer as at the nine months ended September 30, 2015, including awards granted prior to the nine months ended September 30, 2015 to each of the Directors of the Issuer who were not Named Executive Officers. On April 15, 2015, the Issuer completed a consolidation of its share capital on a three old for one new basis and the information in the table presented below is shown on a post-consolidation basis.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value[1] of Unexercised In-The-Money Options ($)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value[1] of Share-Based Awards That Have Not Vested ($)
Mel Klohn	16,667 83,333 25,000 150,000	$0.63 $0.30 $0.81 $0.15	January 6, 2017 October 7, 2015 April 19, 2016 September 20, 2020	Nil	Nil	Nil
J. Garry Clark	3,333 83,333 25,000 150,000	$0.63 $0.30 $0.81 $0.15	January 6, 2017 October 7, 2015 April 19, 2016 September 20, 2020	Nil	Nil	Nil
Kerry Suffolk	33,333 150,000	$0.63 $0.15	February 1, 2017 September 20, 2020	Nil	Nil	Nil

(1) This amount is the excess of the market value of the Issuer's shares on September 30, 2015 over the exercise price of the options. The last trading price of the Issuer's shares at the nine months ended September 30, 2015 was $0.1135.

Incentive Plan Awards: Value Vested or Earned During the Year

The following table sets forth information concerning all awards outstanding under share-based or option-based incentive plans of the Issuer as at the year ended December 31, 2014 and the nine months ended September 30, 2015 to each of the non-executive directors.

Name (a)	Option-based awards – Value vested during the year ($)[1] (b)	Share-based awards – Value vested during the year ($) (c)	Non-equity incentive plan compensation – Value earned during the year ($) (d)
Mel Klohn	Nil	Nil	Nil
J. Garry Clark	Nil	Nil	Nil
Kerry Suffolk	Nil	Nil	Nil

(1) Dollar value that would have been realized is calculated by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date

Management Contracts

There are no management functions of the Issuer, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Issuer.

Non-Arm's Length Transactions

The Transaction is an Arm's Length Transaction.

Except as described below, in the 24 months preceding the date of this Filing Statement, other than as disclosed at "*Executive Compensation*" above or in relation to the participation in private placements of the Issuer as a subscriber, the Issuer has not completed any transactions with directors and officers of the Issuer, a principal securityholder of the Issuer or any Associate or Affiliate thereof.

(a) During the year ended December 31, 2014, the Issuer paid management fees of $84,000 (2013: $84,000), accounting fees of $48,000 (2013:$48,000) and rent of $660 (2013: $60,660) to Armada Investments Ltd., a private company controlled by G. Arnold Armstrong, a director of the Issuer;

(b) During the year ended December 31, 2014, the Issuer paid legal fees of $44,468 (2013: $16,039) to S. Paul Simpson Law Corporation, a company of which Shauna Hartman, the Issuer's corporate secretary, is an employee. During the nine months ended September 30, 2015, the Issuer paid legal fees of $82,288 to S. Paul Simpson Law Corporation; and

(c) During the year ended December 31, 2014, the Issuer paid accounting fees of $2,515 to Red Fern Consulting Ltd., a private company of which Samantha Shorter, the Issuer's CFO, is a significant shareholder. During the nine months ended September 30, 2015, the Issuer paid accounting fees of $29,345 to Red Fern Consulting Ltd.

Legal Proceedings

There are no legal proceedings to which the Issuer is a party, or of which any of its property is the subject matter, and no such proceedings are known to the Issuer to be contemplated.

Auditor, Transfer Agent and Registrar

The auditor of the Issuer is Smythe LLP, Chartered Professional Accountants, 700-355 Burrard Street, Vancouver British Columbia V6C 2G8.

The registrar and transfer agent of the Shares is Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

Material Contracts

The following are the material contracts of the Issuer that are outstanding as of the date of this Filing Statement:

(a) Investment Agreement dated October 22, 2015, as amended December 1, 2015 and January 13, 2016, between the Issuer, the Target and the Vendors. See "*Information Concerning the Transaction- Investment Agreement*" for further particulars;

(b) Shareholder Agreement dated October 22, 2015 between the Issuer, the Target and the Vendors. See "*Information Concerning the Transaction- Shareholder Agreement*" for further particulars; and

(c) Sponsorship Agreement dated January 13, 2016 between the Issuer and the Sponsor. See *"General Matters – Sponsorship Relationship"* for further particulars.

All of the contracts specified above are filed on SEDAR at www.sedar.com and may be inspected without charge at the Issuer's registered and records office at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4 during normal business hours until the Bulletin Date and for a period of 30 days thereafter.

INFORMATION CONCERNING THE TRANSACTION

The Transaction

The parties to the Transaction are the Issuer, the Target and the Vendors. The Transaction is an Arm's Length Transaction.

Summary of the Target Options

Pursuant to the provisions of the Investment Agreement, the Issuer has acquired from the Target and the Vendors, the Target Options consisting of the sole and exclusive options to acquire up to a 100% interest in the Target as follows:

(a) the Issuer was granted and exercised the First Option, thereby acquiring a 6.6% interest in the Target, in exchange of the contribution of subscription funding in the Target of an aggregate of $200,000;

(b) pursuant to the Second Option, the Issuer may acquire a further 28.4% interest (for an aggregate 35% interest) in the Target, by contributing subscription funding to the Target of an aggregate $2,800,000 over the Second Option Period, which funds shall be administered by the Funding Committee as discussed below; and

(c) pursuant to the Third Option, the Issuer may acquire the remaining 65% interest (for an aggregate 100% interest) in the Target by issuing to the Vendors, in aggregate, such number of Shares as equals 35% of the issued and outstanding Shares of the Issuer (and any other class or series of shares of the Issuer) on a post-issuance basis, as well as the Conditional Warrants (all to a maximum of 500 million Shares issuable, including any Shares issuable upon the exercise of the Conditional Warrants), on or before the expiry of the Second Option Period.

First Option

Pursuant to the Letter Agreement, the Issuer was granted the First Option to acquire a 6.6% interest in the Target by making an advance of $200,000 to the Target in two stages as follows:

(a) $100,000 was contributed to the Target upon the execution of the Letter Agreement in order to fund certain reports relating to the Technology and other research and development activities; and

(b) The remaining $100,000 was to be contributed to the Target within five business days of the later of (i) expiry of a due diligence period and receipt of regulatory approval for the First Option.

The Issuer exercised the First Option in full on June 30, 2015 and was issued by the Target 71 Target Shares.

Second Option

As indicated above, in order to exercise the Second Option and acquire a further 28.4% interest in the Target (for an aggregate 35% interest), the Issuer must contribute funding to the Target an aggregate of a further $2,800,000 over the Second Option Period.

The timing of the advance by the Issuer to the Target pursuant to the Second Option is to be at the discretion of the Issuer, provided however that in order to maintain the Second Option, the Issuer must advance at least $500,000 to the Target for each year of the Second Option Period at any time during such year. Once the Issuer's advancements to the Target reaches $1,500,000 such annual funding requirements of the Second Option Period are deemed to have been met, but the Issuer is still obligated to advance the full $2,800,000 in order to exercise the Second Option. Upon the valid advancement of funds to the Target in accordance with the terms of the Investment Agreement pursuant to the Second Option, the Target is obligated to immediately issue, and the Vendors are obligated to cause to be issued, to the Issuer a number of Target Shares as represents the pro rata interest related to such advance.

During the Second Option Period, funds advanced to the Target by the Issuer will be administered by the Funding Committee (comprised of two members of the Target Board, one of which must be a representative of the Issuer) and applied to research, development and intellectual property protection for the Technology and to administrative and operating expenses of the Target, including management fees of $20,000 per month (gross) for the employment of two to three representatives of the Target on a full time basis. In the event that the Funding Committee is unable to reach agreement on the administration of funds, either the Issuer, the Target or the Vendors may refer such dispute to binding arbitration and a force majeure shall be declared pending resolution of same.

Since the commencement of the Second Option Period, the Issuer has advanced an aggregate of $440,000 in furtherance of the Second Option and must advance a further $60,000 on or before June 30, 2016 in order to maintain the Second Option in good standing.

Third Option

In order to exercise the Third Option, the Issuer must, on or before the expiry of the Second Option Period issue such number of Shares as equals 35% of the issued and outstanding shares of the Issuer at the time of the exercise of the Third Option (on a post-issuance basis) as well as such number of Conditional Warrants equalling 35% of the Warrants and Options outstanding at the time of the exercise of the Third Option (on a post-issuance basis). The Investment Agreement provides that the maximum number of Shares which the Issuer is required to issue pursuant to the exercise of the Third Option, not including any Shares issuable on the exercise of Conditional Warrants, is 72,096,977 Shares and that the maximum number of Conditional Warrants which the Issuer is required to issue pursuant to the exercise of the Third Option is also 72,096,977. Additionally, from the date of the Investment Agreement until the earlier of (a) the valid exercise by the Issuer in full of the Third Option in accordance with the terms of the Investment Agreement and the issuance of securities of the Issuer to the initial shareholders of the Target pursuant thereto, (b) the termination of the Investment Agreement, or (c) the time at which the Issuer is no longer required by the Exchange to cap the number of securities issuable pursuant to the Third Option, the Issuer shall not issue Shares in an amount that will cause the number of Shares outstanding at the time of the exercise of the Third Option to exceed 133,894,385 (not including those securities of the Issuer issuable to the Vendors pursuant to the exercise of the Third Option) or any other securities of the Issuer convertible, exercisable or exchangeable into Shares in an amount that will cause the number of securities of the Issuer convertible, exercisable or exchangeable into Shares outstanding at the time of the exercise of the Third Option to exceed 133,894,385 (not including those securities of the Issuer issuable to the Vendors pursuant to the exercise of the Third Option).

The Conditional Warrants shall provide for the minimum allowable exercise price per Share on the date of grant, and all other terms of the Conditional Warrants shall be on the same terms as the underlying Options and Warrants then outstanding and may only be exercised by the Vendors as and when and in proportion to the exercise of the Options and Warrants by their holders, such that for each 65 Shares issued on the exercise of the Options and Warrants, the Vendors will be entitled to exercise 35 Conditional Warrants.

Pursuant to the Investment Agreements, the number of Shares and Conditional Warrants to be issued upon the exercise of the Third Option is subject to pro rata reduction in the event that the Vendors, at the time of the exercise of the Third Option, hold less than 65% of the outstanding Target Shares.

Escrow Restrictions

In accordance with the requirements of the Escrow Policy, the Shares issuable pursuant to the exercise of the Third Option, including any Shares issuable pursuant to the exercise of the Conditional Warrants, will, when issued, be subject to escrow restrictions pursuant to the terms of a tier 2 value surplus agreement, and will be released from escrow based upon the passage of time in accordance with the Escrow Policy, such that the Shares issuable pursuant to the exercise of the Third Option (including Shares issuable pursuant to the exercise of the Conditional Warrants) will be released as follows (with credit for the time passed from the Final Exchange Bulletin to the date of issuance):

(a) 5% as of the date of the Final Exchange Bulletin;

(b) 5% as of the date which is six months following the Final Exchange Bulletin;

(c) 10% as of the date which is 12 months following the Final Exchange Bulletin;

(d) 10% as of the date which is 18 months following the Final Exchange Bulletin;

(e) 15% as of the date which is 24 months following the Final Exchange Bulletin;

(f) 15% as of the date which is 30 months following the Final Exchange Bulletin; and

(g) The remaining 40% as of the date which is 36 months following the Final Exchange Bulletin.

The Issuer and the Initial Shareholders will provide a written covenant to the Exchange in relation to the application of the escrow restrictions noted above.

Finder's Fee

Pursuant to the Finder's Fee Agreement, the Finder is entitled to receive a fee as the Issuer acquires an interest in the Target as follows:

(a) $10,000 at the time the Issuer acquired a 3.3% interest in the Target, which was paid through the issuance 200,000 pre-consolidation Shares on January 9, 2015;

(b) $10,000 at the time the Issuer acquired a 6.6% interest in the Target, which was paid through the issuance 57,143 Shares on June 19, 2015; and

(c) 5% of the deemed value of the Shares issued by the Issuer upon the exercise of the Third Option (not including any Shares issuable upon the exercise of the Conditional Warrants), which is payable through the issuance of Shares (as to 50% of the amount due) and in cash (as to the remaining 50%). The deemed value for the Shares issued pursuant to the Third Option shall be calculated based on the weighted average market price of the Shares for the 10 day period prior to which the Third Option is exercised, provided that such deemed value will not be less than $0.05 per Share. Additionally the Finder's Fee Agreement provides that the value of the cash portion of the fee may not exceed $200,000 and the share portion of the fee may not exceed a value of $300,000 (or a maximum of 6,000,000 Shares).

Investment Agreement

The Transaction will be effected in accordance with the Investment Agreement, which has been filed by the Issuer on SEDAR at www.sedar.com as a material document. A summary of the Target Options granted to the Issuer pursuant to the Investment Agreement is above. A further description of other material terms and conditions of the Investment Agreement is as below.

Representations and Warranties

The Investment Agreement contains certain representations and warranties made by (i) the Issuer in respect of the consideration and other matters, and (ii) by the Vendors and the Target in respect of the Technology and in respect of the assets, liabilities, capital structure, financial position and operations of the Target. The assertions embodied in those representations and warranties are solely for the purposes of the Investment Agreement. Certain representations and warranties may not be accurate or complete as of any specified date because they are subject to a standard of materiality. Therefore, the representations and warranties in the Investment Agreement should not be relied on as statements of factual information.

The Investment Agreement contains representations and warranties of the Target and the Issuer relating to certain matters including, among other things: incorporation; absence of conflict with or violation of constating documents, agreements or applicable laws; solvency; authority to execute and deliver the Investment Agreement and perform its obligations thereunder; due authorization and enforceability of the Investment Agreement, financial condition, indebtedness, compliance with laws, absence of litigation, judgment or order, composition of share capital; options

or other rights for the purchase of securities; and the Target's rights and title to the Technology. The Investment Agreement also contains representations and warranties of the Vendors relating to certain matters, among other things: incorporation, absence of conflict with or violation of constating documents, agreements or applicable laws; solvency; authority to execute and deliver the Investment Agreement and perform its obligations thereunder; due authorization and enforceability of the Investment Agreement and the Vendors' rights and title to their Target Shares.

Covenants of the Target and Vendors

Conduct During the Second Option Period

The Target and the Vendors have covenanted and agreed with the Issuer that, except as otherwise contemplated in the Investment Agreement or with the prior written consent of the Issuer, until the expiry of the Second Option Period, they shall not: (i) take any action inconsistent with the Target Options, the terms of the Investment Agreement or the transactions contemplated thereby; (ii) enter into any agreement, commitment, understanding or arrangement, whether written or oral, with any person other than the Issuer or take any other action directly or indirectly resulting in the issuance of additional securities of the Target, including without limitations any securities or other rights convertible into or exchangeable for securities of the Target, the transfer, directly or indirectly, of any of the Target Shares owned by the Vendors, the sale of any assets of the Target or the grant of any right to or interest in any of the foregoing; (iii) create or suffer to exist any encumbrances on the securities of the Target held or controlled by them, including the Vendors, or the assets of the Target, including, without limitation, the Technology; and (iv) take any action which is likely to (or fail to take any action required not to) have a material adverse effect on the potential commercial value of the Target or the Technology.

Target Board Representation

Following the execution of the Investment Agreement, the Target appointed a representative of the Issuer, being Paul McKenzie to the Target Board. The Issuer is entitled to have at least one nominee appointed to the Target Board at all times, provided that it holds at least 15% of the issued and outstanding Target Shares.

Exclusivity

The Targets and the Vendors have covenanted and agreed that, until the termination of the Target Options, they will:

(a) immediately cease and cause to be terminated any existing discussions or negotiations or other proceedings initiated prior to the date hereof by any of them or their respective principals, shareholders, officers, directors, employees, representatives or agents or others with respect to any direct or indirect transfer, assignment, conveyance, option, joint venture or any similar dealing with the Target or the Technology or with respect to the sale or other transfer, whether directly or indirectly, of the Target Shares held by the Vendors;

(b) not solicit or cause or facilitate any other person to solicit any merger, acquisition, amalgamation, arrangement, business combination, option or joint venture or other similar proposal with respect to the Target or the Technology;

(c) not release any person from any confidentiality agreement to which such person is a party or agree to amend any such confidentiality agreement; and

(d) not authorize or permit any of their respective representatives or advisors to directly or indirectly initiate any inquiries or make any proposal that constitutes or may reasonably be expected to lead to a merger, acquisition, amalgamation, arrangement, business combination, option or joint venture or other similar proposal with respect to the Target or the Technology or that would in any way limit or reduce the likelihood of success of the Transaction.

Right of First Refusal

If during the Second Option Period, the Target or the Vendors receive a bona fide offer from an arm's length party to acquire 100% of the Target Shares or 100% of the assets of the Target for all cash consideration and which is not subject to any financing conditions which the Target or the Vendors are prepared to accept, the Target or the Vendors, as the case may be, will provide the Issuer with a copy of the offer within five business days and the Issuer shall have the right for a period of 45 days following receipt of such notice to provide the Target and the Vendors with written notice of its intent to acquire all of the outstanding Target Shares or assets of the Target, as the case may be, on the same terms.

If the Issuer does not exercise such right of first refusal, the Target or the Vendors, as the case may be, may accept and complete such offer within 30 days of the expiry of the 45 day right of first refusal period. If the transactions contemplated by the offer received do not close within such period, the Issuer's right of first refusal shall again apply.

Covenants of the Issuer

Right to Repurchase Target Shares

In the event that the Issuer provides written notice to the Target and the Vendors that it does not wish to proceed with the Second Option or fails to advance the total amount of $2,800,000 to exercise the Second Option in full prior to the expiry of the Second Option Period, or fails to advance on an annual basis the minimum $500,000 as contemplated under the Investment Agreement within sixty (60) days of receipt of notice by the Issuer with respect to such failure to advance the minimum annual amount, the Target shall have the right to purchase from the Issuer all, but not less than all, of the Target Shares held by the Issuer by delivering, within 240 days of receipt of the aforesaid notice or expiry of the Second Option Period, as applicable, written notice of its election to acquire such Target Shares together with cash consideration to the Issuer in an amount equal to: (i) $200,000 for such number of Target Shares as equals 35% of the outstanding Target Shares; or (ii) if the number of Target Shares then held by the Issuer is less than 35% of the outstanding Target Shares, an amount equal to $200,000 multiplied by a fraction the numerator of which is the percentage of outstanding Target Shares held by the Issuer and the denominator of which is 35%.

Pre-Emptive Right

Concurrently with the exercise of the Third Option, the Vendors will be granted, pursuant to the terms of an equity participation agreement to be entered into by the Issuer and the Vendors, a proportionate pre-emptive right with respect to the issuance of additional Shares so that the Vendors may maintain their percentage ownership of Shares as at the exercise of the Third Option, for a period ending on the earlier of 24 months following the exercise of the Third Option or the Vendors ceasing to hold, in aggregate, at least 20% of the issued and outstanding Shares of the Issuer, on a partially diluted basis.

Termination of the Investment Agreement

The Investment Agreement may be terminated (i) by mutual agreement of the Parties, (ii) in the event that the Issuer fails to advance the total amount of $2,800,000 prior to the expiry of the Second Option Period or fails to exercise the Third Option within the time required, (iii) fails to maintain the Second Option by contributing at least $500,000 for each year of the Second Option within 60 days of receipt of written notice of same, or (iv) by the Issuer at any time on providing 30 days' written notice to the Target and the Vendors.

Shareholders' Agreement

Concurrently with the execution of the Investment Agreement, the Issuer, the Target, the Vendors and their principals entered into the Shareholders' Agreement for the purpose of setting forth certain rights, privileges, restrictions and obligations concerning the ownership of the Target Shares and the governance of the Target.

Management of the Target

Under the Shareholder Agreement, the Target Board is to comprise two directors and provided that during the term of the Investment Agreement or for so long as the Issuer holds at least 15% of the issued and outstanding Target Shares, the Issuer shall have the right to nominate one (1) director. The Issuer shall have the right to nominate such greater number of directors as determined on a pro rata basis commensurate with its direct or indirect ownership of Target Shares from time to time, rounded to the nearest whole number in the event that a fractional number results from any pro rata calculation.

There shall be no change in the officers of the Issuer unless such change is approved by shareholders of the Target then holding at least 51% of the issued and outstanding Target Shares.

During the term of the Investment Agreement and for so long thereafter as the Issuer holds at least 25% of the issued and outstanding Target Shares, without the prior approval of the Issuer, the shareholders of the Target shall not cause or permit the Target, and the Target Board shall not authorize the Target to:

(a) other than pursuant to the Investment Agreement, issue Target Shares, other securities convertible or exchangeable for Target Shares, or rights, options or warrants to purchase or acquire Target Shares;

(b) convert, exchange, reclassify or subdivide any Target Shares or other securities of the Target;

(c) purchase, redeem or acquire any Target Shares or securities of the Target;

(d) borrow money on the credit of the Target, whether in the form of a loan from one or more shareholders or otherwise, in excess of $5,000 in the aggregate;

(e) amend, alter, vary, add to or repeal the constating documents or to enact new or additional constating documents for the Target;

(f) enter into any amalgamation, arrangement, consolidation, merger, re-organization or continuation, statutory or otherwise, or to enter into any other transaction or scheme outside the ordinary course of its business;

(g) take or institute any proceedings for the winding-up or dissolution of the Target;

(h) give any financial assistance, by means of loan, guarantee or otherwise, to any person, except in the ordinary course of its business;

(i) incur any capital expenditure in excess of $5,000 without the prior approval of the Funding Committee;

(j) declare or pay any dividends or make any other distributions on any of the outstanding Target Shares;

(k) complete a public offering; or

(l) sell, lease or exchange all or substantially all of the assets of the Target or to make an investment (other than short term investments in instruments of indebtedness of or guaranteed by the Government of Canada, a Province of Canada or an institutional lender).

Restrictions on Transfer of Target Shares

Pursuant to the Shareholders' Agreement, no shareholder may transfer all or any of its Target Shares without the consent of the Target and all of the shareholders bound by the Shareholders' Agreement, being the Vendors and the Issuer, unless such transfer is to a permitted transferee and such transferee agrees to be bound by the Shareholders' Agreement or to the Issuer in accordance with the Investment Agreement.

Right of First Refusal regarding Target Shares

Pursuant to the Shareholders' Agreement, any shareholder of the Target desiring to transfer all or any portion of its Target Shares may not do so unless:

(a) such transfer is made pursuant to a bona fide offer in writing of by the proposed transferee which the selling shareholder is willing to accept;

(b) such offer is irrevocable for a period of at least thirty (30) days;

(c) the purchase price to be paid for the Target Shares is set forth in the offer and is expressed as a specific per Target Share dollar amount and with all of the Target Shares being acquired having an equal value; and

(d) the selling shareholder first makes an offer in writing to all of the other shareholders that then own Target Shares to sell such Target Shares to the shareholders, who then have 30 days to accept such offer, on the same terms and conditions as the bona fide offer, all in accordance with the terms of the Shareholders' Agreement.

In the event of a change of control of a corporate shareholder, such as the Vendors or the Issuer, is deemed to be a transfer for the purposes of the Shareholders' Agreement, and such corporate shareholder is deemed to be a selling shareholder.

For the purposes of the Shareholders' Agreement a 'change of control' is defined as where, as a result of a transaction or series of transactions, any one person or group of persons acting jointly or in concert who held, prior to giving effect to such transaction or series of transactions, less than 50% of the voting shares of such corporation, and who hold, after giving effect to such transaction or series of transactions, 50% or greater of the voting shares of such corporation.

Non Competition

The shareholders of the Target and each of their principals covenant and agree that, while a director, officer or employee of the Target, they will not, either directly or indirectly, act in competition to the Target or its business or carry on, other than on behalf of the Target, the same or similar business in Canada, the United States, Western Europe, Australia, New Zealand, China, Japan, South Korea, Taiwan or Hong Kong.

Additionally, the shareholders of the Target and each of their principals covenant and agree that during the term of the Investment Agreement and for a period of three (3) years thereafter, that they will not, except pursuant to a subsisting license or contract with the Target, either individually or in partnership, including as principal, agent, shareholder, director, officer, employee or in any other manner:

(a) carry on or be engaged in, lend money to, invest money in, guarantee the debts or obligations or, or permit his or its name to be used in connection with an entity that is in material and direct competition with the business of the Target;

(b) attempt to solicit any business or customers away from the Target, the Issuer or any of their respective affiliates;

(c) do any act, which would reasonably be expected to be detrimental to the business of the Target or to the Issuer or would be detrimental to or cause relations between the Target or the Issuer and their respective customers or employees to be impaired; or

(d) use or disclose to any person, except to duly authorized officers and employees of the Target entitled thereto, any trade secret, business data or other information acquired by him or it by reasons of his or

its involvement and association with the Target, except with the unanimous consent in writing of the other shareholders of the Target.

Term of the Shareholders' Agreement

The Shareholders' Agreement will remain in effect until the earlier of (a) all shareholders of the Target entering into an agreement to terminate the Shareholders' Agreement, (b) the bankruptcy or receivership of the Target, or (c) the date on which any one shareholder of the Target has acquired all of the then outstanding Target Shares, including upon exercise of the Third Option.

INFORMATION CONCERNING THE TARGET

The following information reflects the current business, financial and share capital position of the Target. See "Information Concerning the Resulting Issuer" for pro forma business, financial and share capital information following the conclusion of the Transaction.

Corporate Structure

The Target was incorporated under the *Business Corporations Act* (Alberta) on November 10, 2014 as "Spectrum Optix Inc." On July 17, 2015, the Target amended its articles in order to amend its share structure from one with an unlimited number of Class A common voting shares, an unlimited number of Class B non-voting shares and an unlimited number of Class C preferred shares to an unlimited number of Target Shares and an unlimited number of preferred shares (issuable in series), to attach certain rights and restrictions thereto, to impose restrictions on the transfer of any shares of the Target and to complete certain other housekeeping amendments. The Target has a head office at 19 Wentworth Manor S.W., Calgary, Alberta, T3H 5K5 and a registered office at 333 7 Avenue, SW, Suite 1600, Calgary, Alberta, T2P 2Z1.

The Target has no subsidiaries. The Issuer currently holds a 6.6% interest in the Target through the ownership of 71 Target Shares. Upon the exercise of the Second Option, the Resulting Issuer would hold 35% of the issued and outstanding Target Shares. Upon the exercise of the Third Option, the Resulting Issuer would hold 100% of the issued and outstanding Target Shares, causing the Target to become a wholly-owned subsidiary of the Resulting Issuer.

General Development of the Business

The Target is a privately held company currently focusing on acquiring, developing and holding the Technology and facilitating the completion of the Transaction.

Three Year History

Since incorporation, the Target's business has been the pursuit of the Transaction and research and development and intellectual property protection activities. Prior to the incorporation of the Target, the Vendors had completed certain in-house testing, optical engineering and modelling for the Technology. Since incorporation, the Target has been continuing optical simulations and analysis as well as developing its initial prototype for test study. Additionally, the Target has entered into a master service agreement with an established technology centre with advanced optical testing facilities and equipment which the Target is utilizing in its development activities. The Target also retained the services of Ruda Cardinal Inc. ("Ruda") of Tucson, Arizona in September 2015 to assist with the modelling process and prototype development of its first lens system. Ruda is a leader in the field of optical engineering, specializing in rapid prototyping and creative solutions to unique and complicated optical challenges. In September 2015, the Target received a filing receipt from the United States Patent and Trademark Office for its first provisional patent application relating to imaging. On January 12, 2016, the Issuer and the Target announced that Ruda has informed the Target that the initial development phase of the lens stack for its proof-of-concept prototype, referred to as the "Trade Study", is nearing completion. The Trade Study involved a highly complex design phase that resulted in an exceptionally compact form factor, and the Issuer and the Target further announced that simulated image results using Zemax ray tracing software exceeded the Target's preliminary image quality target.

Significant Acquisitions and Dispositions

No significant acquisitions or significant dispositions, for which financial statements would be required under National Instrument 41-101 – *General Prospectus Requirements* if this Filing Statement was a prospectus of the Target, have been completed by the Target since incorporation or are contemplated, with the exception of the Transaction.

Narrative Description of the Business

Forward-Looking Information

Statements in the following sections concerning the future plans, expectations, objectives and milestones of, and other matters relating to the Target contain "forward-looking information" and are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which is expressed or implied by such forward-looking statements. Please refer to the headings entitled "*Caution Regarding Forward-Looking Statements*" and *"Risk Factors*" in this Filing Statement.

Principal Products or Services

The Target is developing technologies relating to imagery and light concentration for lens and image capture based systems. The Target's core technology, which contains flat lenses, utilizes a novel approach to collecting and concentrating an electromagnetic wave, such as a visible light. The Target is aiming to develop the Technology in order to significantly reduce the depth currently required in many traditional curved lens stacks (relative to aperture size) and deliver high quality imagery within a compact lens system.

Lens System

At this time, the Target is a technology development company involved in the research and development of the Technology. The central goal of the Target's research and development is to create a lens system which reduces the depth currently required in many traditional curved lens stacks on the market (relative to aperture size), potentially impacting telescopes, spotting scopes, rifle scopes, camera lenses and other imaging devices, including mobile devices, while delivering high quality imagery. This lens system, and the licensing thereof, will be the Resulting Issuer's principal product under development following completion of the Transaction.

Most conventional lens systems – whether a camera lens, telescope or a microscope –presently consist of a series of curved pieces of glass or glass like materials, which can require quite a bit of depth (in the lens stack) relative to aperture size. Depending on the application, a curved lens system with significant corresponding depth may not be practical. Thinner or compact lens systems are anticipated to have significant demand both for commercial products and industrial products as they may enable the mobility desired by the market for high performance imagery devices.

In a conventional curved camera lens system, to mechanically improve image resolution with traditional lenses, more depth is typically required in the lens stack. This can set limitations on camera performance and device design, particularly with mobile applications. By further advancing the Technology through its research and development efforts, the Target's goal is to create a compact lens system that delivers high-quality resolution.

The Technology, as contemplated, utilizes unconventional optical elements and is a radical departure from traditional curved lens systems. The Technology will contain flat lenses. Additionally, the Technology may be scalable to large industrial sizes, which may allow for improvements in the solar and greenhouse sectors.

While the Target has identified several potential applications for the Technology, the Target is initially focused on industrial and commercial image applications, namely lenses for telescopes to be potentially followed by binoculars, rifle scopes, detachable camera lenses, built-in camera lenses and potentially mobile devices.

Although further research and development is required before a conclusion can be drawn, other market industries and segments that the Target has potentially identified applications for the Technology include very large telescopes, solar collection, building design and cooling options through the use of solar collecting windows, scientific and medical instrumentation and defense and military protection through rifle scopes, drone enhancements and advance target tracking.

Further Development

There is the potential that additional applications of the Technology will emerge as the Target continues to develop and refine the Technology. As a result, it is anticipated that the Target will file new patent applications in the future related to the Technology. Intellectual property will therefore be a substantial area of growth for the Target for the foreseeable future.

The Technology and potential additional applications of the Technology could create revenues through the development of new tools and processes, and it is anticipated that licensing fees related to the Technology will be a primary revenue source in the future. Market entry level will vary by product and process, and the Resulting Issuer's current focus includes the further definition and development of the additional applications for the Technology, initially targeting the telescope market followed by additional imaging markets.

It is anticipated that using the funds of the Resulting Issuer following completion of the Transaction, the Resulting Issuer will be able to bring its lens system to early stage commercial application for licensing within 12 months.

Development of the Technology

Core Technology Development

The Target is currently working on the development of a prototype of its first lens system for imaging. The Target's primary objective, post prototype, will be to begin incorporating its technologies into multiple verticals within a variety of industries. A comprehensive market and industry cost and impact analysis will be conducted by the Target, at which point the Target expects that its goal will be to enter into application-specific, license agreements and arrangements with established corporations. The Target expects that the initial prototype will be completed by June 2016 at an anticipated additional cost of $380,000. The prototype is intended to serve as a proof of concept, enhancing the Target's potential sales process and to better identify further applications for the Technology. The Target does not currently anticipate producing a lens system product, and intends to license the use of the Technology.

Target Objectives

The Target's initial objectives in the next 12 months are as follows:

- Pursue Ongoing Intellectual Property ("IP") Protection. The Target received a filing receipt from the United States Patent and Trademark Office in respect to its first provisional patent application relating to imaging (Application No. 62/201,428) in September. To aid in the pursuit of revenue, the patent strategy for the Target will likely consist of both broad-based and market vertical-specific patents. Safeguarding the Target's current and future lens technologies and designs is of the utmost importance as the Target progresses in its prototype development stage. It is anticipated that the Target's intellectual property protection activities will be the second largest development cost, following the development of the Target's prototype, in the near term for the Target and that these activities will be an ongoing area of focus for the Target. In the next 12 months, the Target anticipates additional costs relating to intellectual property protection of $320,000.

- Continue R&D Activities and Develop Initial Prototype. The Target has completed preliminary in-house testing, optical engineering and modelling of its core technology to be utilized in a lens system. Prototype development has begun in the imaging sector, in order to demonstrate both the technical viability of the Technology and its marketable features and is expected to be completed by June 2016 at an anticipated cost of $380,000. The Target has been conducting these activities with the assistance of an established American optical engineering firm and a provincially and federally (Alberta and Canadian governments) funded non-profit organization which provides the Target with access to equipment, facilities and a network of expertise in the technology industry. It is anticipated that following the creation of the initial prototype additional work will be required to develop a commercially saleable system for licensing, but it is not yet known the timing or costs for same. In September 2015, the Target formally engaged an established American optical engineering

company (Ruda Cardinal) to provide it with additional engineering expertise and to build its first prototype, a fixed magnification digital telescope system. The optical engineering company specializes in rapid prototyping and optical solutions work. The planned digital telescope prototype will utilize the Technology, other optical elements, and electronic components. The prototype is intended to demonstrate the marketable features of the Technology and its potential to serve as a platform to be used in various optical applications ranging from telescopes, cameras, surveillance equipment, mobile devices, and other imaging verticals. The Target's proof-of-concept prototype will be designed to be a fixed magnification digital telescope with a narrow field of view, and similar in function to many conventional telescopes sold today. However, as a result of the application of the Technology, a unique distinction of the Target's lens design is anticipated to be its reduced lens stack depth to aperture ratio compared to traditional curved lens systems for fixed magnification imaging. This could set the Technology apart from existing lens technologies in the fixed magnification lens market, which includes products such as spotting scopes, telescopes, binoculars, certain camera lenses and other consumer and industrial imaging products.

- Pursue Specific Industry Verticals. After initial development and application research, the Target intends to focus the potential applications for the Technology, and is now preparing for development engineering processes and advanced modelling. The Target intends to pursue several markets with the Technology, with the proposed sequence of markets to pursue as follows: (1) telescopes; (2) spotting scopes (e.g. binoculars, rifle scopes); (3) camera imaging (e.g., camera lenses, mobile devices); (4) defence/security; and, (5) advanced scientific instrumentation. The Target anticipates commencement of marketing of the Technology, including media relations and coverage, to potential licensees to commence at the Bulletin Date.

The Target is not aware of any material regulatory approvals necessary to achieve its stated business objectives, other than approval of its current and future various patent applications.

Operations, Production and Services

Initially, the Target expects to continue development and testing of its first lens system prototype before commercial opportunities will be pursued. The Target anticipates that its potential primary revenue stream relating to the Technology will be licensing fees, the value of which is yet to be conclusively determined. The Target anticipates that it will continue to utilize the equipment and facilities of the established American optical engineering firm tasked with prototype development and government funded non-profit organization with which it has a master services agreement for its ongoing research and development activities.

Environmental Protection Requirements

The licensing and usage of the Technology has no extraordinary environmental protection requirements. As a result, the Target does not anticipate that any environmental regulations or controls will materially affect the Technology or its processes.

Specialized Skills and Knowledge

Certain aspects of the Target's business, relating to the Technology require specialized skills and knowledge, including engineering and imaging system design. Increased activity in the technology and research and development industry may make it more difficult to locate competent employees and consultants in such fields, and may affect the Target's ability to grow at the pace it desires. However, the Target does not currently anticipate any significant difficulties in locating and keeping appropriate personnel as the employees and consultants it needs to conduct appropriate studies on the Technology are available and the Target has already entered into consulting agreements with its key experts, including John Daugela (through 3DB Inc.) and Dr. Ian Powell and Robert Cardinal (who serve as consulting senior systems designers to the Target).

Dr. Ian Powell has over thirty years of experience in optical system design and testing, including management of prototypes and research and development projects. Dr. Powell has worked with all types of optical systems including thin-film coating. Dr. Powell has been a senior research officer in the Femtosecond group with the National Research Council in Ottawa since 2003 and was a senior research officer in the optical group with the

National Research Council from 1976 to 2000, working on projects sponsored by the Canadian Space Agency, Opcon Associates of Canada and the Sira Institute in England. From 2000 to 2003, Dr. Powell worked as a senior technical advisor in exploratory research with JDS Uniphase. Dr. Powell holds a Ph.D. in physics (applied optics) from the University of Reading. Dr. Powell's previous projects range from telescope to microscope optics, including IMAX dual magnification view-finder, anamorphic camera lenses, optical instrumentation for space applications, 360 degree panoramic lenses, spectrograph optics, microlithographic optics, optics used in visual simulators, DOE optics and infra-red scanner systems. He has also worked on many non-imaging applications such as the development of a new concept for solar simulation and laser beam delivery optics. Additionally, Dr. Powell has published 60 optical industry papers and been issued 8 optical patents.

Rob Cardinal is an astrophysicist with the science team for NEOSSat, a Canadian planetary science microsatellite launched in 2013 for the Canadian Space Agency. He currently oversees the development of massively parallel software and high performance computer systems to search for asteroids in the data images returned from the satellite. Additionally, he developed unique automated moving object detection software for the Near Earth Space Surveillance (NESS) project with which he has discovered two comets that bear his name and one near-Earth Asteroid. He is an expert in photometry, astrometry, image analysis and reconstruction, and software development for massively parallel GPU computer systems. He is listed as an author on over 30 publications in astronomical literature. He previously worked on projects in optical sensitivity analysis for Defence Research and Development Canada (DRDC), telescope retrofit and refurbishment at the Rothney Astrophysical Observatory (RAO), and near Earth space surveillance. Mr. Cardinal holds a B.Sc. in Physics and Astronomy from the University of Victoria.

Components

Over the past several years, increased activity in the technology industry on a global scale has made some services, particularly skilled and experienced difficult to procure. It is possible that delays or increased costs may be experienced in order to proceed with the Target's proposed activities during the current period. Such delays could significantly affect the Target if the delay reduces the opportunity the Target may have had to develop a particular project had such tests been completed in a timely manner before the fall of such prices. As the Target does not anticipate the sale of physical products, but rather the licensing of the Technology and its applications, it does not currently anticipate that it will have difficulties sourcing raw materials or components. The Target has secured personnel and/or consultants to conduct its currently contemplated programs.

Cycles

The Target does not expect its business to be cyclical or seasonal.

Economic Dependence

It is not expected that the Target's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts. The Target is substantially dependent on the Investment Agreement for funding and it is anticipated that if the Investment Agreement were terminated, it would have a material adverse impact of the business of the Target.

The Target's success will depend in part on its ability to protect its proprietary rights and technologies, including, but not limited to, the Technology. The Target currently expects to rely on a combination of patents, copyrights, trademark laws, trade secrets, confidentiality provisions and other contractual provisions to protect its proprietary rights. However, not all of these measures may apply or may afford only limited protection. The Target's failure to adequately protect its proprietary rights may adversely affect the Target. See *"Risk Factors - Limited Protection of Patents and Proprietary Rights"*.

Employees

As of the date of this Filing Statement, the Target had the following number of employees and contractors:

Location	Full Time Employees	Contractors
Canada	Nil	4

Initially it is anticipated that the Target will utilize consultants and contractors, including John Daugela, Ian Powell and Rob Cardinal, to carry on many of its activities until such time as additional funding and revenues allow it to hire additional employees to conduct activities in-house.

Foreign Operations

The Target currently operates solely in Canada, but has completed a provisional patent application filing in the United States and has hired an American optical engineering company to provide it with additional expertise relating to the development of its first prototype. The Target does anticipate it will seek to market the Technology on a world-wide basis, so there will be risks associated with the ability to enforce its intellectual property rights in certain jurisdictions. In jurisdictions in which there is a history of intellectual property infringement, the Target may seek to obtain a strategic joint venture partner prior to accessing such markets to assist in the protection of the Technology.

Social or Environmental Policies

The Target is not expected to adopt any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in the vicinity of its facilities or human rights policies). However, the Target's management, with the assistance of its contractors and advisors, will ensure its ongoing compliance with local environmental laws in the jurisdictions in which it does business.

Principal Markets

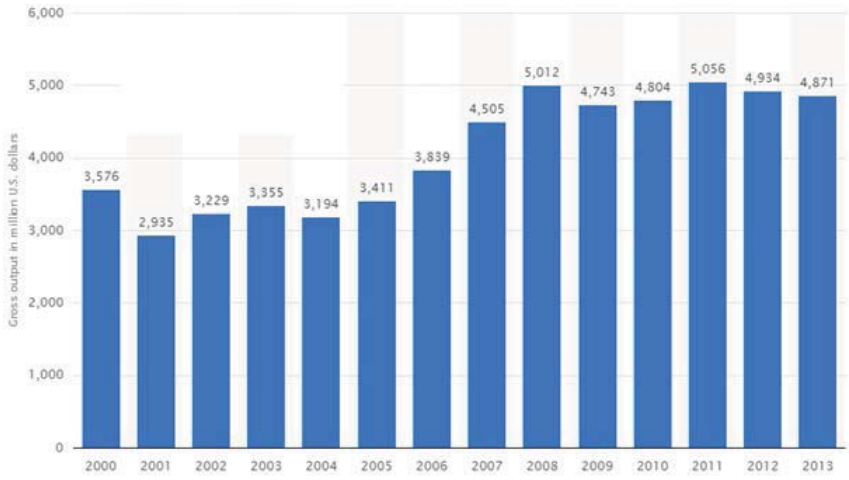
The Target anticipates targeting the optical instrument market initially with the Technology, including consumer product versions followed by the camera market, including cameras found in mobile devices.

Optical Instrument and Lens Manufacturing Industry

According to North American Industry Classification, the U.S. optical instrument and lens manufacturing industry comprises companies engaged in one or more of the following: (1) manufacturing optical instrument and lens, such as binoculars, microscopes (except electron and proton), telescopes, prisms, and lenses (except ophthalmic); (2) coating or polishing lenses (except ophthalmic); and (3) mounting lenses (except ophthalmic). See *"Industry Data"*.

Companies in this industry manufacture a variety of devices, including weapon-firing control mechanisms, binoculars, camera lenses, gun sights, telescopes and microscopes. Long-term growth in the industry is expected to depend on the ability of companies to continue to introduce new optical technologies and improve on existing ones. According to a recent research report published by Research and Markets ("RM"), a market intelligence company based in Ireland, the U.S. industry's revenue was reported at US$5.3 billion for the year 2014. According to RM, revenue from the U.S. optical instrument and lens manufacturing industry is expected to reach US$7.6 billion by 2021. See *"Industry Data"*.

Statista Inc. data shows the gross output of optical instruments and lens manufacturing in the U.S. from 2000 to 2013 (See *"Industry Data"*):



The industry can be divided into two major product categories: approximately two-thirds of industry sales from companies manufacturing optical lenses and equipment (e.g. binoculars, camera and microscope lenses, and astronomical instruments), and the remaining segment produced optical sighting, tracking, and fire-control equipment. In the mid-2000s, increased military spending helped fuel spending on defense and weapon applications; the optical sighting, tracking, and fire-control sector accounted for approximately 30% of all industry revenues. See *"Industry Data"*.

In an industry report published by Highbeam Business, a market intelligence firm based in Chicago, within a wide variety of products offered in the optical lens and equipment segment, mounted and unmounted lens accounted for approximately 24% of the total shipment values in the mid-2000s; optical test and inspection equipment accounted for 9%; prisms and mirrors accounted for 7%; binoculars, telescopes, and other astronomical equipment accounted for 4%. Parts and accessories and other miscellaneous equipment accounted for 25% of the remaining total shipment values. See *"Industry Data"*.

Global Camera Module Market

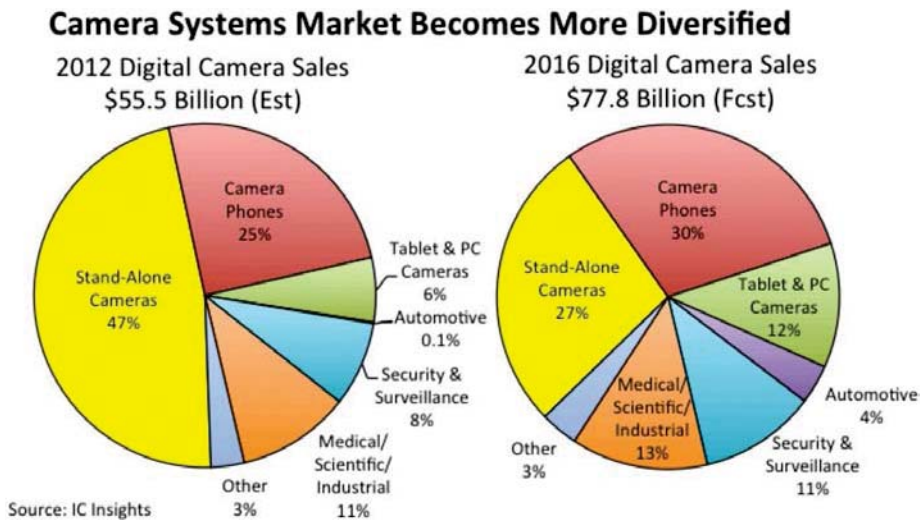
The global camera module market is forecasted to be valued at US$43.06 billion by 2019, according to a research report published by Transparency Market Research ("TMR"), driven by the significant demand for smartphones and tablet PCs as well as the growing preference for pixel clarity smartphones by consumers. TMR, a market intelligence company based in the U.S., states that the global camera module market, which was valued at US$12.0 billion in 2012, is likely to exhibit a compound annual growth rate ("CAGR") of 19.7% between 2013 and 2019. To track this CAGR implies an annual market of approximately US$17.5 billion in 2014 and about US$21.0 billion in 2015. Increasing penetration of smartphones and tablet PCs and growing demand for technologically advanced versions of the devices is primarily driving the global camera module market. See *"Industry Data"*.

The TMR study examines the global camera module market at three fronts, namely type of sensor, applications, and key regional markets. The market based on sensor type, consists of charge coupled devices ("CCD") camera modules and complementary metal oxide semiconductor ("CMOS") camera modules. The CMOS segment exhibited clear dominance in 2012 accounting for more than half the market, as reported by the TMR research report. The segment finds widespread application in defense and space, consumer electronics, industrial and security applications, automotives, and above all smartphones and table computers. See *"Industry Data"*.

Based on application, the smartphones segment accounted for over 80% demand for camera modules in 2012, according to the TMR research report. The smartphones application segment is expected to exhibit progress at a CAGR of 21.9% between 2013 and 2019, as analyzed by the TMR research report. See *"Industry Data"*.

According to the TMR research report, the market is being driven by demand in Asia-Pacific countries such as India, China, Korea, Taiwan, and Singapore where these devices are assembled into smartphones and tablet computers and subsystems for the automotive sector. Hence the region is anticipated to emerge as a dominant market for camera modules. In 2012, the region accounted for nearly 60% revenue of the market, according to the TMR research report. Major businesses operating in the global camera modules' marketplace include SEMCO, Liteon Chicony, Toshiba, STMicroelectronics, LG-Innotek, Primax, Sharp, Foxconn, Sunny, Samsung Fiberoptic, BYD, Vista Point, Cowell, Truly, and KMOT, according to TMR. See *"Industry Data"*. All of these companies are potential firms that may be interested in working with the Target and its technology.

According to market forecasts by IC Insights, the total market value for digital cameras and imaging systems is expected to grow from US$55.5 billion in 2012 to US$77.8 billion in 2016. Total shipments of digital cameras and embedded imaging systems is forecast to reach 6 billion units in 2016 compared to 2.5 billion in 2011, which represents a CAGR of 19.0% over the five-year period, based on market forecasts by IC Insights. See *"Industry Data"*.



According to IC Insights, sales of cameras in phones, tablets, computers, automobiles, and medical devices are expected to increase while stand-alone digital camera sales are anticipated to significantly decrease over the next few years. TechNavio's analysts forecasted the global smartphone camera lens market will grow at a CAGR of 21.6% in terms of revenue over the period 2013-2018. See *"Industry Data"*.

Smartphone cameras have improved greatly over the past years, so much so that they have begun to replace traditional point-and-shoot cameras. Image quality has become one of the main selling points for some smartphone vendors, and with each new flagship device comes more megapixels and better image sensors. When new smartphones are announced, the camera quality and specs are usually front and center. Taking photos is the most used feature of smartphones alongside text messaging, according to data from a Pew Research Center survey done of smartphone users in 2011. The study found that 92% of smartphone users use their phones to take pictures and 80% of users go on to send their photos elsewhere after the photos are taken. Smartphone photography was found to be more popular than Internet browsing, emailing, app downloading, and gaming. According to a Comtech study done in 2014, the quality of a smartphone's camera is the third most important consideration for phone buyers, trailing only 4G/LTE capability and reliability/durability. See *"Industry Data"*.

Prior to the completion of the build of the initial prototype, the Target expects that it will engage media relations personnel in order to provide market awareness and build market acceptance for the Technology.

As with most forms of technology, obsolescence will be a factor in the Target's business. The inability of the Target to enhance existing products in a timely manner or to develop and introduce new products that incorporate new technologies, conform to potentially increasing regulatory requirements, and achieve market acceptance in a timely manner could negatively impact the Target's competitive position. The Target will rely on the skill and experience

of its personnel to identify emerging opportunities in the lens industry that may be applicable to the Technology, in order to build and maintain a competitive position.

Marketing Plans and Strategies

As the Target is not yet producing any commercial products, it does not currently have a formal marketing plan in place. The Target's marketing plans are evolving and the technical parameters of such a plan are being refined in order to address key market opportunities. Initially, the Target anticipates engaging an arm's length media relations consultant in order to generate media coverage for the Target and the Technology and will join industry associations with the industry verticals it expects to enter. The Target will continue attending tradeshows and other industry meetings to prospect for talent, new technologies and potential partnerships. It is expected that the costs of such a program for the next 12 months would be approximately $42,000.

Competitive Conditions

The Target faces competition in the markets in which it proposes to operate. Some of these competitors may also be better positioned to develop superior product features and technological innovations and able to better adapt to market trends than the Target. The Target's ability to compete depends on, among other things, high product quality, short lead-time, timely delivery, competitive pricing, range of product offerings and superior customer service and support. Increased competition may require the Target to reduce prices or increase costs and may have a material adverse effect on its financial condition and results of operations. Any decrease in the quality of the Technology and products or level of service to potential customers may adversely affect the business and results of operations.

To the knowledge of Target management's, there are currently no direct competitors offering comparable lens designs that use flat lenses that can retain an image in a similar way as the Technology is expected to be able. Thus, management considers the Technology a potential candidate for a licensing or buyout situation. The Target has identified two technologies, although quite different than the Target's, that are focused on improving imaging that may have some relevance to the Technology, discussed in more detail below.

Harvard School of Engineering and Applied Sciences ("Harvard") has developed a flat lens that focuses light, which has created a lot of interest in the concept of a flat lens and inspired many people to think about the future game-changing potential of a flat lens. In February 2015, Harvard revealed an ultra-thin, completely flat optical component made of a glass substrate and tiny, light-concentrating silicon antennas that was a major leap forward from a prototype device it demonstrated in 2012. It appears that light shining on it bends instantaneously, rather than gradually, while passing through.

Algolux released a mathematical process to improve the quality of images in devices in 2014 and it works by mathematically tweaking the image after the camera sensor captures the light. Algolux's deblurring engine is fundamentally different than the Technology which is based upon the idea of capturing more light initially so the image has the potential to be much higher quality as it is captured on the imaging chip. Given Algolux's foundation as an improvement to imaging software, it could be viewed as a complimentary product to the Technology.

There can be no assurance that other companies with greater financial resources will not develop similar systems and processes with greater perceived benefits and that the Resulting Issuer will be able to compete successfully against existing competitors or future entrants into the market. See "*Risk Factors - Competition*".

Future Developments

The Target does not currently have any products at a commercial stage of development and is not currently generating revenue.

Proprietary Protections

The Target has received a filing receipt from the United States Patent and Trademark Office in respect to its first provisional patent application relating to imaging (Application No. 62/201,428). This first provisional patent

application outlines its core technology, which contains flat lenses, and how it may be used in an imaging method to obtain a quality image with a compact lens system, among other features. The Target has until August 5, 2016 within which to do either or both of the following: (a) file a regular (non-provisional) U.S. application claiming priority of this provisional application, (b) to file applications in (or in respect to) foreign countries, directly or via the Patent Cooperation Treaty, with a claim to the priority of this provisional application.

Following the Transaction, the Target anticipates it will file additional patent applications in the United States as well as a first application in Canada and in other jurisdictions as it determines.

The Target's business will be highly dependent on the Technology and its performance capabilities and the associated intellectual property. Third-parties may claim that the Technology and the Target's products and systems infringe their patents or other intellectual property rights. The Target, together with the Issuer, has taken steps with its legal counsel in both Canada and the United States, including completing patentability searches in Canada and obtaining a patentability opinion, to determine if the Technology is novel, but identifying third-party patent rights can be particularly difficult. If a competitor were to challenge the various components of the Technology, or assert that the Target's products or processes infringe its patent or other intellectual property rights, the Target could incur substantial litigation costs, be forced to design around its competitor's patents, pay substantial damages or even be forced to cease operations, any of which could be expensive and/or have an adverse effect on the Target's operating results. Third-party infringement claims, regardless of their outcome, would not only drain financial resources, but also would divert the time and effort of management and could result in customers or potential customers deferring or limiting their purchase or use of the affected products or services until resolution of the litigation.

See "*Risk Factors - Limited Protection of Patents and Proprietary Rights*" and *"Risk Factors – Infringement of Intellectual Property Rights"*.

Lending

The Target has not adopted any specific investment policies or lending and investment restrictions, but will ensure any investment or debt activities incurred are in the best interests of the Target and its security holders. The Target expects that the initial costs it requires in order to develop and protect the Technology will be provided by the Issuer pursuant to the Investment Agreement.

Bankruptcy and Similar Procedures

There have been no bankruptcies, receivership or similar proceedings against the Target since its incorporation nor is the Target aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by the Target since its incorporation.

Reorganization

The Target has not completed any material reorganizations since its incorporation.

Selected Financial Information

The following tables set out certain selected financial information of the Target for the periods indicated:

Annual and Interim Data

	Nine Months Ended September 30, 2015	Period ended December 31, 2014
Net Revenues	Nil	Nil
Total Expenses	$340,140	$24,073
Net (Loss)	($340,140)	($24,073)

	Nine Months Ended September 30, 2015	Period ended December 31, 2014
(Loss) per share basic and diluted	($332)	($24)
Total Assets	$51,027	$85,688
Long Term Liabilities	Nil	Nil
Working Capital	($10,022)	$76,927
Cash Dividends Declared	Nil	Nil
Common Shares issued and outstanding (end of year/period)	1,071	1,000

Quarterly data is not available for the Target other than in relation to the three and nine months ended September 30, 2015.

Management's Discussion and Analysis

The Target's MD&A should be read in conjunction with the audited financial statements and notes thereto for the Target for the period from incorporation on November 10, 2014 and ended December 31, 2014, which are attached hereto as Schedule "E", and the unaudited condensed interim financial statements for the three and nine month periods ended September 30, 2015, which are attached hereto as Schedule "F".

The Target's MD&A for the three and nine month periods ended September 30, 2015 and the financial period ended December 31, 2014 is prepared as at the date of this Filing Statement and is attached hereto as Schedule "G".

This MD&A may contain forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Target to be materially different from that which is expressed or implied by such forward-looking information. Please see the headings entitled *"Caution Regarding Forward Looking Statements"* and "*Risk Factors"* in this Filing Statement.

Trends

There are no trends, commitments, events or uncertainties that are presently known to management of the Target and that are reasonably expected to have a material effect on the Target's business, financial condition or results of operations, other than uncertainties relating to whether the Target's patent application will be granted and the Target's ability to protect the Technology and its applications, and uncertainties with respect to the precise performance specifications and capabilities, form factors and costs of the lens system and Technology. Please refer to the headings entitled "*Proprietary Protections*", "*Risk Factors - Limited Protection of Patents and Proprietary Rights*" and "*Development of the Technology – Target Objectives*" in this Filing Statement.

Description of Securities

The authorized capital of the Target consists of an unlimited number of Target Shares and an unlimited number of preferred shares (issuable in series). As of the date of this Filing Statement, there are 1,071 Target Shares and nil preferred shares outstanding.

The holders of the Target Shares are entitled to vote at all meetings of shareholders of the Target. Additionally, the holders of the Target Shares are entitled to receive dividends if, as and when declared by the directors and to participate rateably in any distribution of property or assets upon the liquidation, dissolution or winding up of the Target, subject to the rights, privileges, restrictions and conditions attached to any outstanding preferred shares. The Target Shares carry no pre-emptive rights, conversion or exchange rights, redemption, retraction, repurchase, surrender, sinking fund or purchase fund provisions, other than as set forth in the Shareholders' Agreement and the Investment Agreement. There are no provisions requiring the holders of such Target Shares to contribute additional

capital and no restrictions on the issuance of additional securities by the Target, other than as set forth in the Shareholders' Agreement and the Investment Agreement, as described above at *"Information Concerning the Transaction – Investment Agreement"* and *"Information Concerning the Transaction – Shareholders' Agreement"*.

The holders of the preferred shares are entitled to preference over the Target Shares with respect to the payment of dividends, if any, and in the distribution of assets in the event of liquidation, dissolution or winding up of the Target, and may also be given such other preferences over the Target Shares as may be fixed by resolution of the directors of the Target as to the respective series of preferred shares authorized to be issued..

Stock Option Plan

The Target does not have a stock option plan.

Dividends

The Target has not declared or paid any dividends on the common shares since its incorporation and will not declare or pay any dividends prior to the completion of the Transaction.

Capitalization

The following table sets forth the capitalization of the Target as at the date of this Filing Statement:

Type of Security	Authorized	Outstanding as at date of this Filing Statement	Outstanding as at September 30, 2015	Outstanding as at December 31, 2014
Common Shares	Unlimited	1,071	1,071	1,000

Notes:
(1) In connection with the amendment of the Target's articles of incorporation on July 17, 2015, the previously issued 1,000 Class A common shares of the Target were designated as 1,000 Target Shares effective July 17, 2015. See the heading entitled "*Corporate Structure*" in this Filing Statement.
(2) No securities of the Target are subject to option other than pursuant to the Transaction as set forth in this Filing Statement.
(3) The Target's deficit as at September 30, 2015 was $364,213.

Prior Sales

Since incorporation, the Target has issued the following securities:

Date	Number of Common Shares	Issue Price per Common Share	Aggregate Issue Price	Consideration Received
November 10, 2014	1,000	$1.00	$1,000	Cash
June 30, 2015	71	$2,816.90	$200,000	Cash

Notes:
(1) In connection with the amendment of the Target's articles of incorporation on July 17, 2015, the previously issued 1,000 Class A common shares of the Target, which were issued to the Vendors, were designated as 1,000 Target Shares effective July 17, 2015. See the heading entitled "*Corporate Structure*" in this Filing Statement.
(2) No securities of the Target are expected to be sold other than in connection with the Transaction as set forth in this Filing Statement.

Stock Exchange Price

The Target is not listed or quoted on any stock exchange.

Principal Shareholders

To the knowledge of the directors and executive officers of the Target, the following persons beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding Target Shares, as of the date hereof:

Name of Shareholder	Number of common shares	Percentage of issued and outstanding shares
3DB Inc.(1)	920	85.90%

Notes:
(1) As of the date of this Filing Statement, the shareholders of 3DB Inc. are John Daugela and Darcy Daugela. Darcy Daugela holds 95% of 3DB Inc. and John Daugela holds 5% of 3DB Inc.

Executive Compensation

The Target's executive compensation disclosure (presented in accordance with Form 51-102F6 – *Statement of Executive Compensation* ("**Form 51-102F6**") pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*) sets forth all annual and long term compensation for services, in all capacities, to the Target for the year ended December 31, 2014, being its first financial year end and for the nine months ended September 30, 2015, in respect of its Named Executive Officers.

The sole officer of the Target is John Daugela, who is the President and Chief Executive Officer of the Target. The Target does not have a CFO or a person acting in that capacity. During the period ended December 31, 2014, and the nine months ended September 30, 2015, the sole NEO of the Target was John Daugela.

Compensation Discussion and Analysis

During 2014, the Target entered into consulting agreements with each of 3DB Inc., which company is a Vendor and is owned and controlled by John Daugela and Darcy Daugela, and 1859764 Alberta Inc., which company is a Vendor and is owned and controlled by Aaron Hoddinott. Pursuant to the consulting agreement between 3DB Inc. and the Target (the "**3DB Agreement**"), 3DB Inc. provides certain technical and management services to the Target for monthly consideration of $15,000. Pursuant to the consulting agreement between 1859764 Alberta Inc. and the Target (the "**185 Agreement**"), 1859764 Alberta Inc. provides certain marketing services to the Target for monthly consideration of $5,000. Each of the 3DB Agreement and 185 Agreement may be terminated by either party providing 30 days' written notice, following which the consultant shall be entitled to payment of its fees and expenses under the respective agreement until the date of termination.

Pursuant to the terms of the Shareholders' Agreement, the Issuer and the Target have agreed that the funds provided by the Issuer pursuant to the Investment Agreement shall include use for management and consulting fees of $15,000 per month payable to 3DB Inc. and $5,000 per month payable to 1859764 Alberta Inc., in accordance with the terms of the 3DB Agreement and the 185 Agreement.

The Target does not have a formal compensation plan or policy, has not granted any bonuses to date and has not paid any other benefits to its NEOs. The Target Board meets to discuss and determine management compensation, without reference to formal objectives, criteria or policies.

The Target Board has not granted any share based or option based awards since incorporation.

Summary Compensation Table

The following table sets forth all annual and long term compensation of NEOs for services in all capacities to the Target for the financial period ended December 31, 2014 and the nine months ended September 30, 2015.

Summary Compensation Table

Name and Principal Position	Period Ended	Salary	Share-based awards	Option-based awards	Non-equity incentive plan compensation		Pension value	All other compensation	Total compensation
					Annual incentive plans	Long term incentive plans			
John Daugela	September 30, 2015	Nil	Nil	Nil	Nil	Nil	Nil	$135,000	$135,000[(1)]
	December 31, 2014	Nil	Nil	Nil	Nil	Nil	Nil	$15,000	$15,000

Note:
(1) Amounts paid to 3DB Inc. pursuant to the 3DB Agreement.

Incentive Plan Awards: Outstanding share-based awards and option-based awards

There were no outstanding share based or option based awards held by NEOs of the Target as at the financial period ended December 31, 2014 or the nine months ended September 30, 2015.

Incentive Plan Awards: Value Vested or Earned During the Year

There was no value vested or earned for any incentive plan awards of the Target during the financial period ended December 31, 2014 or the nine months ended September 30, 2015.

Pension Plan Benefits

The Target does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Target has not entered into any contract, agreement, plan or arrangement that provides for payments to any Named Executive Officer at, following or in connection with any termination, (whether voluntary, involuntary or constructive), resignation, retirement, change in control of the Target or a change in an NEO's responsibilities. Refer to "*Compensation Discussion and Analysis*" above with respect to the consulting agreement between 3DB Inc., of which company John Daugela is a shareholder and a director and officer, and the Target.

Compensation to Directors

The Target has not paid any compensation to its directors for services as a director since its incorporation. The directors of the Target are John Daugela and Paul McKenzie.

There are no standard compensation arrangements, or other arrangements in addition to or in lieu of standard arrangements, under which the directors of the Target were compensated for services in their capacity as directors (including any additional amounts payable for committee participation or special assignments), since the incorporation of the Target.

Incentive Plan Awards for Directors

The Target has not granted any share-based awards to its directors since their incorporation and no share-based awards were outstanding as of the financial period ended December 31, 2014 or the nine months ended September 30, 2015.

Management Contracts

Other than as set forth under "*Executive Compensation*" above with respect to the 3DB Agreement and the 185 Agreement, management functions of the Target are not performed to any substantial degree by persons other than the directors and officers of the Target. 3DB Inc. is an Alberta corporation owned and controlled by Darcy Daugela and John Daugela. John Daugela is also a director and officer of 3DB and, other than John and Darcy Daugela, there are no other Insiders of 3DB Inc. 1859764 Alberta Inc. is an Alberta corporation owned and controlled by Aaron Hoddinott, who is the only Insider of 1859764 Alberta Inc. There was no indebtedness of 3DB Inc. or 1859764 Alberta Inc., or their associates or affiliates, to the Target at any time since the commencement of the Target's last financial year.

Non-Arm's Length Party Transactions

Except as described under "*Executive Compensation*" above or in relation to subscriptions for Target Shares or pursuant to the Investment Agreement, since its incorporation, the Target has not completed any acquisitions of assets or services or provisions of assets or services from (i) any director or officer of the Target, (ii) an Insider of Target, either before or after giving effect to the Transaction; or (iii) an Associate or Affiliate of any Person described in (i) or (ii).

Legal Proceedings

There have been no legal proceedings material to the Target to which the Target is a party or of which any of its property is the subject matter and no such proceedings are known to the Target to be contemplated.

Auditor, Transfer Agent and Registrar

The auditor of the Target is Smythe LLP, Chartered Professional Accountants, 700-355 Burrard Street, Vancouver British Columbia V6C 2G8. Burstall Winger Zammit LLP, at its offices in Calgary, acts as the transfer agent and registrar for the Target Shares.

Material Contracts

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Target in the two years immediately prior to the date hereof that can reasonably be regarded as presently material to the Target are the Investment Agreement, the Shareholders' Agreement and the Sponsorship Agreement, which are available on SEDAR at www.sedar.com.

INFORMATION CONCERNING THE RESULTING ISSUER

The following information is presented on a post-Transaction basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer, after giving effect to the Transaction. This section only includes information respecting the Resulting Issuer after the Transaction that is materially different from information provided earlier in this Filing Statement under "Information Concerning the Issuer" and "Information Concerning the Transaction".

Corporate Structure

The Transaction will result in no changes to the corporate structure of the Issuer. The Issuer will continue to have two wholly owned subsidiaries, being Red Hill Energy (US) Inc., a company incorporated in Nevada and 0875514 B.C. Ltd., a company incorporated pursuant to the BCBCA, as well as an investment in the Target of 71 Target Shares representing a 6.6% interest in the Target. Upon completion of the Transaction, the Resulting Issuer's name will be changed to "Nexoptic Technology Corp."

The Resulting Issuer's head office will continue to be located at Suite 1450-700 West Georgia Street, Vancouver, British Columbia, V7Y 1K8 . The registered and records office of the Resulting Issuer will continue to be located at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4.

Narrative Description of the Business of the Resulting Issuer

Forward-Looking Information

Statements in the following sections concerning the exploration plans, objectives and milestones of the Resulting Issuer are "forward-looking information" and are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which is expressed or implied by such forward-looking statements. Please refer to "*Forward-Looking Statements*" in this Filing Statement.

Principal Business and Stated Business Objectives

After the Bulletin Date, the Resulting Issuer will engage in the business plan of the Target, as described at *"Information Concerning the Target– Narrative Description of the Business"* focusing on the advancement, development and commercialization of the Technology. Following such date, the Resulting Issuer intends to pursue the milestones and stated business objectives set out therein. The Resulting Issuer intends to spend the total available funds as set out herein under the heading "*Information Concerning the Resulting Issuer - Principal Use of Funds*".

Milestones

The principal milestones that must occur and products that must be developed for the business objectives described above to be accomplished are as follows:

Milestones	Target Date	Cost
Development of prototype	Present - June 2016	$380,000
Additional patent and other intellectual property applications	Ongoing (costs for first 12 months)	$320,000
Media relations programs	Ongoing (costs for first 12 months)	$42,000

Other than as described in this Filing Statement, there are no other particular significant events or milestones that must occur for the Resulting Issuer's initial business objectives to be accomplished. However, there is no guarantee that the Resulting Issuer will meet its business objectives or milestones described above within the specific time periods, within the estimated costs or at all. The Resulting Issuer may, for sound business reasons, reallocate its time or capital resources, or both, differently than as described above.

Description of the Securities

Upon the Bulletin Date, the authorized share capital of the Resulting Issuer will be the same as the authorized share capital of the Issuer, and the Resulting Issuer Shares will have the same attributes as the Shares. See "*Information Concerning the Issuer – Description of Securities*".

Pro Forma Consolidated Capitalization

Other than an anticipated grant of 565,000 Options on or prior to the Bulletin Date, the Transaction will not result in any changes to the Resulting Issuer's capitalization. The following table sets forth the capitalization of the Resulting Issuer as of the date of this Filing Statement:

Designation of Security(1)(8)	Amount Authorized	Amount Outstanding after Giving Effect to the Transaction
Common Shares(2)(3)	Unlimited	38,821,449
Options	10% of issued and outstanding shares at time of grant(4)	3,460,000 (5)
Share Purchase Warrants	N/A	32,046,691 (6)

Notes:

(1) Pursuant to the pro forma balance sheet included as Schedule "E" of this Filing Statement, the Resulting Issuer will have a deficit of ($4,120,847) as at September 30, 2015.

(2) Assumes no exercise of Warrants, Options or other outstanding securities of the Issuer.

(3) Of these Shares, 3,689,962 will be subject to the Escrow Agreement. See "*Escrowed Securities*" below.

(4) The number of stock options that the Resulting Issuer may grant is limited by the terms of the Stock Option Plan and Exchange Policies. See "*Information Concerning the Issuer – Stock Option Plan*".

(5) Comprised of 150,000 Options having an exercise price of $0.81 per Share exercisable until April 19, 2016, 91,667 Options having an exercise price of $0.63 per Share exercisable until January 6, 2017, 33,333 Options having an exercise price of $0.63 per Share exercisable until February 1, 2017, 2,620,000 Options having an exercise price of $0.15 per Share exercisable until September 21, 2020, 565,000 Options to be granted on or prior to the Bulletin Date having an exercise price of $0.15 per Share exercisable for a period of five years from grant. See "*Information Concerning the Resulting Issuer – Options to Purchase Securities".*

(6) Comprised of 4,088,250 Warrants having an exercise price of $0.90 per Share and expiry date of March 4, 2016, 15,000,000 Warrants having an exercise price of $0.10 per Share and expiry date of April 16, 2017, 6,258,640 Warrants having an exercise price of $0.20 per Share and expiry date of September 16, 2017 and 6,699,801 Warrants having an exercise price of $0.20 per Share and expiry date of September 21, 2017.

Fully diluted Share Capital

- Options: The Issuer currently has 2,895,000 outstanding Options entitling the holders to acquire 2,895,000 Shares at exercise prices ranging from $0.15 to $0.81 per Share expiring on dates ranging from April 19, 2016 to September 21, 2020. Of these 2,620,000 Options entitling the holders to acquire 2,620,000 Shares at an exercise price of $0.15 per Share were granted on September 21, 2015 in association with the Transaction. A further 565,000 Options having an exercise price of $0.15 per Share and a five year term are expected to be granted by the Issuer on or prior to the Bulletin Date in association with investor and media relations arrangements to be entered into by the Resulting Issuer and to certain consultants and officers and a proposed director of the Resulting Issuer.

- Warrants: The Issuer currently has 32,046,691 Warrants having exercise price ranging from $0.10 to $0.90 per Share and expiry dates ranging from March 4, 2016 to September 21, 2017.

The following table states the anticipated fully diluted share capital of the Resulting Issuer both before and after giving effect to the Transaction:

Description of Security	Number of Securities	Percentage of Total
Shares issued and outstanding	38,821,449	52.230%
Shares Reserved for issuance on exercise of Warrants	32,046,691	43.115%
Shares reserved for issuance on exercise of Options(1)	3,460,000	4.655%
Total	**74,328,140**	**100%**

Notes:
(1) See "*Information Concerning the Resulting Issuer – Options to Purchase Securities*" for more information.

Available Funds and Principal Purposes

Available Funds

As at September 30, 2015, the Issuer had working capital of $1,334,806.

A pro forma consolidated balance sheet of the Resulting Issuer as at September 30, 2015, giving effect to the Transaction, is attached to this Filing Statement as Schedule "H".

Principal Purpose of Funds

It is the Resulting Issuer's intention to use these funds for a period of twelve months after the completion of the Transaction as follows:

Use of Available Funds	Amount
Estimated general and administrative costs over the 12 months following the Bulletin Date(1)	$528,850
Advances to the Target for research and development of the Technology(2)	$700,000
Unallocated working capital(3)	$105,956
Total	**$1,334,806**

Notes:

(1) General and administrative costs for the next 12 months are expected to be comprised of: change of business completion costs of $30,000, legal fees of $20,000, audit and accounting fees of $11,250, office rents and supplies of $93,900, listing fees and shareholder communication costs of $29,700, consulting fees and employment cost of $180,000 (See *"Information Concerning the Resulting Issuer -Executive Compensation"*), investor and media relations fees of $114,000 (See *"Information Concerning the Resulting Issuer – Investor Relations Arrangements"),* and miscellaneous administrative costs, including insurance of $50,000.

(2) Research and development costs for the next 12 months are expected to be comprised of prototype development costs of $380,000 and intellectual property protection costs of $320,000. The Investment Agreement requires that the Issuer expend at least $500,000 per year of the Second Option Period in order to maintain the Second Option. As of December 31, 2015, the Issuer had advanced $440,000 in subscription funding to the Target in furtherance of the Second Option.

(3) Unallocated funds will be added to the working capital of the Resulting Issuer and invested in short-term interesting bearing obligations.

The Resulting Issuer intends to spend the funds available to it upon completion of the Transactions to further the Resulting Issuer's stated business objectives. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

Dividends

There will be no restrictions in the Resulting Issuer's articles or elsewhere which would prevent the Resulting Issuer from paying dividends following the completion of the Transactions. All of the Resulting Issuer's Shares are entitled to an equal share in any dividends declared and paid. However, it is not contemplated that any dividends will be paid on the Resulting Issuer's shares in the immediate or foreseeable future. It is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time.

Principal Security Holders

To the knowledge of the directors and senior officers of the Issuer, upon completion of the Transaction, the following persons are anticipated to beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the voting securities (being Resulting Issuer Shares) of the Resulting Issuer:

Name and Municipality of Residence	Number of Shares (1)	Percentage of Shares
G. Arnold Armstrong, Vancouver, British Columbia(2)	2,685,337	6.91%

(1) All of the above Shares will be subject to escrow restrictions under the Escrow Agreement. See "*Information Concerning the Resulting Issuer – Escrowed Securities*" for additional information.

(2) Of which 510,077 Shares are held directly, 2,136,302 Shares are held through Armada Investments Ltd., a private company controlled by Mr. Armstrong and 38,958 Shares are held through View Mont Estates Ltd. a private company controlled by Mr. Armstrong. In addition to the Shares noted above, Mr. Armstrong holds a further 871,667 Options, all of which shall be held directly and 1,883,333 Warrants, of which 333,333 Warrants are held directly and 1,550,000 Warrants are held by Armada Investments Ltd., and Mr. Armstrong holds, on a partially diluted basis, 13.09% of the Shares.

Upon completion of the Transaction, a total of 3,914,962 Resulting Issuer Shares or approximately 10.08% of the common shares of the Resulting Issuer will be held by Insiders of the Resulting Issuer.

Directors and Officers

The Issuer's current directors are Paul McKenzie (President and Chief Executive Officer), G. Arnold Armstrong (Chairman), J. Garry Clark, Mel Klohn and Kerry Suffolk. Following completion of the Transaction, John Daugela will be appointed as a director of the Resulting Issuer. Paul McKenzie will remain as President and Chief Executive Officer, Samantha Shorter will remain as Chief Financial Officer and Shauna Hartman will remain as Corporate Secretary.

The term of office of each of the present directors expires at the Issuer's next annual general meeting. Each director elected or appointed will hold office until the next annual general meeting of the Resulting Issuer or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the articles of the Resulting Issuer or with the provisions of the BCBCA.

The following table sets out the names of the proposed directors and officers of the Resulting Issuer, the province and municipality in which each is ordinarily resident, all offices of the Resulting Issuer proposed to be held by each of them, their principal occupations during the past five years and the expected number of Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised, following completion of the Transaction.

Name, Municipality of Residence, Proposed Offices	Principal Occupation During Last Five Years	Prior Director or Officer of the Issuer and Term of Such Position	Number of Shares upon completion of the Transaction and Financing	Percentage of Class Held or Controlled on completion of the Transaction and Financing
Paul McKenzie, Vancouver, B.C., President, CEO and Director	President and CEO of the Issuer, since March 2010. Director and Public Relations Representative of International Enexco Ltd. from February 2006 to June 2014, a mineral exploration issuer then listed on the Exchange (since acquired by Denison Mines Corp.)	March 19, 2010 to Present	1,004,625	2.58%
G. Arnold Armstrong, Vancouver, B.C., Chairman and Director(2)	Barrister and Solicitor, Armstrong Simpson, a law firm, from January 1980 to Present	October 9, 2007 to Present	2,685,337	6.91%
J. Garry Clark, Thunder Bay Ontario, Director (2)	Professional Geologist, Clark Exploration Consulting Inc., a private consulting firm, from February 2000 to Present	March 19, 2010 to Present	25,000	0.06%
Mel Klohn, Spokane Valley, Washington, Director(2)	Self-employed consulting geologist from October 2009 to Present	March 19, 2010 to Present	100,000	0.26%
Kerry Suffolk Vancouver, B.C., Director (2)	Treasurer of B2Gold Corp., a TSX listed gold producer, from September 2013 to Present Manager, Investor Relations and Corporate Finance of B2Gold Corp., from April 2007 to September 2013	January 31, 2012 to Present	100,000	0.26%
John Daugela, Calgary, AB, Proposed Director	President of Envision International (2004) Inc., a private consulting firm, from January 2004 to Present	Proposed (sole director and CEO of the Target since incorporation)	Nil	N/A
Samantha Shorter, Vancouver, B.C., Chief Financial Officer	Self-employed financial reporting consultant from July 2011 to Present; Manager at Davidson & Company LLP, an accounting firm, from May 2005 to June 2011	November 12, 2014 to Present	Nil	N/A
Shauna Hartman, Surrey, B.C., Corporate Secretary	Lawyer, Armstrong Simpson from September 2003 to Present	March 28, 2011 to Present	Nil	N/A

Notes:

(1) Based on the number of Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this Filing Statement, assuming the completion of the Transaction and related transactions.

(2) Member of the audit committee

At the Completion of the Transaction, the directors and officers of the Resulting Issuer as a group will directly own 3,914,962 Resulting Issuer Shares, representing 10.08% of the issued and outstanding Resulting Issuer Shares (on an undiluted basis).

The Resulting Issuer's audit committee will continue to comprise G. Arnold Armstrong, who will act as chair, J. Garry Clark, Mel Klohn and Kerry Suffolk. Each of J. Garry Clark, Mel Klohn and Kerry Suffolk are independent members of the audit committee. All members are considered to be financially literate.

There will be no other committees of the Board at this time.

The directors and officers will devote their time and expertise as required by the Resulting Issuer, however, it is not anticipated that any director or officer will devote 100% of their time to the activities of the Resulting Issuer. See also "*Management*" below. With the exception of Paul McKenzie, who is an employee of the Issuer, it is expected that the balance of the directors and officers of the Resulting Issuer will be independent contractors.

Management

The following is a brief description of the key management of the Resulting Issuer.

None of the persons described below have entered into non-disclosure or non-competition agreements with the Issuer, but the Resulting Issuer will consider whether to enter into such agreements following the Bulletin Date.

Paul McKenzie, President, Chief Executive Officer and Director, (Age: 52)

Mr. McKenzie has been the President and Chief Executive Officer of the Issuer since its inception and has over 20 years' experience working in the Canadian equities markets acquiring, selling, financing and developing projects in North America and Asia. He is a founding and current Director of DeepMarkit Corp., a company that is building multilingual applications designed to service a broad spectrum of the promotions market in terms of client profile and needs fulfillment, and was a director of Prophecy Development Corp. and International Enexco Ltd. (acquired by Denison Mines Corp. in June 2014). Mr. McKenzie also previously worked as a licensed equity trader at Brink Hudson Lefever in Vancouver, British Columbia

Mr. McKenzie is the beneficial owner of 1,004,625 Shares.

G. Arnold Armstrong, Director and Chairman (Age: 89)

Mr. Armstrong is a barrister and solicitor in the law firm of Armstrong Simpson. He holds a law degree from the University of British Columbia and was called to the British Columbia bar in 1950. He has had over forty years of experience in management and senior management positions within the resource industry and has held senior officer and board positions with several publicly traded companies, including Silvercorp Metals Inc. and International Enexco Ltd.

Mr. Armstrong is the beneficial owner of 2,685,337 Shares.

J. Garry Clark, Director, (Age: 55)

Mr. Clark is the Executive Director of the Ontario Prospectors Association (OPA). He has been a Director, Vice President or President of OPA since its formation in the early 1990s. Mr Clark currently serves on the Minister of Mines Mining Act Advisory Committee (Ontario) and the Ontario Geological Survey Advisory Board. He graduated with an HBSc (Geology) from Lakehead University, Thunder Bay. In addition to over 30 years of consulting experience, he had held geological positions with a number of mining companies and has served as a director of other TSX Venture Exchange listed companies.

Mr. Clark is the beneficial owner of 25,000 Shares.

Mel Klohn, Director (Age: 73)

Mr. Klohn is a Licensed Professional Geologist with 44 years of experience in minerals exploration, discovery and research. After serving 25 years as a Professional Exploration Geologist and Senior Research Scientist with Exxon Corporation, Mr. Klohn spent 10 years as Argentina project manager and Exploration Vice President for Yamana Gold Inc. Most recently, Mr. Klohn served as Exploration VP for Aura Gold Inc. and Nevoro Inc. He has also acted as a senior geological consultant, director and technical advisor for numerous junior and senior mining companies. Mr. Klohn has B.Sc. and M.Sc. degrees in geology from the University of Oregon.

Mr. Klohn is the beneficial owner of 100,000 Shares.

Kerry Suffolk, Director, (Age: 41)

Ms. Suffolk is a senior executive with over 20 years of experience in treasury, finance, tax, corporate development and investor relations. Ms. Suffolk is currently the treasurer at B2Gold Corp. and serves on the Board of Directors of the Arts Club Theatre Company. Prior to joining B2Gold Corp., from 2003 to 2006, Ms. Suffolk held various senior positions in finance, corporate development and investor relations with Bema Gold Limited and Placer Dome Inc. and between 1994 and 2003 she held various senior positions with AurionGold Limited and Delta Gold Limited. Ms. Suffolk holds a Bachelor of Commerce from the University of Western Sydney and received her Chartered Accountant designation in Australia in 2003.

Ms. Suffolk is the holder of nil Shares.

John Daugela, Proposed Director, (Age: 47)

Mr. Daugela is the founder, president and sole director of the Target and the mind behind the Technology. Mr. Daugela was the co-manager of the private engineering firm International Business and Engineering Corporation ("IBEC") that was founded by his late father, George Daugela. IBEC was nominated for the Canadian export Achievement Award and was eventually acquired. Mr. Daugela also founded a firm which brought new camera technologies to the Canadian Snowbirds jet formation team. Mr. Daugela is a graduate of the University of Alberta with a Bachelor of Commerce (Dean's List Standing) and holds a designation as a Project Management Professional ("PMP").

Mr. Daugela currently holds nil Shares, but upon the exercise of the Third Option is, as the beneficial owner of one of the Vendors, entitled to receive a pro rata portion of the issuance of such number of Shares as equals 35% of the then issued and outstanding Shares.

Samantha Shorter, Chief Financial Officer, (Age: 31)

Ms. Shorter is the Chief Financial Officer of a number of publicly listed companies. Ms. Shorter was previously employed an audit manager at a major Canadian accounting firm specializing in the mining industry and has extensive experience providing financial reporting and corporate services to companies in the mining and mineral exploration industries. Ms. Shorter is a Chartered Professional Accountant and holds a Bachelor of Commerce degree with Honours from the University of British Columbia.

Ms. Shorter is the beneficial owner of nil Shares.

Shauna Hartman, Corporate Secretary, (Age: 38)

Ms. Hartman has been a solicitor with Armstrong Simpson since 2003, prior to which she practiced law at a major Vancouver law firm. Ms. Hartman acts as corporate secretary for a number of TSXV listed companies, including Natcore Technology Inc. Ms. Hartman holds a B. Comm degree from St. Mary's University and an LLB. from the University of British Columbia.

Ms. Hartman is the beneficial owner of nil Shares.

Promoter Consideration

No person will be or has been within the two years preceding the date of this Filing Statement a promoter of the Resulting Issuer, other than its directors and officers.

Corporate Cease Trade Orders or Bankruptcies

J. Garry Clark was a director of Superior Canadian Resources Inc. ("Superior Canadian"), which is currently delisted from the TSXV. The chronology of relevant events is as follows:

- May 14, 2008, a cease trade order was issued against Superior Canadian for a failure to file annual audited financial statements;

- December 5, 2008, Superior Canadian was reinstated for trading;

- January 12, 2009, Superior Canadian was halted for suspension of transfer agent services;

- January 30, 2009, Superior Canadian was suspended for failure to maintain a registrar and transfer agent; and

- July 13, 2009, Superior Canadian was delisted for a failure to pay annual sustaining fees to the TSXV.

Superior Canadian completed a diamond drill program in the winter of 2007-2008. The program was over budget, leaving Superior Canadian short of cash. A chain of events occurred where Superior Canadian effectively couldn't raise funds, which culminated in the September 2008 market crash. Through this period, Superior Canadian was able to right itself and be reinstated for trading on December 5, 2008. Continued financial hardship and the lack of ability to recapitalize in late 2008 and 2009; however, resulted ultimately in the delisting described above. Mr. Clark's key responsibility for Superior Canadian was that of being a geological advisor and director.

Samantha Shorter was the Chief Financial Officer of Medipure Holdings Inc. ("Medipure"), which is currently suspended from trading on the CSE, until her resignation on November 16, 2015. On November 4, 2015, a cease trade order was issued by the British Columbia Securities Commission against Medipure for a failure to file annual audited financial statements and related documentation in associated with the financial year ended June 30, 2015. As of the date of this Filing Statement, Medipure has not yet completed the required filings and remains cease traded.

As at the date of this Filing Statement and within the ten years before the date of this Filing Statement, except as described above, no director, officer or proposed director or officer, promoter or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is or has been a director, officer or promoter of any company (including the Resulting 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 relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(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; or

(c) 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.

Penalties or Sanctions

No current or proposed director, officer, promoter or shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting 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, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Transaction.

Personal Bankruptcies

No current or proposed director, officer, promoter, or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such person, that has, within the ten years prior to the date of this Filing Statement, become 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 the assets of that person.

Conflicts of Interest

Directors and officers of the Resulting Issuer also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations, but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under British Columbia corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. All conflicts of interest will be resolved in accordance with the BCBCA. Any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

For information concerning the director and officer positions held by the proposed directors of the Resulting Issuer, please see *"Other Reporting Issuer Experience"* directly below.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer who are, or have been within the last five years, directors, officers or promoters of other reporting issuers, other than the Issuer:

Name of Director, Officer or Promoter	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	Period
Paul McKenzie	Doxa Energy Ltd. (British Columbia)	TSX-V	Director	February 2009 to Present
	Challenger Deep Resources Corp. (Alberta)	TSX-V	Director	March 2008 to Present
	International Enexco Ltd. (British Columbia)	Formerly TSX-V (prior to be acquired by Denison Mines Corp.)	Director	May 2006 to June 2014
	0999279 B.C. Ltd. (British Columbia)	Unlisted reporting issuer (amalgamated to form Copperbank Resources Corp.)	Director	May 2014- October 2014
	Prophecy Development Corp. (British Columbia)	TSX-V	Director	January 2004 to July 2012
			President and Interim CFO	January 2010 to April 2010

Name of Director, Officer or Promoter	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	Period
G. Arnold Armstrong	Doxa Energy Ltd. (British Columbia)	TSX-V	Chairman	February 2009 to Present
			Director	February 2007 to Present
	International Enexco Ltd. (British Columbia)	Formerly TSX-V (prior to be acquired by Denison Mines Corp.)	President and CEO	March 1975 to June 2014
			Director	March 1975 to June 2014
	0999279 B.C. Ltd. (British Columbia)	Unlisted reporting issuer (amalgamated to form Copperbank Resources Corp	President, CEO and Director	April 2014-October 2014
	Paget Minerals Corp. (British Columbia)	TSX-V	Director	August 2009 to Present
J. Garry Clark	ALX Uranium Corp. (British Columbia	TSX-V	Director	February 2012 to November 2013
	Kapuskasing Gold Corp. (British Columbia)	TSX-V	Director, Exploration Manager	May 2014 to Present
	Challenger Deep Resources Corp. (Alberta)	TSX-V	Director	November 2009 to Present
	Suparna Gold Corp. (British Columbia)	TSX-V	Director	July 2011 to Present
	Declan Resources Inc. (British Columbia)	TSX-V	Director	August 2011 to May 2014
	Ximen Mining Corp. (British Columbia)	TSX-V	Director	July 2012 to February 2013
	Mineral Mountain Resources Ltd. (British Columbia)	TSX-V	Director	February 2011 to Present
	Superior Canadian Resources Corp. (Alberta)	Unlisted reporting issuer	Director	December 2005 to Present
Mel Klohn	International Enexco Ltd. (British Columbia)	Formerly TSX-V (prior to be acquired by Denison Mines Corp.)	Director	January 2007 to February 2011
Kerry Suffolk	B2Gold Corp. (British Columbia)	TSX	Treasurer	September 2013 to Present
Samantha Shorter	Lion One Metals Ltd. (British Columbia)	TSX-V, ASX	Chief Financial Officer	February 2013 to Present

Name of Director, Officer or Promoter	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	Period
	OrganiGram Holdings Inc. (British Columbia)	TSX-V	Chief Financial Officer	September 2012 to August 2014
	Medipure Holdings Inc. (British Columbia)	CSE	Chief Financial Officer	November 2014 to November 2015
	Winchester Minerals and Gold Exploration Ltd. (British Columbia)	Unlisted reporting issuer	Chief Financial Officer	July 2011 to June 2015
	European Ferro Metals Ltd. (British Columbia)	CSE	Chief Financial Officer	April 2014 to June 2014
Shauna Hartman	Doxa Energy Ltd. (British Columbia)	TSX-V	Corporate Secretary	April 2010 to Present
	Acme Resources Inc. (British Columbia)	TSX-V	Director	November 2009 to December 2013
	International Enexco Ltd. (British Columbia)	Formerly TSX-V (prior to be acquired by Denison Mines Corp.)	Corporate Secretary	February 2008 to June 2014
	0999279 B.C. Ltd. (British Columbia)	Unlisted reporting issuer (amalgamated to form Copperbank Resources Corp.)	Corporate Secretary	April 2014 to October 2014
	Copperbank Resources Corp. (British Columbia)	CSE	Corporate Secretary	October 2014
	Natcore Technology Corp. (British Columbia)	TSX-V	Corporate Secretary	May 2009 to Present
	Abcana Capital Inc. (British Columbia)	TSX-V	Director	September 2011 to December 2015

Executive Compensation and Management Contracts

Upon completion of the Transaction, it is not anticipated that the Resulting Issuer make changes to its current executive compensation program as disclosed above at "*Information Concerning the Issuer – Executive Compensation*".

Summary Compensation Table

Set out below is a summary of the anticipated compensation for each of the Resulting Issuer's Chief Executive Officer and Chief Financial Officer and its three most highly paid executive officers, for the 12 month period after giving effect to the Transaction. Mr. John Daugela will continue to receive executive compensation from the Target as disclosed above at *"Information Concerning the Target – Executive Compensation"*:

Summary Compensation Table
For the 12 months following the completion of the Transaction

Name and Principal Position	Salary ($)[1]	Share-based awards ($)	Option-based awards ($)[2]	Non-equity incentive plan compensation		Pension value ($)	All other compensation ($)[3]	Total compensation ($)
				Annual incentive plans ($)	Long term incentive plans ($)			
Paul McKenzie, President and CEO	$144,000	Nil	Nil	Nil	Nil	Nil	Nil	$144,000
Samantha Shorter, Chief Financial Officer	Nil	Nil	Nil	Nil	Nil	Nil	$36,000	$36,000
G. Arnold Armstrong, Chairman	Nil	Nil	Nil	Nil	Nil	Nil	$12,000	$12,000
Shauna Hartman, Corporate Secretary	Nil	Nil	$12,000	Nil	Nil	Nil	$12,000	$24,000

Notes:

1. The value of perquisites and benefits, if any, for each executive officer will be less than the lesser of $50,000 and 10% of his/her total annual salary and bonus.
2. The value of any option-based award will be determined as the grant date fair value using the Black-Scholes option-pricing model. The value included above relates to a pending grant of stock options to be made by the Issuer at closing of the Transaction.
3. Comprised of consulting or director/officer retainer fees.

Outstanding share-based awards and option-based awards

The Resulting Issuer will continue to utilize the Stock Option Plan. Pursuant to the Stock Option Plan, the Resulting Issuer can grant options up to a maximum of 10% of the Resulting Issuer's issued and outstanding share capital at the time of grant. For further information regarding the terms of the Stock Option Plan, refer to the heading "*Information Concerning the Issuer – Stock Option Plan*" above.

Pension Plan Benefits

The Issuer does not have and the Resulting Issuer does not propose to have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Resulting Issuer will continue to be subject to the McKenzie Agreement and the GAA Agreement as described at *"Information Concerning the Issuer – Executive Compensation – Termination of Employment, Changes in Responsibility and Employment Contracts.*

Except as described above, it is not anticipated that there will be any compensatory plans, contract or arrangements between the Resulting Issuer and a Named Executive Officer in the 12 months following completion of the Transaction with respect to: (a) the resignation, retirement or other termination of employment of the Named Executive Officer; (b) a change in control of the Resulting Issuer; or (c) a change in the Named Executive Officer's responsibilities following a change in control of the Resulting Issuer.

Management Contracts

The Issuer does not have and the Resulting Issuer does not propose to have a management contract with any of its directors or executive officers.

Compensation of Directors

On July 22, 2015, the Board determined to pay fees to all directors and officers as an annual fee of $12,000 per year, to be paid at the discretion of the Board.

Except as described above, it is not anticipated that any directors of the Resulting Issuer who are not Named Executive Officers, will receive, in the 12 months following completion of the Transaction, compensation pursuant to:

(a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;

(b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as director; or

(c) any arrangement for the compensation of directors for services as consultants or experts.

Indebtedness of Directors and Officers

No director, officer, promoter, or proposed member of management or appointment as a director of the Resulting Issuer, nor any of their Associates or Affiliates, is or has been indebted to the Issuer since the commencement of the Issuer's last completed financial year, nor is any such person expected to be indebted to the Resulting Issuer on the completion of the Transaction.

Investor Relations Arrangements

Primoris Group Inc.

On or before the Bulletin Date, the Issuer expects to enter into a consulting agreement with Primoris Group Inc. for the provision of media relations services at a cost of $3,500 per month relating to the Technology, as described at *"Information Concerning the Resulting Issuer – Narrative Description of the Business"*.

Primoris Group Inc. ("Primoris") is a Toronto-based investor and media relations firm. Under the leadership of principals Joseph Carusone and Nick Boutsalis, Primoris will provide the Resulting Issuer with a full range of media relations services, coordinating editorial coverage through print, radio and TV, and online media outlets.

The agreement shall have a one year renewable term and may be terminated by either party on 30 days' written notice. In addition to the consulting fee, the Resulting Issuer shall grant to Primoris 125,000 Options at a price of $0.15 per Share for a five year period, which options shall vest quarterly over the initial year of the option term.

Primoris does not currently have any interest, directly or indirectly, in the Issuer or its securities, or any right or intent to acquire such an interest.

Equity Marketing Strategies Inc.

On or before the Bulletin Date, the Issuer expects to enter into a marketing agreement with Equity Marketing Strategies Inc. ("Equity") for the provision of strategic marketing and communications services, focused on introducing the Resulting Issuer to broader investor audience. Equity will receive consulting fees of $6,000 per month for a one year term.

Equity is a Vancouver based corporation headed by Alexander Smith, a well-known financial commentator on the small-cap space in the North American technology and resource sectors for the past 9 years. His writings have been syndicated in many top online financial hubs across Canada and the United States. Mr. Smith has developed online

marketing programs for several Canadian publicly traded resource and technology companies throughout his career. With experience in building market awareness for small-cap companies, he has established relationships with media and PR groups as well as institutional investors and finance professionals involved in the capital markets.

In addition to the consulting fee, the Resulting Issuer shall grant to Equity 250,000 Options at a price of $0.15 per Share for a five year period, which options shall vest quarterly over the initial year of the option term.

The principal of Equity, being Alexander Smith, currently holds 163,810 Shares directly, 123,810 issued pursuant to the Finder's Fee Agreement and 40,000 shares purchased in the open market, and also indirectly through Equity holds 166,650 Shares and 166,650 Warrants, exercisable at $0.20 per Share until September 21, 2017, issued pursuant to the Financing. Pursuant to the Finders Fee Agreement, in the event that the Third Option is exercised, Mr Smith is entitled to receive 5% of the deemed value of the Shares issued by the Issuer upon the exercise of the Third Option (not including any Shares issuable upon the exercise of the Conditional Warrants), payable through the issuance of Shares (as to 50% of the amount due) and in cash (as to the remaining 50%), as more particularly described at *"Information Concerning the Transaction – the Transaction – Finder's Fee"*.

Except as described above, the Resulting Issuer does not expect to enter into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Resulting Issuer or its securities or to engage in activities for the purpose of stabilizing the market.

Options to Purchase Securities

The Resulting Issuer will continue to utilize the Stock Option Plan which permits the reservation of a maximum of 10% of the issued and outstanding shares of the Resulting Issuer as of the date of grant of stock options under such plan. The principal terms of the Stock Option Plan are discussed at "*Information Concerning the Issuer – Stock Option Plan"*.

As of the date of this Filing Statement, the Resulting Issuer has 2,895,000 Options outstanding having exercise prices ranging from $0.15 to $0.81 per Share and expiring on dates ranging from April 19, 2016 to September 21, 2020.

In connection with the Transaction, on September 21, 2015 at the time of the closing of the Financing, the Issuer granted Options to purchase 2,620,000 Shares at a price of $0.15 per Share and anticipates granting a further 565,000 Options to purchase 565,000 Shares at a price of $0.15 per Share in connection with investor relations arrangements and to certain consultants and a proposed director of the Resulting Issuer, all as follows:

Name	Resulting Issuer Shares Under Option	Exercise Price	Expiration Date
G. Arnold Armstrong	805,000	$0.15	September 21, 2020
Paul McKenzie	805,000	$0.15	September 21, 2020
Samantha Shorter	150,000	$0.15	September 21, 2020
Shauna Hartman	75,000	$0.15	September 21, 2020
Kerry Suffolk	150,000	$0.15	September 21, 2020
Mel Klohn	150,000	$0.15	September 21, 2020
J. Garry Clark	150,000	$0.15	September 21, 2020
Page Tucker	200,000	$0.15	September 21, 2020
Madelaine Parent	30,000	$0.15	September 21, 2020
Redfern Consulting Ltd.	25,000	$0.15	September 21, 2020

Name	Resulting Issuer Shares Under Option	Exercise Price	Expiration Date
Monique Wang	10,000	$0.15	September 21, 2020
Haiyan Liang	10,000	$0.15	September 21, 2020
Rob Cardinal	50,000	$0.15	September 21, 2020
Spiros Cacos	10,000	$0.15	September 21, 2020
Joe Ganahl	50,000	$0.15	Five years from date of grant (on or before Bulletin Date)
John Daugela	100,000	$0.15	Five years from date of grant (on or before Bulletin Date)
Equity Marketing Strategies Inc.	250,000	$0.15	Five years from date of grant (on or before Bulletin Date)
Madelaine Parent	15,000	$0.15	Five years from date of grant (on or before Bulletin Date)
Primoris Group Inc.	125,000	$0.15	Five years from date of grant (on or before Bulletin Date)
Shauna Hartman	25,000	$0.15	Five years from date of grant (on or before Bulletin Date)
Total	**3,185,000**		

The table below indicates the groups who will to hold options to purchase common shares of the Resulting Issuer upon completion of the Transaction, Financing and the option grant noted above.

OUTSTANDING OPTIONS

Group (Number of Persons in Group) (current and former)	Securities Under Options Granted (#)	Exercise or Base Price ($/Security)	Expiration Date
Directors (2) (who are not officers)	50,000	$0.81	April 19, 2016
(2)	20,000	$0.63	January 6, 2017
(1)	33,333	$0.63	February 1, 2017
(3)	450,000	$0.15	September 21, 2020
(1)	25,000	$0.15	Five years from date of grant (on or before Bulletin Date)
Officers (2)	50,000	$0.81	April 19, 2016
(2)	33,334	$0.63	January 6, 2017
(4)	1,835,000	$0.15	September 21, 2020

Group (Number of Persons in Group) (current and former)	Securities Under Options Granted (#)	Exercise or Base Price ($/Security)	Expiration Date
(1)	100,000	$0.15	Five years from date of grant (on or before Bulletin Date)
Employees (0)	N/A	N/A	N/A
Consultants (1)	50,000	$0.81	April 19, 2016
(2)	38,333	$0.63	January 6, 2017
(7)	335,000	$0.15	September 21, 2020
(3)	440,000	$0.15	Five years from date of grant (on or before Bulletin Date)
Total	**3,460,000**		

Escrowed Securities

The following table sets out the holders of escrowed securities, the number of securities held in escrow, and the percentage of securities held in escrow by each person who will be a holder of escrowed securities before and after the completion of the Transaction. The table includes securities which will be released from escrow concurrently with the Transaction, as described below.

		Before Giving Effect to the Transaction		After Giving Effect to the Transaction	
Name and Municipality of Resident of Security Holder	**Designation of Class**	**Number of Securities Held in Escrow**	**Percentage of Class**	**Number of Securities to be held in Escrow**	**Percentage of Class(1)**
G. Arnold Armstrong	Common Shares	Nil	N/A	510,077	1.31%
	Warrants	Nil	N/A	333,333	1.05%
	Options	Nil	N/A	846,667	24.47%
Armada Investments Ltd.	Common Shares	Nil	N/A	2,136,302	5.50%
	Warrants	Nil	N/A	1,550,000	4.91%
View Mont Estates Ltd.	Common Shares	Nil	N/A	38,958	0.10%
Paul McKenzie	Common Shares	Nil	N/A	1,004,625	2.58%%
	Warrants	Nil	N/A	766,667	2.43%
	Options	Nil	N/A	846,667	24.47%
Total	**Common Shares**	**Nil**	**N/A**	**3,689,962**	**9.49%**
	Warrants	**Nil**	**N/A**	**2,650,000**	**8.27%**
	Options	**Nil**	**N/A**	**1,693,334**	**48.94%**

Notes:
(1) Common share percentage of class assumes no exercise of the Warrants or Options.

The Shares held under the Escrow Agreement include the following principal terms:

- 25% of the escrowed Shares will be released from escrow on the Bulletin Date;

- The remaining escrowed Shares will be released in three tranches of 25% every six months following the Bulletin Date; and

- While in escrow, none of the escrowed Shares can be transferred, either directly or indirectly through a change in control of a holding company without the consent of the Exchange.

As it is impractical to deposit the Options and Warrants to be held in escrow under the Escrow Agreement, the holders of the Options and Warrants as noted above and the Resulting Issuer, will provide their undertaking to the Exchange that in the event such holder exercise such Options or Warrants during the 18 month period following the Bulletin Date, the underlying Shares will be immediately deposited pursuant to the Escrow Agreement and shall be subject to the release schedule as noted above.

For a description of the escrow restrictions applicable to the Shares and Conditional Warrants issuable to the Vendors pursuant to the Investment Agreement, which will not have been issued as of the completion of the Transaction and issuance of the Final Exchange Bulletin, please see *"Information Concerning the Transaction – the Transaction – Escrow Restrictions"*.

Auditor, Transfer Agent and Registrar

On the Bulletin Date, the auditor of the Resulting Issuer will continue to be Smythe LLP, Chartered Professional Accountants, 700-355 Burrard Street, Vancouver British Columbia V6C 2G8. The registrar and transfer agent of the Resulting Issuer Shares will continue to be Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

GENERAL MATTERS

Sponsorship Relationship

Pursuant to the Sponsorship Agreement, the Issuer has engaged Haywood Securities Inc. to act as its Sponsor in respect of the Transactions. The Sponsor will be paid a sponsorship fee of $35,000 (plus GST) in cash (and of which $15,000 has been paid as a non-refundable deposit as of the date of this Filing Statement) for its services as Sponsor. The Sponsor will provide the Exchange with written confirmation of the completion of appropriate due diligence on both the Transaction and this Filing Statement that is generally in compliance with the relevant standards and guidelines applicable in the Sponsorship Policy. The Sponsor will also be reimbursed by the Issuer for its reasonable out of pocket expenses, for which a deposit of $10,000 has been advanced.

To the knowledge of the Issuer, the Sponsor has no beneficial ownership, direct or indirect, in the securities of the Issuer or its Associates and Affiliates.

Experts

Smythe LLP, Chartered Professional Accountants, prepared the independent auditors' report for the audited annual consolidated financial statements of the Issuer for years ended December 31, 2014 and 2013, which is attached as Schedule "A" hereto, and the independent auditors' report for the financial statements of the Target for the period ended December 31, 2014, which is attached as Schedule "E" hereto. Smythe LLP, Chartered Professional Accountants, the Issuer's and the Target's auditor, is independent with respect to each of the Issuer and the Target in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

To the knowledge of the Issuer and the Target, none of the experts above or their respective Associates or Affiliates, beneficially owns, directly or indirectly, any securities of the Issuer or the Target, has received or will receive any direct or indirect interests in the property of the Issuer or the Target or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or any Associate or Affiliate thereof.

Other Material Facts

To the knowledge of management of the Issuer, there are no other material facts relating to the Issuer, the Target, the Technology, the Resulting Issuer or, the Transaction that are not otherwise disclosed in this Filing Statement and are necessary in order for the Filing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and the Resulting Issuer, assuming completion of the Transaction.

Board Approval

The board of directors of each of the Issuer and the Target have approved this Filing Statement.

SCHEDULE "A"

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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ELISSA RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEAR ENDED DECEMBER 31, 2014

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ELISSA RESOURCES LTD.

We have audited the accompanying consolidated financial statements of Elissa Resources Ltd., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 auditors' 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 in our audits 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 Elissa Resources Ltd. as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
March 5, 2015

7th Floor 355 Burrard St
Vancouver, BC V6C 2G8

Tel: 604 687 1231
Fax: 604 688 4675
smytheratcliffe.com

ELISSA RESOURCES LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT DECEMBER 31

		2014		2013
ASSETS				
Current				
Cash	$	163,825	$	775,442
Accounts receivable		5,912		13,422
Prepaid expenses and deposits		21,300		20,327
		191,037		809,191
Deposits (Note 10)		33,544		33,544
Investment (Note 4)		110,000		-
Reclamation deposits (Note 5)		22,973		52,479
Resource properties (Note 5)		1,861,319		1,725,854
Equipment (Note 6)		-		31,383
	$	2,218,873	$	2,652,451
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 8)	$	69,079	$	50,327
Shareholders' equity				
Share capital (Note 7)		4,716,779		4,709,279
Obligation to issue shares (Note 4)		10,000		-
Reserve (Note 7)		301,780		312,609
Accumulated other comprehensive income		234,430		70,513
Deficit		(3,113,195)		(2,490,277)
		2,149,794		2,602,124
	$	2,218,873	$	2,652,451

Subsequent event (Note 14)

Approved and authorized by the Board on March 5, 2015

"G.A. Armstrong" Director *"Paul McKenzie"* Director

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

ELISSA RESOURCES LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31

		2014		2013
EXPENSES				
Advertising and promotion	$	7,176	$	7,799
Bank charges and interest		1,216		1,173
Consulting fees		18,567		37,379
Depreciation (Note 6)		3,391		7,857
Directors' fees		-		54,382
Insurance		21,100		22,847
Management fees (Note 8)		84,000		84,000
Office and administration (Note 8)		74,007		87,471
Professional fees (Note 8)		118,676		92,991
Salaries		106,391		135,788
Shareholder communications and filings		51,612		37,425
Travel		17,428		22,519
		(503,564)		(591,631)
OTHER INCOME (EXPENSES)				
Interest income		2,719		11,522
Equipment written off (Note 6)		(30,616)		-
Resource properties written off (Note 5)		(102,286)		(404,863)
Loss before income tax		(633,747)		(984,972)
Income tax recovery (Note 9)		-		(14,734)
Net loss for the year		(633,747)		(970,238)
OTHER COMPREHENSIVE INCOME				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange gain on translating foreign operations		163,917		123,165
Comprehensive loss for the year	$	(469,830)	$	(847,073)
Basic and diluted loss per common share	$	(0.02)	$	(0.03)
Weighted average number of common shares outstanding		32,047,983		31,805,517

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

ELISSA RESOURCES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31

		2014		2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the year	$	(633,747)	$	(970,238)
Non-cash items:				
Depreciation		3,391		7,857
Unrealized foreign exchange loss		-		175
Equipment written off		30,616		-
Resource properties written off		102,286		404,863
Changes in non-cash working capital items:				
Accounts receivable and accrued interest		7,510		31,277
Income tax receivable		-		123,463
Prepaid expenses and deposits		(855)		1,854
Deposits		-		(33,544)
Accounts payable and accrued liabilities		18,270		3,056
		(472,529)		(431,237)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment		(100,000)		-
Purchase of equipment		(2,500)		(1,191)
Reclamation deposit		32,663		-
Expenditures on resource properties		(70,723)		(128,558)
		(140,560)		(129,749)
Effect of exchange rate changes on cash		1,472		2,065
Change in cash during the year		(611,617)		(558,921)
Cash, beginning of year		775,442		1,334,363
Cash, end of year	$	163,825	$	775,442
Supplementary cash flow information:				
Non-cash transactions:				
Shares issued for resource properties	$	7,500	$	-
Shares issued for finder's fees		10,000		-

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

ELISSA RESOURCES LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share capital						
	Number	Amount	Obligation to Issue Shares	Reserve	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
Balance, December 31, 2012	31,805,517	$ 4,709,279	$ -	$ 347,209	$ (52,652)	$ (1,554,639)	$ 3,449,197
Expiry of stock options	-	-	-	(34,600)	-	34,600	-
Comprehensive loss for the year	-	-	-	-	123,165	(970,238)	(847,073)
Balance, December 31, 2013	31,805,517	4,709,279	-	312,609	70,513	(2,490,277)	2,602,124
Shares issued for resource properties (Note 5)	300,000	7,500	-	-	-	-	7,500
Shares issue for finder's fees (Note 4)	-	-	10,000	-	-	-	10,000
Expiry of stock options	-	-	-	(10,829)	-	10,829	-
Comprehensive loss for the year	-	-	-	-	163,917	(633,747)	(469,830)
Balance, December 31, 2014	32,105,517	$ 4,716,779	$ 10,000	$ 301,780	$ 234,430	$ (3,113,195)	$ 2,149,794

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Elissa Resources Ltd. and its subsidiaries (collectively, the "Company" or "Elissa") is an exploration stage company. Its principal business activity is the acquisition, exploration and development of resource properties, principally in the United States. Elissa was incorporated under the *Company Act* (British Columbia) on October 11, 2007 under the name Elissa Energy Inc. On February 5, 2010, the Company changed its name to Elissa Resources Ltd. The Company maintains its registered office at 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada V6Z 1S4.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of its resource properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. The Company reported a net loss of $633,747 (2013 - $970,238) for the year ended December 31, 2014 and had an accumulated deficit of $3,113,195 (2013 - $2,490,277) as at December 31, 2014. These circumstances may cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The recovery of amounts capitalized for exploration and evaluation assets at December 31, 2014 in the consolidated statement of financial position is dependent upon the ability of the Company to arrange appropriate financing to complete the development and continued exploration of the properties and upon future profitable production or proceeds from their disposition.

The Company's ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or obtain profitable operations. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management may be required to curtail certain discretionary expenses.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements are prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out in Note 3 have been applied consistently by the Company and its subsidiaries to all periods presented.

Use of judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2. BASIS OF PREPARATION (cont'd…)

Use of judgments and estimates (cont'd…)

The key areas of judgment applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- The recoverability of the carrying value of the Company's investment

  The fair value of the Company's investment (Note 4) requires management to determine whether there are any indications of impairment. Management evaluates the legal standing of the underlying assets of the investment and reviews the progress and development of the underlying assets in the period when making the assessment of whether there are indications of impairment for the investment.

- The carrying value of resource properties and the recoverability of the carrying value

  Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's resource properties.

  Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economic assessments/studies, accessible facilities and existing permits.

- The determination of the Company's functional currency

  The functional currency of the Company and its subsidiaries is the currency of the primary economic environment, and the Company reconsiders the functional currency if there is a change in events and conditions, which determined the primary economic environment.

The key estimates applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is the provision for income taxes and recognition of deferred income tax assets and liabilities and fair value of the Company's investment (Note 4), which requires management to make certain estimates regarding the value of those shares in relation to unquoted share prices (Note 12).

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Red Hill Energy (US) Inc. ("Red Hill") and 0875514 BC Ltd. ("0875514"). All material intercompany transactions have been eliminated upon consolidation. A subsidiary is an entity over which the Company has control, where control indicates exposure or rights to variable returns and the ability to affect those returns through power over the investee.

Currency translation

IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with the indicators as per International Accounting Standards ("IAS") 21 *The Effects of Changes in Foreign Exchange Rates* and should be measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and 0875514 is the Canadian dollar, the US subsidiary's functional currency is the US dollar. The consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Currency translation (cont'd…)

Under IFRS, the results and financial position of all the Company's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- income and expenses for each consolidated statement of loss and comprehensive loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction); and
- all resulting exchange differences are recognized as a separate component of equity.

Financial instruments

Financial assets

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through income. Cash is included in this category of financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables are comprised of accrued interest.

Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets, except those measured 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 objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. The Company's investment is included in this category of financial assets.

Financial liabilities

The Company classifies its financial liabilities in the following category:

Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Inputs for the asset or liability that are not based on observable market data.

Equipment

Equipment is recorded at cost less accumulated depreciation, with depreciation calculated on a declining-balance basis at an annual rate of 20%.

Additions during the year are depreciated at one-half the annual rate.

Resource properties

Costs directly related to the acquisition, exploration and evaluation of resource properties are capitalized once the legal rights to explore the resource properties are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the unit-of-production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received is recorded as a gain on option or disposition of mineral property.

Provision for closure and reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of resource properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation 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 Company's estimates of reclamation 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 the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of non-current assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share-based payments

The Company has a stock option plan that is described in Note 7(c). 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 the 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from reserve. For those unexercised options that expire, the recorded value is transferred to deficit.

Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of shares outstanding in the period. For all periods presented, the loss available to common shareholders equals the reported loss. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share, as the effects of including all outstanding options and warrants would be anti-dilutive.

Capital stock

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

Shares issued as consideration for goods or services are measured at the fair value of the goods or services received, except where the fair value cannot be measured reliably, in which case they are measured at the fair value of the equity instruments granted.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

The Company uses the balance sheet method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is possible that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

New standards, interpretations and amendments adopted

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2013, except for the adoption of new standards and interpretations effective as of January 1, 2014.

The following new standards, amendments to standards and interpretations have been issued and have been adopted for the fiscal year beginning January 1, 2014:

- IAS 32 (Amendment) — New standard that clarifies requirements for offsetting financial assets and financial liabilities.
- IAS 36 (Amendment) — This amendment addresses the disclosure of information regarding the recoverable amount of impairment assets as the amount is based on fair value less costs of disposal.
- IFRIC 21 — This is an interpretation of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event, known as an obligating event. The interpretation clarifies that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The application of these standards, amendments and interpretations has not had a material impact on the results and financial position of the Company.

New standards not yet adopted

IFRS 9 *Financial Instruments* (Revised)

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss; in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's consolidated financial statements has not yet been determined.

4. INVESTMENT

During the year ended December 31, 2014, the Company entered into a Letter of Intent ("LOI") with Spectrum Optix Inc. ("Spectrum"), a private technology development company. Pursuant to the LOI, the Company has been granted an option to acquire up to a 100% interest in Spectrum, as follows:

First Option: the Company has the right to acquire a 6.6% interest in Spectrum in exchange of the payment of $200,000, of which the Company has paid $100,000 and earned a 3.3% interest in Spectrum;

Second Option: Upon exercise of the First Option, the Company has the right to acquire a further 28.4% interest in Spectrum, for an aggregate interest of 35%, in exchange of the advancement of $2,800,000 towards the development of Spectrum's lens technologies over a three year period commencing on the date of the LOI; and

Third Option: Upon exercise of the Second Option, the Company has the right to acquire the remaining interest in Spectrum, for an aggregate interest of 100% in exchange for the issuance by the Company of such number of common shares as equals 35% of the issued and outstanding shares of the Company and such number of conditional warrants to acquire common shares of the Company as equals 35% of the warrants and options then outstanding in the Company.

Following the exercise of the First Option, should the Company wish to continue to pursue the acquisition of Spectrum, the pursuit of the exercise of the Second Option will be considered a Change of Business ("COB") in accordance with the policies of the TSX Venture Exchange and the Company's shares may be halted in accordance with same. The Company will provide an update once it has reached a definitive determination to proceed with the Second Option.

In connection with the LOI, the Company signed a finder's fee agreement payable as to:

a) $10,000 at the time the Company purchases a 3.3% interest payable in shares (recorded as obligation to issue shares as at December 31, 2014 and issued subsequent to year-end);

b) $10,000 upon the acquisition of a cumulative 6.6% interest payable in shares; and

c) 5% of the number of common shares of the Company issued pursuant to the Third Option; 50% of this portion will be payable in shares and 50% payable in cash, such payment not to exceed $200,000 in cash and $300,000 value in common shares.

5. EXPLORATION AND EVALUATION ASSETS

December 31, 2014	Thor REE	South Standby	Total
Balance, December 31, 2013	$ 1,666,408	$ 59,446	$ 1,725,854
Acquisition costs	-	40,576	40,576
Exploration expenditures			
Geological consulting	3,257	-	3,257
Staking and maintenance fees	20,978	-	20,978
Reclamation costs	13,412	-	13,412
Total addition of exploration expenditures	37,647	-	37,647
Foreign exchange on translation	157,264	2,264	159,528
Write-off of property	-	(102,286)	(102,286)
Property total, December 31, 2014	$ 1,861,319	$ -	$ 1,861,319

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

December 31, 2013	Thor REE	South Standby	Idaho	Total
Balance, December 31, 2012	$ 1,493,492	$ -	$ 390,869	$ 1,884,361
Exploration expenditures				
Assay and petrographic	2,553	-	-	2,553
Geological consulting	3,390	-	-	3,390
Geophysics survey	30,568	-	-	30,568
Staking and maintenance fees	33,276	59,446	-	92,722
Total addition of exploration expenditures	69,787	59,446	-	129,233
Foreign exchange on translation	103,129	-	13,994	117,123
Write-off of property	-	-	(404,863)	(404,863)
Property total, December 31, 2013	$ 1,666,408	$ 59,446	$ -	$ 1,725,854

Title to resource properties

Although the Company has taken steps to verify the title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Realization of assets

The investment in and expenditures on resource properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims are allowed to lapse.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

Thor REE Property

On December 15, 2009, Red Hill agreed to acquire the Thor REE Property located in southwestern Nevada. In consideration for a 100% interest in the property, Red Hill paid $15,000 and issued 350,000 common shares of Red Hill, assigned a fair value of $140,000. The Company has provided a deposit as security against potential future reclamation work relating to its Thor REE Property. As at December 31, 2014, a total of US $19,758 (2013 - US $49,341) has been lodged with the Nevada Bureau of Land Management.

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

South Standby Property

During the year ended December 31, 2013, the Company staked mineral exploration property in South Dakota.

During the year ended December 31, 2014, the Company entered into an option agreement for certain mining claims located in South Dakota. Under the terms of the agreement, payments will be made in accordance with the following schedule:

a) 300,000 common shares (issued at a fair value of $7,500) and US $30,000 (paid) at the signing of the agreement;
b) US $35,000 on the first anniversary;
c) US $45,000 on the second anniversary;
d) US $60,000 on the third anniversary; and
e) 500,000 common shares on the fourth anniversary.

A 2.5% net smelter returns royalty is payable to the owners on commercial production.

During the year ended December 31, 2014, the Company decided not to pursue its South Standby property and the project was written off.

Idaho Property

During the year ended December 31, 2011, the Company staked prospective land in the Idaho/Montana border area.

During the year ended December 31, 2013, the Company decided not to pursue its Idaho property and the project was written off.

6. EQUIPMENT

		Total
Cost		
Balance, December 31, 2012	$	52,374
Additions for the year		1,191
Cumulative translation adjustment		289
Balance, December 31, 2013		53,854
Additions for the year		2,500
Cumulative translation adjustment		172
Write-off of equipment		(56,526)
Balance, December 31, 2014	$	-
Accumulated depreciation		
Balance, December 31, 2012	$	14,560
Additions for the year		7,857
Cumulative translation adjustment		54
Balance, December 31, 2013		22,471
Additions for the year		3,391
Cumulative translation adjustment		48
Write-off of equipment		(25,910)
Balance, December 31, 2014	$	-
Net book value		
As at December 31, 2013	$	31,383
As at December 31, 2014	$	-

7. SHARE CAPITAL AND RESERVE

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

The Company did not complete any private placements in the years ended December 31, 2014 and 2013.

c) Stock options

The Company has a stock option plan (the "Plan") in place that allows for the reservation of common shares issuable under the Plan to a maximum of 10% of the number of issued and outstanding common shares of the Company at any given time. The exercise price of each option is required to be set at the closing price of the Company's common shares on the trading day prior to the date of grant.

Stock option transactions are summarized as follows:

	Number of Shares		Weighted Average Exercise Price
Balance, December 31, 2012	2,910,000	$	0.16
Expired	(325,000)	$	0.16
Balance, December 31, 2013	2,585,000	$	0.16
Expired	(60,000)	$	0.34
Balance outstanding and exercisable, December 31, 2014	2,525,000	$	0.15

Stock options outstanding as at December 31, 2014:

	Number	Exercise price	Expiry date
Stock Options	1,575,000	$ 0.10	October 7, 2015
	525,000	0.27	April 19, 2016
	325,000	0.21	January 6, 2017
	100,000	0.21	February 1, 2017
	2,525,000		

As at December 31, 2014, the outstanding stock options had a weighted average remaining life of 1.09 (2013 - 2.09) years.

d) Warrants

Warrant transactions are summarized as follows:

	Number of Shares		Weighted Average Exercise Price
Balance, December 31, 2012	15,064,750	$	0.30
Expired	(2,800,000)	$	0.30
Balance, December 31, 2013 and 2014	12,264,750	$	0.30

7. SHARE CAPITAL AND RESERVE (cont'd…)

d) Warrants (cont'd…)

Warrants outstanding as at December 31, 2014:

	Number	Exercise price	Expiry date
Warrants	12,264,750	$ 0.30	March 4, 2016[1]

[1] During the year ended December 31, 2013, the Company amended the terms of the warrants issued on March 28, 2011 as part of a private placement. The amendment extends the expiration date of the warrants from March 4, 2013 to March 4, 2016.

8. RELATED PARTY TRANSACTIONS

Management Compensation

Key management personnel comprise the Chief Executive Officer and directors of the Company. The remuneration of the key management personnel is as follows:

		2014		2013
Payments to key management personnel:				
Salaries and short-term benefits	$	103,101	$	150,382

During the year ended December 31, 2014, the Company paid directors' fees of $Nil (2013 - $54,382) to board members.

During the year ended December 31, 2014, the Company was charged management fees of $84,000 (2013 - $84,000), accounting fees of $48,000 (2013 - $48,000) and rent of $660 (2013 - $60,660) by a company controlled by a director and officer of the Company. As at December 31, 2014, the amount owed to that company was $12,078 (2013 - $12,178). The amount due to the related party has no specific terms of repayment, is unsecured and non-interest-bearing.

During the year ended December 31, 2014, the Company was charged legal fees of $44,468 (2013 - $16,039) by S. Paul Simpson Law Corp., a law firm of which an officer of the Company is an employee.

During the year ended December 31, 2014, the Company was charged accounting fees of $2,515 (2013 - $Nil) by a company of which the CFO is a significant shareholder.

As at December 31, 2014, the amount of $48,265 (2013 - $Nil) included in accounts payable is due to related parties. All balances are unsecured, non-interest-bearing, have no fixed repayment terms and are due on demand.

9. INCOME TAXES

Effective April 1, 2013, the British Columbia provincial tax increased from 10.00% to 11.00%. The overall increase in tax rates has resulted in an increase in the Company's statutory tax rate from 25.75% to 26.00%.

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26.00% (2013 - 25.75%) to income before income taxes. The reasons for the differences are as follows:

	2014	2013
Income before income tax	$ (633,747)	$ (984,972)
Statutory income tax rate	26.00%	25.75%
Income tax expense computed at Canadian statutory rates	(164,774)	(253,630)
Items not deductible for tax purposes	422	541
Differences between Canadian and foreign tax rates	(3,249)	(7,341)
Change in timing differences	(9,603)	(33,968)
Effect of change in tax rates	-	(1,215)
Under-provided in prior periods	-	(14,734)
Unused tax losses and tax offsets not recognized in tax assets	177,204	295,613
Income tax recovery	$ -	$ (14,734)

The Company recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2014	2013
Non-capital losses	$ 2,050,089	$ 1,511,380
Resource properties	1,373,775	1,185,925
Equipment	55,918	21,822
Share issue costs	9,210	18,421
Unrecognized deductible temporary differences	$ 3,488,992	$ 2,737,548

As at December 31, 2014, the Company has US non-capital losses of $312,241 and Canadian non-capital losses of $1,737,848 that may be applied to reduce future taxable income. If these losses are not used to offset future income, they will expire through the year ended December 31, 2034.

10. COMMITMENTS

The Company has a lease agreement for office space. A total of $33,544 has been classified as deposits in the consolidated statements of financial position.

The approximate annual minimum lease commitments are as follows:

	Total
2015	$ 44,187
2016	45,526
2017	46,865
2018	50,770
	$ 187,348

11. SEGMENTED INFORMATION

The Company operates in one industry segment, the mineral exploration industry. Geographic segmentation of the Company's long term assets are as follows:

December 31, 2014	USA	Canada	Total
Deposits	$ -	$ 33,544	$ 33,544
Reclamation deposit	22,973	-	22,973
Resource properties	1,861,319	-	1,861,319
	$ 1,884,292	$ 33,544	$ 1,917,836

December 31, 2013	USA	Canada	Total
Deposits	$ -	$ 33,544	$ 33,544
Reclamation deposit	52,479	-	52,479
Equipment	3,243	28,140	31,383
Resource properties	1,725,854	-	1,725,854
	$ 1,781,576	$ 61,684	$ 1,843,260

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash is carried in the consolidated statements of financial position at fair value using a Level 1 fair value measurement. Receivables, accounts payable and accrued liabilities are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short term nature of the financial instruments.

The Company's investment in Spectrum is valued using a Level 3 fair value measurement. The Company evaluates the fair value of the investment in the equity of Spectrum by reference to recent equity placements in Spectrum, based on negotiated prices between the Company and Spectrum, an unrelated party, and by evaluating the fair value changes relative to changes in Spectrum's net assets.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with a high-credit quality financial institution.

Receivables mainly consist of Goods and Services Tax ("GST") receivable from the Government of Canada. The Company believes that the credit risk concentration with respect to receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had a working capital of $121,958 (2013 - $758,864). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Financial risk factors (cont'd…)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial asset exposed to interest rate risk consists of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes the interest rate risk is low given the current low global interest rate environment.

b) Foreign currency risk

The Company's property development and exploration work occurs in the USA in US dollars. As such, the Company is exposed to foreign currency risk in fluctuations. Fluctuations in the exchange rate between the Canadian dollar and US dollar may have a material adverse effect on the Company's business and financial condition.

As at December 31, 2014, the Company's net foreign denominated financial assets are as follows:

	Foreign currency	Canadian dollar equivalent
US Dollar	$ 22,770	$ 26,475

Based on the above, assuming all other variables remain constant, a 5% weakening or strengthening of the Canadian dollar against the US dollar would result in an increase/decrease of approximately $1,324 (2013 - $2,516) in the Company's net loss.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The Company closely monitors commodity prices to determine the appropriate strategic action to be taken by the Company.

13. CAPITAL MANAGEMENT

The Company's capital management policy is to maintain a strong but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity of $2,149,794 (2013 - $2,602,124). In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek additional debt financing and adjust its capital spending to manage current and working capital requirements. The Company is not subject to externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the year ended December 31, 2014.

14. SUBSEQUENT EVENT

Subsequent to December 31, 2014, the Company issued 200,000 common shares as finders' fees with respect to the investment in Spectrum, which were recorded as an obligation to issue shares as at December 31, 2014.

SCHEDULE "B

MD&A OF THE ISSUER FOR THE YEAR ENDED DECEMBER 31, 2014

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ELISSA RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2014

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Set out below is a review of the activities, results of operations and financial condition of Elissa Resources Ltd. ("ELI", "Elissa", or the "Company") and its subsidiaries for the year ended December 31, 2014. The discussion below should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2014 and 2013. Those consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as at March 6, 2015.

The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol ELI.

Additional information related to the Company is available on SEDAR at www.sedar.com and the Company's website at www.elissaresources.com.

BACKGROUND AND CORE BUSINESS

Elissa Resources Ltd. and its subsidiaries (collectively, the "Company" or "Elissa") is an exploration stage company. Its principal business activity is the acquisition, exploration and development of resource properties, principally in the United States. Elissa was incorporated under the Company Act (British Columbia) on October 11, 2007 under the name Elissa Energy Inc. On February 5, 2010, the Company changed its name to Elissa Resources Ltd. The Company maintains its registered office at 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada V6Z 1S4.

The Company has historically been focused on mineral exploration and its principal asset is the Thor REE Property in southwestern Nevada. In the three months ended December 31, 2014, the Company has identified a significant business opportunity in a private technology development company, Spectrum Optix Inc. The Company is investigating a possible change of business once a due diligence period is completed.

COMPANY HIGHLIGHTS

Letter of Intent with Spectrum Optix Inc.

The Company has entered into a multi-stage, binding Letter of Intent ("LOI" or "Agreement") with Spectrum Optix Inc. ("Spectrum"), a private technology development company, headquartered in Calgary, Alberta.

Pursuant to the LOI, the Company has been granted three options in order to acquire up to a 100% interest in Spectrum, as follows:

a) Pursuant to the first option (the "First Option"), the Company has the right to acquire a 6.6% interest in Spectrum (the "First Option") in exchange of the payment of $200,000, of which 3.3% has been earned following the payment by the Company to Spectrum of an initial $100,000;

b) Upon exercise of the First Option, the Company has the right to acquire a further 28.4% interest in Spectrum, for an aggregate interest of 35% (the "Second Option"), in exchange of the advancement of $2.8 million towards the development of Spectrum's lens technologies over a three year period commencing on the date of the LOI;

c) Upon exercise of the Second Option, the Company has the right to acquire the remaining interest in Spectrum, for an aggregate interest of 100% (the "Third Option") in exchange for the issuance by the Company of such number of common shares as equals 35% of the issued and outstanding shares of the Company and such number of conditional warrants to acquire common shares of the Company as equals 35% of the warrants and options then outstanding in the Company.

Following the exercise of the First Option, should Elissa wish to continue to pursue the acquisition of Spectrum, the pursuit of the exercise of the Second Option will be considered a Change of Business ("COB") in accordance with the policies of the TSX Venture Exchange and the Company's shares may be halted in accordance with same. The Company will provide an update once it has reached a definitive determination to proceed with the Second Option.

Spectrum is developing technologies relating to imagery and light concentration for lens and image capture based systems. Spectrum's core technology is focused on a novel approach to collecting and concentrating an electromagnetic wave, such as a visible light, and, if required by the application, maintaining the original image at high levels of quality and compactness. Spectrum's early stage technology may offer potential improvements to quality, clarity and resolution of imagery in addition to a potential decrease of lens manufacturing costs. Imaging applications are being explored by Spectrum that utilize both pre- and post-optical imaging solution improvements.

The Company has issued 200,000 common shares as finders' fees on the LOI.

EXPLORATION AND EVALUATION ASSETS

THOR RARE EARTH PROPERTY

On December 15, 2009, the Company's 100% owned subsidiary, Red Hill, agreed to acquire the Thor REE Property located in southwestern Nevada. In consideration for a 100% interest in the property, Red Hill paid $15,000 and issued 350,000 common shares of Red Hill, assigned a fair value of $140,000. The Company has provided a deposit as security against potential future reclamation work relating to its Thor REE Property. As at December 31, 2014, a total of US $19,758 (2013 - US $49,341) has been lodged with the Nevada office of the U.S. Bureau of Land Management.

Historic exploration information is available at the Company's website and previous filings. During the year ended December 31, 2014, the Company continued to review its geological data, perform reclamation work and pay annual Bureau of Land Management maintenance fees on the claims.

Expenditures on exploration and evaluation assets are as follows:

December 31, 2014	Thor REE	South Standby	Total
Balance, December 31, 2013	$ 1,666,408	$ 59,446	$ 1,725,854
Acquisition costs	-	40,576	40,576
Exploration expenditures			
Geological consulting	3,257	-	3,257
Staking and maintenance fees	20,978	-	20,978
Reclamation costs	13,412	-	13,412
Total addition of exploration expenditures	37,647	-	37,647
Foreign exchange on translation	157,264	2,264	159,528
Write-off of property	-	(102,286)	(102,286)
Property total, December 31, 2014	$ 1,861,319	$ -	$ 1,861,319

December 31, 2013	Thor REE	South Standby	Idaho	Total
Balance, December 31, 2012	$ 1,493,492	$ -	$ 390,869	$ 1,884,361
Exploration expenditures				
Assay and petrographic	2,553	-	-	2,553
Geological consulting	3,390	-	-	3,390
Geophysics survey	30,568	-	-	30,568
Staking and maintenance fees	33,276	59,446	-	92,722
Total addition of exploration expenditures	69,787	59,446	-	129,233
Foreign exchange on translation	103,129	-	13,994	117,123
Write-off of property	-	-	(404,863)	(404,863)
Property total, December 31, 2013	$ 1,666,408	$ 59,446	$ -	$ 1,725,854

Mel Klohn, P.Geo, a Qualified Person under the meaning of Canadian National Instrument 43-101, is a consultant to the Company and responsible for the technical content of this Management's Discussion and Analysis.

OUTLOOK

The Company considers the Thor REE Project to be a significant asset. Should the Company pursue a change of business under the Spectrum LOI, the Company would contemplate the sale of the Thor REE Project.

SELECTED FINANCIAL INFORMATION

Selected Annual Information

	2014	2013	2012
Total assets	$ 2,218,873	$ 2,652,451	$ 3,496,468
Non-current liabilities	-	-	-
Other income (including interest)	2,719	11,522	20,960
Net loss for the year	(633,747)	(970,238)	(1,134,928)
Comprehensive loss for the year	(469,830)	(847,073)	(1,178,255)
Basic and diluted loss per share	(0.02)	(0.03)	(0.04)

The focus of the Company over the periods presented has been the exploration and evaluation of its mineral property claims in the USA. The composition of the Company's land package has changed based on the evaluations made by management over the potential of those properties.

Summary of Quarterly results

	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Interest income	-	-	685	2,034
Net loss for the period	(195,790)	(98,353)	(220,563)	(119,041)
Comprehensive loss for the period	(124,312)	(12,135)	(157,292)	(176,091)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)	(0.00)

	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Interest income	2,729	2,996	3,225	2,572
Net loss for the period	(184,091)	(488,202)	(113,928)	(184,017)
Comprehensive loss for the period	(127,609)	(534,147)	(42,896)	(142,421)
Basic and diluted loss per share	(0.01)	(0.01)	(0.00)	(0.01)

Results of Operations for the year ended December 31, 2014 compared to 2013

The comprehensive loss for year decreased by $377,243 to $469,830 (2013 – $847,073). Significant changes to the comprehensive loss are explained as follows:

- Consulting fees decreased by $18,812 to $18,567 (2013 – $37,379) as overall activity levels were lower with respect to property investigation by geologists.
- Directors fees for the current year were $Nil as compared to $54,382 in the prior year as the Board recognizes the difficult financing environment.
- Professional fees increased by $25,685 to $118,676 (2013 - $92,991) as there have been additional costs associated with the Spectrum LOI and potential changes to the Company's focus.
- Salaries and wages decreased by $29,397 to $106,391 (2013 - $135,788) due to the elimination of one employee.
- Non recurring expenses related to the write-off of equipment and write-off of exploration and evaluation assets are pursuant to management's evaluation of the recoverable value of those assets.

Results of Operations for the three month period ended December 31, 2014 compared to 2013

The comprehensive loss for the three month period decreased by $3,297 to $124,312 (2013 – $127,609). Significant changes to the comprehensive loss are explained as follows:

- Directors fees for the current year were $Nil as compared to $54,382 in the prior year as the Board recognizes the difficult financing environment.
- Professional fees increased by $33,094 to $65,758 (2013 - $32,664) as there have been additional costs associated with the Spectrum LOI and potential changes to the Company's focus.
- Salaries and wages decreased by $10,743 to $26,273 (2013 - $37,016) due to the elimination of one employee.
- Non recurring expenses related to the write-off of equipment and write-off of exploration and evaluation assets are pursuant to management's evaluation of the recoverable value of those assets.

LIQUIDITY AND CAPITAL RESOURCES

Cash has decreased by $611,617 to $163,825 at December 31, 2014 from a balance of $775,442 as at December 31, 2013. The Company had working capital of $121,958 as at December 31, 2014.

Overall cash utilization was comparable in 2014 to 2013. In 2014, the Company expended $472,529 in operating activities as compared to $431,237 in 2013. Investing activities resulted in a net cash outflow of $140,560 in 2014 of which $100,000 was forwarded to Spectrum pursuant to the LOI. Investing activities consumed $129,749 in 2013 related predominantly to exploration and evaluation activities.

The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing.

Management is actively targeting sources of additional financing through alliances with financial entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Subsequent to the year ended December 31, 2014, the Company announced a non-brokered private placement (the "Offering") concurrent with a proposed consolidation of the common shares of the Company on a 3 to 1 basis. The Offering is for gross proceeds of up to $750,000 consisting of up to 15,000,000 units at a post-consolidation price of $0.05 per Unit. Each Unit is comprised of one post-consolidation common share and one share purchase warrant. Each warrant will entitle the holder to purchase on additional post-consolidation common share at a price of $0.10 for a period of two years from the date of closing.

Management anticipates that the Offering will close successfully and provide working capital to the Company and funds for investment according to the agreement with Spectrum over the short term. Additional funds will be required to satisfy the investment in the Spectrum agreement, invest in the Thor REE property and to maintain general working capital. The contractual commitments of the Company are not significant and the Company may sustain operations by reducing overhead and delaying investment.

OUTSTANDING SHARE DATA

At the date of this report the Company has 32,305,517 issued and outstanding common shares, and 2,525,000 outstanding stock options.

OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

At December 31, 2014, the Company had no material off statement of financial position arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions in process other than as discussed elsewhere in this document.

RELATED PARTY TRANSACTIONS

Key management personnel comprise of the Chief Executive Officer and Directors of the Company. The remuneration of the key management personnel is as follows:

		2014		2013
Payments to key management personnel:				
Salaries and short-term benefits	$	103,101	$	150,382

During the year ended December 31, 2014, the Company paid directors' fees of $Nil (2013 - $54,382) to board members.

During the year ended December 31, 2014, the Company was charged management fees of $84,000 (2013 - $84,000), accounting fees of $48,000 (2013 - $48,000) and rent of $660 (2013 - $60,660) by a company controlled by a director and officer of the Company. As at December 31, 2014, the amount owed to that company was $12,078 (2013 - $12,178). The amount due to the related party has no specific terms of repayment, is unsecured and non-interest-bearing.

During the year ended December 31, 2014, the Company was charged legal fees of $44,468 (2013 - $16,039) by S. Paul Simpson Law Corp., a law firm of which an officer of the Company is an employee.

During the year ended December 31, 2014, the Company was charged accounting fees of $2,515 (2013 - $Nil) by a company of which the CFO is a significant shareholder.

As at December 31, 2014, the amount of $36,187 (2013 - $Nil) included in accounts payable is due to related parties. All balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in notes 2 and 3 of its consolidated financial statements for the year ended December 31, 2014. The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates. Management considers the following estimates to be the most critical in understanding the judgments and estimates that are involved in the preparation of the Company's consolidated financial statements and the uncertainties that could impact the results of operations, financial condition and cash flows:

Functional currency

The functional currency of each of the subsidiaries and the Company were assessed to determine the economic substance of the currency in which each entity performed its operations. The functional currency of the Company is the Canadian dollar. The functional currencies of the Company's subsidiaries have been assessed and incorporate the Canadian dollar and US dollar as detailed in Note 3 of the consolidated financial statements for the year ended December 31, 2014.

Exploration and evaluation assets

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about its projects. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. The user is advised to refer to the risks of the Company discussed in this document which discuss factors that could impair the Company's ability to develop its exploration and evaluation assets in the future.

Income taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the Company's provision for income taxes.

Financial Instruments

The measurement of certain assets at fair value requires management to make evaluations regarding the market and its participants as a proxy for valuing unquoted securities.

Management evaluates the legal standing of the underlying assets of the investment in Spectrum and reviews the progress and development of the underlying assets in the period when making the assessment of whether there are indications of impairment for the investment.

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2013, except for the adoption of new standards and interpretations effective as of January 1, 2014.

The following new standards, amendments to standards and interpretations have been issued and have been adopted for the fiscal year beginning January 1, 2014:

- IAS 32 (Amendment) — New standard that clarifies requirements for offsetting financial assets and financial liabilities.
- IAS 36 (Amendment) — This amendment addresses the disclosure of information regarding the recoverable amount of impairment assets as the amount is based on fair value less costs of disposal.
- IFRIC 21 — This is an interpretation of IAS 37, *Provisions, contingent liabilities and contingent assets*. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event, known as an obligating event. The interpretation clarifies that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

New standards not yet adopted

IFRS 9 *Financial Instruments (Revised)*

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial instruments: recognition and measurement*. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's consolidated financial statements has not yet been determined.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments

Cash is carried in the statement of financial position at fair value using a level 1 fair value measurement. Receivables, accounts payable and accrued liabilities are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short term nature of the financial instruments.

The Company's investment in Spectrum is valued using a level 3 fair value measurement. The Company evaluates the fair value of the investment in the equity of Spectrum by reference to recent equity placements in Spectrum, based on negotiated prices between the Company and Spectrum, an unrelated party, and by evaluating the fair value changes relative to changes in Spectrum's net assets.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with a high-credit quality financial institution.

Receivables mainly consist of government sales tax ("GST") receivable from the Government of Canada. The Company believes that the credit risk concentration with respect to receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had a working capital of $121,958. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes the interest rate risk is low given the current low global interest rate environment.

b) Foreign currency risk

The Company's property development and exploration work occurs in the USA in US dollars. As such, the Company is exposed to foreign currency risk in fluctuations. Fluctuations in the exchange rate between the Canadian dollar and US dollar may have a material adverse effect on the Company's business and financial condition.

As at December 31, 2014, the Company's net foreign denominated financial assets are as follows:

	Foreign currency	Canadian dollar equivalent
US Dollar	22,770	26,475

Based on the above, assuming all other variables remain constant, a 5% weakening or strengthening of the Canadian dollar against the US dollar would result in an increase/decrease of approximately $1,324 (2013 - $2,516) in the Company's net loss.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The Company closely monitors commodity prices to determine the appropriate strategic action to be taken by the Company.

RISK FACTORS

The principal activity of the Company is mineral exploration which is inherently risky. There is intensive government legislation from state, provincial, federal, municipal and aboriginal governments, surrounding the exploration for and production of minerals from our and any mining operations. Exploration and development is also capital intensive and the Company currently has no source of income. Only the skills of its management and staff in mineral exploration and exploration financing serve to mitigate these risks, and therefore constitute one of the main assets of the Company. The Company is also investigating a potential change of business in relation to the LOI with Spectrum, depending on the results following its initial payments.

The Company has its cash deposited with a large, federally insured, commercial bank which it believes to be creditworthy. Federal deposit insurance covers deposit balances up to $100,000. Therefore, the majority of the Company's cash on deposit exceeds federal deposit insurance available.

Title

Title to mineral properties, as well as the location of boundaries on the grounds may be disputed. Moreover, additional amounts may be required to be paid to surface right owners in connection with any mining development. At all of such properties where there are current or planned exploration activities, the Company believes that it has either contractual, statutory, or common law rights to make such use of the surface as is reasonably necessary in connection with those activities. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to its properties will not be challenged or impaired.

Successful challenges to the title of the Company's properties could impair the development of operations on those properties.

The Company's properties include unpatented mining claims, patented mining claims, and mineral rights on private lands. The Company's properties on unpatented mining claims, is land owned and administered by the U.S. government. A valid unpatented mining claim is an interest in real property that can be bought, sold, mortgaged, devised, leased and taxed, but it is always subject to the paramount title of the U.S. and the rights of third parties to use the surface of the claim in a manner that does not unreasonably interfere with the claimant's activities. Unpatented mining claims are mining claims located and staked on available federal public domain land in accordance with the U.S. General Mining Law of 1872, with dimensions not to exceed 600 feet by 1500 feet for lode claims (which constitute the great majority of the Company's unpatented mining claims), or 20 acres for placer claims. The process of locating an unpatented mining claim is initiated by the locator. Unpatented mining claims can be staked without any invitation from or grant by the federal government or any state government. A valid unpatented mining claim must include a discovery of valuable minerals. Prior to discovery, however, a mining claimant has a possessory right to conduct mineral exploration and development activities on the claim. The locator of a valid unpatented mining claim has the right to explore for, develop and mine minerals discovered on the claim, subject to compliance with the annual maintenance requirements of the U.S. Federal Land Policy and Management Act of 1976, which currently requires timely payment of an annual maintenance fee in order to maintain an unpatented mining claim. Unpatented mining claims are unique property interests, and are generally considered to be subject to greater title risk than private real property interests because the validity of unpatented mining claims is often uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations that supplement the U.S. General Mining Law of 1872. Also, unpatented mining claims and related rights, such as rights to use the surface, are always subject to possible challenges by third parties or contests by the federal government. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law. In addition, there are few public records that definitively control the issues of validity and ownership of unpatented mining claims.

In recent years, the U.S. Congress has considered a number of proposed amendments to the General Mining Law, as well as comprehensive reform legislation. Although no such legislation has been adopted to date, there can be no assurance that such legislation will not be adopted in the future. If ever adopted, such legislation could, among other things, impose royalties on production from currently unpatented mining claims located on federal lands. If such legislation is ever adopted, it could have an adverse impact on earnings from the Company's operations, and it could reduce estimates of the Company's present resources and the amount of the Company's future exploration and development activity on federal lands.

Permits and Licenses

Although the Company either currently holds or has applied for or is about to apply for all consents which it requires in order to carry out its current drilling programs, the Company cannot be certain that it will receive the necessary permits and licenses on acceptable terms or at all, in order to conduct further exploration and to develop its properties. The failure to obtain such permits, or delays in obtaining such permits could adversely affect the operations of the Company. Government approvals and permits are currently and may in the future be required in connection with the operations of the Company. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

Exploration and Development Efforts May Be Unsuccessful

There is no certainty that the expenditures to be made by the Company in the exploration and development of its properties as described herein will result in discoveries of mineralized material in commercial quantities. Most exploration and development projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery of ore reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of reserves, mineable deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Lack of Cash Flow

None of the Company's properties have advanced to the commercial production stage and the Company has no history of earnings or cash flow from operations. The Company does not expect to generate material revenue from mining operations or to achieve self-sustaining commercial mining operations for several years. The Company has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. Historically, the only source of funds available to the Company is through the sale of its securities. Future additional equity financing would cause dilution to current shareholders.

No Mineral Resources or Reserves in Production

The properties in which the Company has an interest or right to earn an interest are in the exploration or pre-development stages only and are without a known body of ore in commercial production.

Uncertainty of Obtaining Additional Funding Requirements

Programs planned by the Company may necessitate additional funding, which could cause a dilution of the value of the investment to the shareholders of the Company. The recuperation value of mining properties indicated in the balance sheet depends on the discovery of mineralization that can be profitably exploited and on the Company's capacity to obtain additional funds in order to realize these programs.

The Company's exploration activities can therefore be interrupted at any moment if the Company is incapable of obtaining the necessary funds in order to continue any additional activities that are necessary and that are not described in the exploration programs outlined in the Company's geological report for its properties.

Mineral Prices May Not Support Corporate Profit

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered. The price of minerals is volatile over short periods of time, and is affected by numerous factors beyond the control of the Company, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining techniques.

Competition

The mining industry is intensively competitive in all its phases. The Company competes with companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees.

Environmental Regulations

The current and future operations of the Company, including further exploration, development activities and commencement of production on its properties, requires permits from various Canadian and U.S. Federal, Provincial and State governmental authorities.

Such operations are subject to various laws governing land use, the protection of the environment, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, mine safety and other matters. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures, production costs, reduction in levels of production at producing properties, require abandonment or delays in development of new mining properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations.

Uncertainty of Reserves and Mineralization Estimates

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond the control of the Company. The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurance can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to greater uncertainty and metals prices have fluctuated widely in the past. Declines in the market price of base or precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

Foreign Operations

The Company's foreign activities are subject to the risk normally associated with conducting business in foreign countries, including exchange controls and currency fluctuations, limitations on repatriation of earnings, foreign taxation, laws or policies of particular countries, labour practices and disputes, and uncertain political and economic environments, as well as risk of war and civil disturbances, or other risk that could cause exploration or development difficulties or stoppages, restrict the movement of funds or result in the deprivation or loss of contract rights or the taking of property by nationalization or expropriation without fair compensation. Foreign operations could also be adversely impacted by laws and policies affecting foreign trade, investment and taxation. The Company currently has exploration projects located in the U.S.

Operating Hazards and Risks Associated with the Mining Industry

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions are involved. Operations in which the Company has direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. The Company may become subject to liability for cave-ins and other hazards for which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration activities.

Ability to Manage Growth

Should the Company be successful in its efforts to develop its mineral properties or to raise capital for other mining ventures it will experience significant growth in operations. If this occurs management anticipates that additional expansion will be required in order to continue development. Any expansion of the Company's business would place further demands on its management, operational capacity and financial resources. The failure to manage growth effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

Lack of a Dividend Policy

The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of the Company's board of directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the accomplishment of business negotiations by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence on Key Personnel

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries.

Conflict of Interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Lack of Trading Volume

The lack of trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

INFORMATION REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this Management Discussion and Analysis constitute "forward-looking statements". These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Information concerning the interpretation of drill results, mineral resource and reserve estimates and capital cost estimates may also be deemed as forward-looking statements as such information constitutes a prediction of what mineralization might be found to be present and how much capital will be required if and when a project is actually developed. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company

believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward looking statements included in this Management Discussion and Analysis should not be relied upon. These statements speak only as of the date of this Management Discussion and Analysis. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by forward-looking statements contained in this Management Discussion and Analysis. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the supply and demand for, deliveries of, and the level and volatility of prices of mineral commodities under exploration;
- the availability of financing for the Company's exploration and development projects on reasonable terms;
- the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the ability to attract and retain skilled staff;
- market competition;
- the accuracy of our resource estimate (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which it is based; and
- tax benefits and tax rates.

These forward-looking statements involve risks and uncertainties relating to, among other things, risks related to international operations, actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, as well as those factors discussed in the section "Risk Factors". Factors that could cause actual results to differ materially include, but are not limited to, the risk factors discussed in the section. The Company cautions that the foregoing list of important factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forwardlooking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

ADDITIONAL INFORMATION

Additional information regarding the Company can be found at www.sedar.com and the Company's website www.elissaresources.com.

SCHEDULE "C"

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE ISSUER FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

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ELISSA RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)
(Expressed in Canadian Dollars)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

ELISSA RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)
AS AT

	September 30, 2015	December 31, 2014
ASSETS		
Current		
Cash	$ 1,458,354	$ 163,825
Accounts receivable	8,905	5,912
Prepaid expenses and deposits	6,435	21,300
	1,473,694	191,037
Deposits (Note 8)	33,544	33,544
Investment (Note 4)	375,000	110,000
Reclamation deposits (Note 5)	25,681	22,973
Resource properties (Note 5)	2,106,472	1,861,319
	$ 4,014,391	$ 2,218,873
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 7)	$ 132,453	$ 69,079
Shareholders' equity		
Share capital (Note 6)	6,851,659	4,716,779
Obligation to issue shares	-	10,000
Reserve (Note 6)	595,263	301,780
Accumulated other comprehensive income	460,040	234,430
Deficit	(4,025,024)	(3,113,195)
	3,881,938	2,149,794
	$ 4,014,391	$ 2,218,873

Approved and authorized by the Board on November 25, 2015

"G.A. Armstrong" Director *"Paul McKenzie"* Director

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

ELISSA RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	For the three months ended September 30, 2015	For the three months ended September 30, 2014	For the nine months ended September 30, 2015	For the nine months ended September 30, 2014
EXPENSES				
Consulting fees	$ 11,842	$ 887	$ 45,951	$ 14,437
Depreciation	-	1,713	-	5,082
Directors' fees (Note 7)	12,000	-	12,000	-
Insurance	2,246	(17)	9,953	23,922
Investor relations	71,290	1,717	134,061	6,848
Management fees (Note 7)	-	21,000	-	63,000
Office and administration	35,207	23,231	81,859	52,674
Professional fees (Note 7)	20,416	16,001	95,112	52,918
Salaries (Note 7)	48,701	25,680	94,927	80,118
Share-based payments (Notes 6 and 7)	305,169	-	305,169	-
Shareholder communications and filings	4,979	6,739	51,072	35,173
Transaction costs (Note 4)	102,060	-	102,060	-
Travel	10,969	1,161	25,661	5,136
	(624,879)	(98,112)	(957,825)	(339,308)
OTHER INCOME				
Interest income	-	241	-	2,719
Write-off of resource property (Note 5)	-	-	-	(101,368)
Net loss for the period	(624,879)	(97,871)	(957,825)	(437,957)
OTHER COMPREHENSIVE INCOME				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange gain on translating foreign operations	105,727	86,218	225,610	92,439
Comprehensive loss for the period	$ (519,152)	$ (11,653)	$ (732,215)	$ (345,518)
Basic and diluted loss per common share	$ (0.02)	$ (0.01)	$ (0.05)	$ (0.04)
Weighted average number of common shares outstanding	27,537,237	10,701,839	20,674,556	10,676,198

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

ELISSA RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (957,825)	$ (437,957)
Non-cash items:		
Depreciation	-	5,082
Share-based payments	305,169	-
Write-off of mineral property	-	101,368
Changes in non-cash working capital items:		
Accounts receivable	(2,993)	10,372
Prepaid expenses and deposits	15,030	20,327
Accounts payable and accrued liabilities	63,374	(50,327)
	(577,245)	(351,135)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment	(255,000)	-
Purchase of equipment	-	(2,500)
Reclamation deposit	-	32,370
Expenditures on resource properties	(24,125)	(70,020)
	(279,125)	(40,150)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	2,250,936	-
Share issue costs	(101,746)	-
	2,149,190	-
Effect of exchange rate changes on cash	1,709	(698)
Change in cash during the period	1,294,529	(391,983)
Cash, beginning of period	163,825	775,442
Cash, end of period	$ 1,458,354	$ 383,459
Supplementary cash flow information:		
Non-cash transactions:		
Shares issued for resource properties	$ -	$ 7,500
Broker warrants	34,310	-
Shares issued for finder's fees	20,000	-

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

ELISSA RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	Share Capital						
	Number	Amount	Obligation to Issue Shares	Reserve	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2013	10,601,839	$ 4,709,279	$ -	$ 312,609	$ 70,513	$ (2,490,277)	$ 2,602,124
Shares issued for resource properties	100,000	7,500	-	-	-	-	7,500
Expiry of stock options	-	-	-	(10,829)	-	10,829	-
Net loss and comprehensive loss for the period	-	-	-	-	92,439	(437,957)	(345,518)
Balance, September 30, 2014	10,701,839	4,716,779	-	301,780	162,952	(2,917,405)	2,264,106
Shares to be issued for finder's fees (Note 4)	-	-	10,000	-	-	-	10,000
Net loss and comprehensive loss for the period	-	-	-	-	71,478	(195,790)	(124,312)
Balance, December 31, 2014	10,701,839	4,716,779	10,000	301,780	234,430	(3,113,195)	2,149,794
Shares issued for finder's fees (Note 4)	123,809	20,000	(10,000)	-	-	-	10,000
Private placement, net of share issue costs	27,995,801	2,114,880	-	34,310	-	-	2,149,190
Share-based payments	-	-	-	305,169	-	-	305,169
Expiry of stock options	-	-	-	(45,996)	-	45,996	-
Net loss and comprehensive loss for the period	-	-	-	-	225,610	(957,825)	(732,215)
Balance, September 30, 2015	38,821,449	$ 6,851,659	$ -	$ 595,263	$ 460,040	$ (4,025,024)	$ 3,881,938

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Elissa Resources Ltd. and its subsidiaries (collectively, the "Company" or "Elissa") is an exploration stage company. Its principal business activity is the acquisition, exploration and development of resource properties, principally in the United States. Elissa was incorporated under the *Company Act* (British Columbia) on October 11, 2007. The Company maintains its registered office at 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada V6Z 1S4. The Company's principal place of business is 1450 – 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1K8.

During the period ended September 30, 2015, shareholders approved a share consolidation on the basis of one new common share for three common shares. The consolidation has been applied retroactively to all share capital information presented. The Company is in the process of applying for a change of business to transition from a Resource Issuer to a Technology Issuer within the meaning of such terms in the policies of the TSX Venture Exchange ("TSXV"). The change of business is subject to shareholder and regulatory approval.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of its resource properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

The Company will face similar risks as a technology company. The development of unproven technology products requires significant investment and testing before a commercial product may be brought to market.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. The Company reported a net loss of $957,825 (2014 - $437,957) for the period ended September 30, 2015 and had an accumulated deficit of $4,025,024 (December 31, 2014 - $3,113,195) as at September 30, 2015. These circumstances may cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The recovery of amounts capitalized for resource properties at September 30, 2015 in the condensed consolidated interim statements of financial position is dependent upon the ability of the Company to arrange appropriate financing to complete the development and continued exploration of the properties and upon future profitable production or proceeds from their disposition.

The Company's ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or obtain profitable operations. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management may be required to curtail certain discretionary expenses.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting* using accounting policies in compliance with IFRS, as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee.

2. BASIS OF PREPARATION (cont'd…)

Basis of Consolidation and Presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly-controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The condensed consolidated interim financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, Red Hill Energy (US) Inc. ("Red Hill") and 0875514 BC Ltd. All material intercompany transactions have been eliminated upon consolidation. A subsidiary is an entity over which the Company has control, where control indicates exposure or rights to variable returns and the ability to affect those returns through power over the investee.

Use of judgments and estimates

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- The recoverability of the carrying value of the Company's investment

  The fair value of the Company's investment (Note 4) requires management to determine whether there are any indications of impairment. Management evaluates the legal standing of the underlying assets of the investment and reviews the progress and development of the underlying assets in the period when making the assessment of whether there are indications of impairment for the investment.

- The carrying value of resource properties and the recoverability of the carrying value

  Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's resource properties.

  Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economic assessments/studies, accessible facilities and existing permits.

- The determination of the Company's functional currency

  The functional currency of the Company and its subsidiaries is the currency of the primary economic environment, and the Company reconsiders the functional currency if there is a change in events and conditions, which determined the primary economic environment.

The key estimates applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is the provision for income taxes and recognition of deferred income tax assets and liabilities, the valuation of stock options and broker warrants using the Black-Scholes pricing model (Note 6) and fair value of the Company's investment (Note 4), which requires management to make certain estimates regarding the value of those shares in relation to unquoted share prices (Note 10).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual consolidated financial statements for the year ended December 31, 2014.

New standards not yet adopted

IFRS 9 *Financial Instruments* (Revised)

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss; in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's condensed consolidated interim financial statements has not yet been determined.

4. INVESTMENT

During the year ended December 31, 2014, the Company entered into an agreement (the "Agreement") with Spectrum Optix Inc. ("Spectrum"), a private technology development company. Pursuant to the Agreement, the Company has been granted an option to acquire up to a 100% interest in Spectrum, as follows:

First Option: the Company has acquired a 6.6% interest in Spectrum having advanced $200,000;

Second Option: Upon exercise of the First Option, the Company has the right to acquire a further 28.4% interest in Spectrum, for an aggregate interest of 35%, in exchange of the advancement of $2,800,000 towards the development of Spectrum's lens technologies over a three-year period commencing on the date of the Agreement; and

Third Option: Upon exercise of the Second Option, the Company has the right to acquire the remaining interest in Spectrum, for an aggregate interest of 100% in exchange for the issuance by the Company of such number of common shares as equals 35% of the issued and outstanding shares of the Company and such number of conditional warrants to acquire common shares of the Company as equals 35% of the warrants and options then outstanding in the Company.

Following the exercise of the First Option, the Company has continued to pursue the acquisition of Spectrum. The pursuit of the exercise of the Second Option is considered a Change of Business ("COB") in accordance with the policies of the TSXV. The Company's shares have been halted while the COB is under review by the TSXV. During the period ended September 30, 2015, the Company incurred $102,060 in transaction costs related to the COB.

In connection with the Agreement, the Company signed a finder's fee agreement payable as to:

a) $10,000 at the time the Company purchases a 3.3% interest payable in shares (recorded as obligation to issue shares as at December 31, 2014 and issued during the nine months ended September 30, 2015);

b) $10,000 upon the acquisition of a cumulative 6.6% interest payable in shares (issued); and

c) 5% of the number of common shares of the Company issued pursuant to the Third Option; 50% of this portion will be payable in shares and 50% payable in cash, such payment not to exceed $200,000 in cash and $300,000 value in common shares.

As at September 30, 2015, the Company had advanced $355,000 to Spectrum under the terms of the Agreement.

5. RESOURCE PROPERTIES

September 30, 2015	Thor REE
Balance, December 31, 2014	$ 1,861,319
Exploration expenditures	
Staking and maintenance fees	24,125
Foreign exchange on translation	221,028
Property total, September 30, 2015	$ 2,106,472

December 31, 2014	Thor REE	South Standby	Total
Balance, December 31, 2013	$ 1,666,408	$ 59,446	$ 1,725,854
Acquisition costs	-	40,576	40,576
Exploration expenditures			
Geological consulting	3,257	-	3,257
Staking and maintenance fees	20,978	-	20,978
Reclamation costs	13,412	-	13,412
Total addition of exploration expenditures	37,647	-	37,647
Foreign exchange on translation	157,264	2,264	159,528
Write-off of property	-	(102,286)	(102,286)
Property total, December 31, 2014	$ 1,861,319	$ -	$ 1,861,319

Title to resource properties

Although the Company has taken steps to verify the title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Realization of assets

The investment in and expenditures on resource properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims are allowed to lapse.

5. RESOURCE PROPERTIES (cont'd…)

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

Thor REE Property

On March 15, 2009, Red Hill agreed to acquire the Thor REE Property located in southwestern Nevada. In consideration for a 100% interest in the property, Red Hill paid $15,000 and issued 350,000 common shares of Red Hill, fair valued at $140,000. The Company has provided a deposit as security against potential future reclamation work relating to its Thor REE Property. As at September 30, 2015, a total of US $19,758 (2014 - US $19,758) has been lodged with the Nevada Bureau of Land Management.

6. SHARE CAPITAL AND RESERVE

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Period ended September 30, 2015

Shareholders approved a share consolidation on the basis of one new common share for three common shares. The consolidation has been applied retroactively to all share capital information presented.

1) Following approval for the consolidation, the Company completed a private placement of 15,000,000 units at a price of $0.05 per unit for gross proceeds of $750,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.10 until April 16, 2017. The Company issued 488,000 common shares fair valued at $24,400 and paid $18,902 as finders' fees.

2) In September 2015, the Company completed a private placement of 12,507,801 units at a price of $0.12 per unit for gross proceeds of $1,500,936. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.20 until September 21, 2017.

   The Company paid finders' fees of $54,177 and issued 450,640 broker warrants exercisable at a price of $0.20 for a period of two years subject to accelerated expiry provisions. The broker warrants were valued at $34,310 based on a Black-Scholes valuation with a risk-free interest rate of 0.52%, term of 2 years, volatility of 115% and a dividend rate of 0%. The Company incurred other share issue costs of $28,667.

Year ended December 31, 2014

The Company did not complete any private placements in the year ended December 31, 2014.

6. SHARE CAPITAL AND RESERVE (cont'd…)

c) Stock options

The Company has a stock option plan (the "Plan") in place that allows for the reservation of common shares issuable under the Plan to a maximum of 10% of the number of issued and outstanding common shares of the Company at any given time. The exercise price of each option is required to be set at the closing price of the Company's common shares on the trading day prior to the date of grant.

Stock option transactions are summarized as follows:

	Number of Shares		Weighted Average Exercise Price
Balance, December 31, 2013	861,667	$	0.48
Expired	(20,000)		1.02
Balance, December 31, 2014	841,667		0.48
Granted	2,620,000		0.15
Expired	(138,334)		0.43
Balance outstanding and exercisable, September 30, 2015	3,323,333	$	0.22

Stock options outstanding as at September 30, 2015:

	Number	Exercise price	Expiry date
Stock Options	428,333	$ 0.30	October 7, 2015
	150,000	0.81	April 19, 2016
	91,667	0.63	January 6, 2017
	33,333	0.63	February 1, 2017
	2,620,000	0.15	September 21, 2020
	3,323,333		

As at September 30, 2015, the outstanding stock options had a weighted average remaining life of 4.00 (December 31, 2014 - 1.09) years.

d) Share-based payments

During the period ended September 30, 2015, the Company granted 2,620,000 (2014 – Nil) stock options with a weighted average fair value of $0.12 (2014 - $Nil). The Company recognized share-based payments expense of $305,169 (2014 - $Nil) for options granted and vesting during the period.

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the period:

	2015
Risk-free interest rate	0.83%
Expected life of options	5 years
Expected annualized volatility	134.41%
Dividend	-

6. SHARE CAPITAL AND RESERVE (cont'd…)

e) Warrants

Warrant transactions are summarized as follows:

	Number of Shares		Weighted Average Exercise Price
Balance, December 31, 2013 and 2014	4,088,250	$	0.90
Issued	27,958,441		0.15
Balance, September 30, 2015	32,046,691	$	0.24

Warrants outstanding as at September 30, 2015:

	Number	Exercise price	Expiry date
Warrants	4,088,250	$ 0.90	March 4, 2016[1]
	15,000,000	0.10	April 16, 2017
	450,640	0.20	September 16, 2017
	12,507,801	0.20	September 21, 2017

[1] During the year ended December 31, 2014, the Company amended the terms of the warrants issued on March 28, 2011 as part of a private placement. The amendment extends the expiration date of the warrants from March 4, 2013 to March 4, 2016.

7. RELATED PARTY TRANSACTIONS

Management Compensation

Key management personnel comprise the Chief Executive Officer and directors of the Company. The remuneration of the key management personnel is as follows:

		2015		2014
Payments to key management personnel:				
Salaries and short-term benefits	$	94,927	$	72,000
Share-based payments		269,115		-
Directors' fees		12,000		-

During the nine months ended September 30, 2015, the Company was charged management fees of $Nil (2014 - $63,000), accounting fees of $Nil (2014 - $36,000) and rent of $Nil (2014 - $5,055) by a company controlled by a director and officer of the Company. As at September 30, 2015, the amount owed to that company was $216 (December 31, 2014 - $12,078). The amount due to the related party has no specific terms of repayment, is unsecured and non-interest-bearing.

During the nine months ended September 30, 2015, the Company was charged legal fees of $82,288 (2014 - $5,213) by S. Paul Simpson Law Corp., a law firm of which an officer of the Company is an employee.

During the nine months ended September 30, 2015, the Company was charged accounting fees of $29,345 (2014 - $Nil) by a company of which the CFO is a significant shareholder.

As at September 30, 2015, the amount of $80,279 (December 31, 2014 - $36,187) included in accounts payable is due to related parties. All balances are unsecured, non-interest-bearing, have no fixed repayment terms and are due on demand.

8. COMMITMENTS

The Company has a lease agreement for office space. A total of $33,544 has been classified as deposits in the condensed consolidated interim statements of financial position.

The approximate annual minimum lease commitments are as follows:

		Total
2016	$	45,526
2017		46,865
2018		50,770
	$	143,161

9. SEGMENTED INFORMATION

The Company operates in one industry segment, the mineral exploration industry. Geographic segmentation of the Company's long-term assets are as follows:

September 30, 2015		USA		Canada		Total
Deposits	$	-	$	33,544	$	33,544
Reclamation deposit		25,681		-		25,681
Resource properties		2,106,472		-		2,106,472
	$	2,132,153	$	33,544	$	2,165,697

December 31, 2014		USA		Canada		Total
Deposits	$	-	$	33,544	$	33,544
Reclamation deposit		22,973		-		22,973
Resource properties		1,861,319		-		1,861,319
	$	1,884,292	$	33,544	$	1,917,836

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash is carried in the condensed consolidated interim statements of financial position at fair value using a Level 1 fair value measurement. Accounts payable and accrued liabilities are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments.

The Company's investment in Spectrum is valued using a Level 3 fair value measurement. The Company evaluates the fair value of the investment in the equity of Spectrum by reference to recent equity placements in Spectrum, based on negotiated prices between the Company and Spectrum, an unrelated party, and by evaluating the fair value changes relative to changes in Spectrum's net assets.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Financial risk factors

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with a high-credit quality financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2015, the Company had a working capital of $1,341,241 (December 31, 2014 - $121,958). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial asset exposed to interest rate risk consists of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes the interest rate risk is low given the current low global interest rate environment.

b) Foreign currency risk

The Company's property development and exploration work occurs in the USA in US dollars. As such, the Company is exposed to foreign currency risk in fluctuations. Fluctuations in the exchange rate between the Canadian dollar and US dollar may have a material adverse effect on the Company's business and financial condition.

As at September 30, 2015, the Company's net foreign denominated financial assets are as follows:

	Foreign currency	Canadian dollar equivalent
US dollar	$ 2,368	$ 3,078

Based on the above, assuming all other variables remain constant, a 5% weakening or strengthening of the Canadian dollar against the US dollar would result in an increase/decrease of approximately $154 (December 31, 2014 - $1,324) in the Company's net loss.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The Company closely monitors commodity prices to determine the appropriate strategic action to be taken by the Company.

11. CAPITAL MANAGEMENT

The Company's capital management policy is to maintain a strong but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity of $3,881,938 (December 31, 2014 - $2,149,794). In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek additional debt financing and adjust its capital spending to manage current and working capital requirements. The Company is not subject to externally imposed capital requirements.

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

SCHEDULE "D"

MD&A OF THE ISSUER FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

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ELISSA RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

1450 – 700 West Georgia Street
Vancouver, BC
V7Y 1K8
Tel: 604-669-7330

Set out below is a review of the activities, results of operations and financial condition of Elissa Resources Ltd. ("ELI", "Elissa", or the "Company") and its subsidiaries for the three and nine months ended September 30, 2015. The discussion below should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the period ended September 30, 2015 and consolidated financial statements for the year ended December 31, 2014. Those consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as at November 25, 2015.

The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol ELI.

Additional information related to the Company is available on SEDAR at www.sedar.com and the Company's website at www.elissaresources.com.

BACKGROUND AND CORE BUSINESS

Elissa Resources Ltd. and its subsidiaries (collectively, the "Company" or "Elissa") is an exploration stage company. Its principal business activity is the acquisition, exploration and development of resource properties, principally in the United States. Elissa was incorporated under the Company Act (British Columbia) on October 11, 2007 under the name Elissa Energy Inc. On February 5, 2010, the Company changed its name to Elissa Resources Ltd. The Company maintains its registered office at 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada V6Z 1S4.

The Company has historically been focused on mineral exploration and its principal asset is the Thor REE Property in southwestern Nevada. The Company has identified a significant business opportunity in a private technology development company, Spectrum Optix Inc. The Company is pursuing a change of business to become a Technology Issuer.

COMPANY HIGHLIGHTS

Agreement with Spectrum Optix Inc.

The Company has entered into a multi-stage, option agreement ("Agreement") with Spectrum Optix Inc. ("Spectrum"), a private technology development company, headquartered in Calgary, Alberta. To date, the Company has earned a 6.6% interest in Spectrum by advancing $200,000 ($355,000 in total advanced as at September 30, 2015). Details of the Agreement are included in the accompanying unaudited condensed consolidated financial statements for the period ended September 30, 2015.

Spectrum is developing technologies relating to imagery and light concentration for lens and image capture based systems. Spectrum's core, patent pending technology is focused on a novel approach to collecting and concentrating an electromagnetic wave, such as a visible light, and, if required by the application, maintaining the original image at high levels of quality and compactness. Spectrum's technology employs flat surfaces and holds potential for significant consolidation to the length of lens stacks found in traditional light capture based systems such as cameras and telescope lenses in addition to potential improvements to quality, clarity and resolution of imagery. Due to anticipated reductions to the length of the lens stacks and the employment of flat surfaces, a potential decrease of lens manufacturing costs and the cost of the surrounding hardware is quite possible. Imaging applications are being explored by Spectrum that utilize both pre- and post-optical imaging solution improvements.

Spectrum has executed and reviewed initial optical simulations using its core technology. Spectrum is currently pursuing the targeted development of its first lens system for imaging. The next phase of optical modelling and engineering will is focusing on enhancing image resolution performance for its first lens system. This includes testing image and energy retention abilities across multiple wavelengths while maintaining Spectrum's compact lens stack design. Results have been verified on a precision optical workbench in addition to computer modeling using advanced optical software.

Upon finalization of these initial prototype phases, Spectrum will thereafter move onto additional phases of its first working prototype build. The company's primary objective, post prototype, will be to begin incorporating its technologies into multiple verticals within a variety of industries. A comprehensive market and industry cost and impact analysis will be conducted by Spectrum, at which point the company would intend to enter into application-specific, license agreements and arrangements with established corporations.

Spectrum is currently seeking patent protection for its core optical technologies, In September of 2015 Spectrum filed its first provisional patent application. The first provisional patent application outlines its core technology, which contains flat lenses, and how it may be used in an imaging method to obtain a quality image with a compact lens system, among other features. Spectrum engaged Christie Parker Hale LLP, an established U.S. intellectual property law firm, to assist in developing the company's intellectual property patents and additional patent strategies. Risks associated with patentability and other aspects of the patenting processes can be found in the *Risk Factors* section of this document.

Proposed Change of Business and Financing

The Company is currently halted from trading in its shares pending a change of business applicable with the TSX-V to transition from a Resource Issuer to a Technology Issuer (as defined by the policies of the TSX-V).

The Company's near term focus will be to continue exercising its options to acquire, in the aggregate, 100% of Spectrum. The Company has entered into a sponsorship agreement with Haywood Securities Inc. as per its current Change of Business. (the "COB")

Upon completion of the COB, Elissa intends to change its name to Nexoptic Technology Corp., or such other name as the board of directors may determine. The TSX-V will assign a new trading symbol at the time of a formal name change.

Elissa completed a private placement of 12,507,801 units of Elissa (the "Units") at an issue price of $0.12 per Unit, for gross proceeds of $1,500,936 (the "Private Placement"). Each Unit is comprised of one common share in the capital of Elissa (the "Elissa Shares") and one common share purchase warrant (each a "Warrant").

Each Warrant will entitle the holder to purchase one additional Elissa Share at an exercise price of $0.20 for a period of two years from the date of issuance of the Units. If, during this two year period and after the expiry of the 4 month hold period on the Elissa Shares and the Warrants, the closing price of the Elissa Shares is at least $0.40 for a period of 10 consecutive trading days, Elissa may, at its option, accelerate the expiry date of the Warrants by issuing a news release and giving written notice thereof all holders of Warrants, and, in such case, the Warrants will expire on the earlier of: (i) the 30th day after the date on which the news release is disseminated by Elissa; and (ii) the original expiry date.

The net proceeds from the Private Placement are intended to primarily be used to fund Elissa's further investment in Spectrum pursuant to the terms of the Investment Agreement and for general working capital purposes. Finders' fees of 8% cash and 8% broker warrants were paid on some portions of the Private Placement. In aggregate, $54,177 in cash and 450,640 broker warrants were issued having the same terms as those issued in the Private Placement.

Stock options

The Company granted an aggregate 2,620,000 stock options to directors, officers and consultants at an exercise price of $0.15 per share and a term of 5 years.

RESOURCE PROPERTIES

THOR RARE EARTH PROPERTY

On December 15, 2009, the Company's 100% owned subsidiary, Red Hill Energy (US) Inc., agreed to acquire the Thor REE Property located in southwestern Nevada. The Company has provided a deposit as security against potential future reclamation work relating to its Thor REE Property. As at September 30, 2015, a total of US $19,758 (December 31, 2014 - US $19,758) has been lodged with the Nevada office of the U.S. Bureau of Land Management.

Historic exploration information is available on previous filings. During the nine months ended September 30, 2015, the Company continued to review its geological data, perform reclamation work and pay annual Bureau of Land Management maintenance fees on the claims.

Expenditures on resource properties are as follows:

September 30, 2015	Thor REE
Balance, December 31, 2014	$ 1,861,319
Exploration expenditures	
Staking and maintenance fees	24,125
Foreign exchange on translation	221,028
Property total, September 30, 2015	$ 2,106,472

December 31, 2014	Thor REE	South Standby	Total
Balance, December 31, 2013	$ 1,666,408	$ 59,446	$ 1,725,854
Acquisition costs	-	40,576	40,576
Exploration expenditures			
Geological consulting	3,257	-	3,257
Staking and maintenance fees	20,978	-	20,978
Reclamation costs	13,412	-	13,412
Total addition of exploration expenditures	37,647	-	37,647
Foreign exchange on translation	157,264	2,264	159,528
Write-off of property	-	(102,286)	(102,286)
Property total, December 31, 2014	$ 1,861,319	$ -	$ 1,861,319

Mel Klohn, P.Geo, a Qualified Person under the meaning of Canadian National Instrument 43-101, is a consultant to the Company and responsible for the technical content of this Management's Discussion and Analysis.

OUTLOOK

The Company's focus in the near term will be advancing its interest under the Spectrum Agreement and completing the COB.

The Company considers the Thor REE Project to be a significant asset. Should the Company's COB be successful, the Company would contemplate the sale of the Thor REE Project.

Summary of Quarterly results

	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Interest income	-	-	-	-
Net loss for the period	(624,879)	(239,939)	(93,007)	(195,790)
Comprehensive income (loss) for the period	(519,152)	(287,405)	74,342	(124,312)
Basic and diluted loss per share	(0.02)	(0.01)	(0.01)	(0.01)

	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Interest income	241	685	2,034	2,729
Net loss for the period	(97,871)	(221,045)	(119,041)	(184,091)
Comprehensive loss for the period	(11,653)	(284,498)	(49,067)	(127,609)
Basic and diluted loss per share	(0.01)	(0.01)	(0.00)	(0.01)

Results of Operations for the three month period ended September 30, 2015 compared to 2014

The comprehensive loss for the three month period ended September 30, 2015 was $624,879 (2014 – $97,871). Significant changes to the comprehensive loss are explained as follows:

- Consulting fees increased to $11,842 (2014 - $887) for compensation paid to the CFO appointed in November 2014.
- Directors' fees of $12,000 (2014 - $Nil) have been accrued for services provided by the directors of the Company, with the exception of the CEO.
- Investor relations expense increased to $71,290 (2014 - $1,717) for a communications consultant engaged by the Company in the current period.
- The President has suspended invoicing the Company resulting in a decline to management fees of $Nil (2014 - $21,000) for the current period.
- Office and administration has increased by $11,976 to $35,207 (2014 - $23,231) resulting from an increased rent expense and activity in the current period pursuant to the COB.
- Share-based payments of $305,169 (2014 - $Nil) in the current period relate to the valuation of stock options granted and vesting.
- Transaction costs of $102,060 (2014 - $Nil) relate to specific costs for professional fees, filing fees and assurance work with respect to the COB.

Results of Operations for the nine month period ended September 30, 2015 compared to 2014

The comprehensive loss for the nine month period ended September 30, 2015 was $732,215 (2014 –$345,518). Significant changes to the comprehensive loss are explained as follows:

- Consulting fees increased to $45,951 (2014 - $14,437) for compensation paid to the CFO appointed in November 2014 and for services provided by Smart & Biggar in review of Spectrum's intellectual property.
- Directors' fees of $12,000 (2014 - $Nil) have been accrued for services provided by the directors of the Company, with the exception of the CEO.
- Investor relations expense increased to $134,061 (2014 - $6,848) for a communications consultant engaged by the Company in the current period and investor outreach services.
- The President has suspended invoicing the Company resulting in a decline to management fees of $Nil (2014 - $63,000) for the current period.
- Office and administration has increased by $29,185 to $81,859 (2014 - $52,674) resulting from an increased rent expense and additional activity pursuant to the COB.
- Professional fees increased by $42,194 to $95,112 (2014 - $52,918) as there have been additional costs associated with the Spectrum Agreement and potential changes to the Company's focus.
- Share-based payments of $305,169 (2014 - $Nil) in the current period relate to the valuation of stock options granted and vesting.
- Shareholder communications and filings increased by $15,899 to $51,072 (2014 - $35,173) as there have been additional costs with the share consolidation and unfavourable foreign exchange on the OTCQX annual fees.
- Transaction costs of $102,060 (2014 - $Nil) relate to specific costs for professional fees, filing fees and assurance work with respect to the COB.
- Write-off of resource property of $Nil (2014 – $101,368) due to the write-off of the South Standby Property in 2014.

LIQUIDITY AND CAPITAL RESOURCES

Cash has increased by $1,294,529 to $1,458,354 at September 30, 2015 from a balance of $163,825 as at December 31, 2014. The Company had working capital of $1,341,241 as at September 30, 2015.

Overall cash utilization for operating activities increased from 2014 to 2015. In 2015, the Company expended $577,245 in operating activities as compared to $351,135 in 2014. The increase is consist with the increase in transaction costs, professional fees and investor relations expenses in the period resulting from the COB and Spectrum Agreement.

Investing activities resulted in a net cash outflow of $279,125 in 2015 of which $255,000 was forwarded to Spectrum pursuant to the Agreement. Expenditures of $24,125 relate to the annual maintenance fees on the Thor Property. Investing activities consumed $40,150 in 2014 related predominantly to exploration and evaluation activities net of a refund of $32,370 from the return of a reclamation deposit.

The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing.

Management is actively targeting sources of additional financing through alliances with financial entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

During the period ended September 30, 2015, the Company received shareholder approval to complete a share consolidation on the basis of one new common share for each three common shares outstanding.

In the nine months ended September 30, 2015, the Company generated $2,149,190 from financing activities including two private placements. There was no comparable activity in the prior period.

Management will apply funds from the private placements for investment according to the agreement with Spectrum over the short term and for working capital. Additional funds will be required to satisfy the investment in the Spectrum agreement, invest in the Thor REE property and to maintain general working capital. The contractual commitments of the Company are not significant and the Company may sustain operations by reducing overhead and delaying investment.

OUTSTANDING SHARE DATA

At the date of this report the Company has 38,821,449 issued and outstanding common shares, 3,323,333 outstanding stock options with a weighted average exercise price of $0.22 and 32,046,691 warrants with a weighted average exercise price of $0.24.

OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

At September 30, 2015, the Company had no material off statement of financial position arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions in process other than as discussed elsewhere in this document.

RELATED PARTY TRANSACTIONS

Key management personnel comprise the Chief Executive Officer and directors of the Company. The remuneration of the key management personnel is as follows:

		2015		2014
Payments to key management personnel:				
Salaries and short-term benefits	$	94,927	$	72,000
Share-based payments		269,115		-
Directors' fees		12,000		-

During the nine months ended September 30, 2015, the Company was charged management fees of $Nil (2014 - $63,000), accounting fees of $Nil (2014 - $36,000) and rent of $Nil (2014 - $5,055) by a company controlled by a director and officer of the Company. As at September 30, 2015, the amount owed to that company was $216 (December 31, 2014 - $12,078). The amount due to the related party has no specific terms of repayment, is unsecured and non-interest-bearing.

During the nine months ended September 30, 2015, the Company was charged legal fees of $82,288 (2014 - $5,213) by S. Paul Simpson Law Corp., a law firm of which an officer of the Company is an employee.

During the nine months ended September 30, 2015, the Company was charged accounting fees of $29,345 (2014 - $Nil) by a company of which the CFO is a significant shareholder.

As at September 30, 2015, the amount of $80,279 (December 31, 2014 - $36,187) included in accounts payable is due to related parties. All balances are unsecured, non-interest-bearing, have no fixed repayment terms and are due on demand.

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in notes 2 and 3 of its consolidated financial statements for the year ended December 31, 2014. The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates. Management considers the following estimates to be the most critical in understanding the judgments and estimates that are involved in the preparation of the Company's consolidated financial statements and the uncertainties that could impact the results of operations, financial condition and cash flows:

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- The recoverability of the carrying value of the Company's investment

  The fair value of the Company's investment in Spectrum requires management to determine whether there are any indications of impairment. Management evaluates the legal standing of the underlying assets of the investment and reviews the progress and development of the underlying assets in the period when making the assessment of whether there are indications of impairment for the investment.

- The carrying value of resource properties and the recoverability of the carrying value

  Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's resource properties.

  Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economic assessments/studies, accessible facilities and existing permits.

- The determination of the Company's functional currency

  The functional currency of the Company and its subsidiaries is the currency of the primary economic environment, and the Company reconsiders the functional currency if there is a change in events and conditions, which determined the primary economic environment.

The key estimates applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is the provision for income taxes and recognition of deferred income tax assets and liabilities, the valuation of stock options and broker warrants using the Black-Scholes pricing model, and fair value of the Company's investment in Spectrum, which requires management to make certain estimates regarding the value of those shares in relation to unquoted share prices (refer to *Financial Instruments and Other Instruments*).

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2014.

New standards not yet adopted

IFRS 9 *Financial Instruments (Revised)*

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial instruments: recognition and measurement*. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's condensed consolidated interim financial statements has not yet been determined.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments

Cash is carried in the statement of financial position at fair value using a level 1 fair value measurement. Receivables, accounts payable and accrued liabilities are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short term nature of the financial instruments.

The Company's investment in Spectrum is valued using a level 3 fair value measurement. The Company evaluates the fair value of the investment in the equity of Spectrum by reference to recent equity placements in Spectrum, based on negotiated prices between the Company and Spectrum, an unrelated party, and by evaluating the fair value changes relative to changes in Spectrum's net assets.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with a high-credit quality financial institution.

Receivables mainly consist of government sales tax ("GST") receivable from the Government of Canada. The Company believes that the credit risk concentration with respect to receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2015, the Company had a working capital of $1,341,241 (December 31, 2014 - $121,958). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes the interest rate risk is low given the current low global interest rate environment.

b) Foreign currency risk

The Company's property development and exploration work occurs in the USA in US dollars. As such, the Company is exposed to foreign currency risk in fluctuations. Fluctuations in the exchange rate between the Canadian dollar and US dollar may have a material adverse effect on the Company's business and financial condition.

As at September 30, 2015, the Company's net foreign denominated financial assets are as follows:

	Foreign currency	Canadian dollar equivalent
US Dollar	$ 2,368	$ 3,078

Based on the above, assuming all other variables remain constant, a 5% weakening or strengthening of the Canadian dollar against the US dollar would result in an increase/decrease of approximately $154 (December 31, 2014 - $1,324) in the Company's net loss.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The Company closely monitors commodity prices to determine the appropriate strategic action to be taken by the Company.

RISK FACTORS

The principal activity of the Company will be, for the present and near term, to continue exercising its options to acquire, in the aggregate, 100% of Spectrum Optix as per its proposed Change of Business from a TSX-V Mining Issuer to a TSX-V Technology Issuer. As per its mineral resource holdings (the Thor Rare Earth Project in Nevada), mineral exploration is inherently risky. There is intensive government legislation from state, provincial, federal, municipal and aboriginal governments, surrounding the exploration for and production of minerals from our and any mining operations. Exploration and development is also capital intensive and the Company currently has no source of income. Only the skills of its management and staff in mineral exploration and exploration financing serve to mitigate these risks, and therefore constitute one of the main assets of the Company. Additionally, the Company diligently continues with its COB processes in relation to the Agreement with Spectrum Optix Inc.

The Company has its cash deposited with a large, federally insured, commercial bank which it believes to be creditworthy. Federal deposit insurance covers deposit balances up to $100,000. Therefore, the majority of the Company's cash on deposit exceeds federal deposit insurance available.

Spectrum Agreement

As per the current Change of Business, the Company has identified several new risk factors which will be significant to investors:

- the Company may not have access to financing on acceptable terms or at all in order to exercise the options under the Agreement;
- the Company and Spectrum (the "Companies") may not receive all necessary regulatory approvals;
- the funding contemplated by the Agreement may not be sufficient to substantially develop Spectrum's technologies or to fund the patent process in any or all jurisdictions of interest;
- Spectrum may fail to complete its first prototype vertical when expected or at all;
- the conditions to the options under the Agreement may not be otherwise satisfied or the Companies may not complete all other necessary documentation;
- the patent application and approval process is lengthy and its outcome cannot be predicted in advance such that the filing of patent applications may not result in Spectrum being granted any patents when expected or at all;
- some aspects of Spectrum's technology may not be eligible for patent protection or patent applications may not be filed or prosecuted;
- patent protection is limited to only the legal jurisdictions in which patent applications are filed and successfully prosecuted to issuance;
- third parties may seek to challenge any patents Spectrum or the Companies receive or they may have difficulty licensing or enforcing intellectual property rights; and
- other risks inherent with the patent process, transactions of this type and development of new technologies or the business of Spectrum and/or Elissa.

Title

Title to mineral properties, as well as the location of boundaries on the grounds may be disputed. Moreover, additional amounts may be required to be paid to surface right owners in connection with any mining development. At all of such properties where there are current or planned exploration activities, the Company believes that it has either contractual, statutory, or common law rights to make such use of the surface as is reasonably necessary in connection with those activities. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to its properties will not be challenged or impaired.

Successful challenges to the title of the Company's properties could impair the development of operations on those properties.

The Company's properties include unpatented mining claims, patented mining claims, and mineral rights on private lands. The Company's properties on unpatented mining claims, is land owned and administered by the U.S. government. A valid unpatented mining claim is an interest in real property that can be bought, sold, mortgaged, devised, leased and taxed, but it is always subject to the paramount title of the U.S. and the rights of third parties to use the surface of the claim in a manner that does not unreasonably interfere with the claimant's activities. Unpatented mining claims are mining claims located and staked on available federal public domain land in accordance with the U.S. General Mining Law of 1872, with dimensions not to exceed 600 feet by 1500 feet for lode claims (which constitute the great majority of the Company's unpatented mining claims), or 20 acres for placer claims. The process of locating an unpatented mining claim is initiated by the locator. Unpatented mining claims can be staked without any invitation from or grant by the federal government or any state government. A valid unpatented mining claim must include a discovery of valuable minerals. Prior to discovery, however, a mining claimant has a possessory right to conduct mineral exploration and development activities on the claim. The locator of a valid unpatented mining claim has the right to explore for, develop and mine minerals discovered on the claim, subject to compliance with the annual maintenance requirements of the U.S. Federal Land Policy and Management Act of 1976, which currently requires timely payment of an annual maintenance fee in order to maintain an unpatented mining claim. Unpatented mining claims are unique property interests, and are generally considered to be subject to greater title risk than private real property interests because the validity of unpatented mining claims is often uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations that supplement the U.S. General Mining Law of 1872. Also, unpatented mining claims and related rights, such as rights to use the surface, are always subject to possible challenges by third parties or contests by the federal government. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law. In addition, there are few public records that definitively control the issues of validity and ownership of unpatented mining claims.

In recent years, the U.S. Congress has considered a number of proposed amendments to the General Mining Law, as well as comprehensive reform legislation. Although no such legislation has been adopted to date, there can be no assurance that such legislation will not be adopted in the future. If ever adopted, such legislation could, among other things, impose royalties on production from currently unpatented mining claims located on federal lands. If such legislation is ever adopted, it could have an adverse impact on earnings from the Company's operations, and it could reduce estimates of the Company's present resources and the amount of the Company's future exploration and development activity on federal lands.

Permits and Licenses

Although the Company either currently holds or has applied for or is about to apply for all consents which it requires in order to carry out its current drilling programs, the Company cannot be certain that it will receive the necessary permits and licenses on acceptable terms or at all, in order to conduct further exploration and to develop its properties. The failure to obtain such permits, or delays in obtaining such permits could adversely affect the operations of the Company. Government approvals and permits are currently and may in the future be required in connection with the operations of the Company. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

Exploration and Development Efforts May Be Unsuccessful

There is no certainty that the expenditures to be made by the Company in the exploration and development of its properties as described herein will result in discoveries of mineralized material in commercial quantities. Most exploration and development projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery of ore reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of reserves, mineable deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Lack of Cash Flow

None of the Company's properties have advanced to the commercial production stage and the Company has no history of earnings or cash flow from operations. The Company does not expect to generate material revenue from mining operations or to achieve self-sustaining commercial mining operations for several years.

The Company has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. Historically, the only source of funds available to the Company is through the sale of its securities. Future additional equity financing would cause dilution to current shareholders.

No Mineral Resources or Reserves in Production

The properties in which the Company has an interest or right to earn an interest are in the exploration or pre-development stages only and are without a known body of ore in commercial production.

Uncertainty of Obtaining Additional Funding Requirements

Programs planned by the Company may necessitate additional funding, which could cause a dilution of the value of the investment to the shareholders of the Company. The recuperation value of mining properties indicated in the balance sheet depends on the discovery of mineralization that can be profitably exploited and on the Company's capacity to obtain additional funds in order to realize these programs.

The Company's exploration activities can therefore be interrupted at any moment if the Company is incapable of obtaining the necessary funds in order to continue any additional activities that are necessary and that are not described in the exploration programs outlined in the Company's geological report for its properties.

Mineral Prices May Not Support Corporate Profit

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered. The price of minerals is volatile over short periods of time, and is affected by numerous factors beyond the control of the Company, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining techniques.

Competition

The mining industry is intensively competitive in all its phases. The Company competes with companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees.

Environmental Regulations

The current and future operations of the Company, including further exploration, development activities and commencement of production on its properties, requires permits from various Canadian and U.S. Federal, Provincial and State governmental authorities.

Such operations are subject to various laws governing land use, the protection of the environment, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, mine safety and other matters. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures, production costs, reduction in levels of production at producing properties, require abandonment or delays in development of new mining properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations.

Uncertainty of Reserves and Mineralization Estimates

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond the control of the Company. The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurance can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to greater uncertainty and metals prices have fluctuated widely in the past. Declines in the market price of base or precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

Foreign Operations

The Company's foreign activities are subject to the risk normally associated with conducting business in foreign countries, including exchange controls and currency fluctuations, limitations on repatriation of earnings, foreign taxation, laws or policies of particular countries, labour practices and disputes, and uncertain political and economic environments, as well as risk of war and civil disturbances, or other risk that could cause exploration or development difficulties or stoppages, restrict the movement of funds or result in the deprivation or loss of contract rights or the taking of property by nationalization or expropriation without fair compensation. Foreign operations could also be adversely impacted by laws and policies affecting foreign trade, investment and taxation. The Company currently has exploration projects located in the U.S.

Operating Hazards and Risks Associated with the Mining Industry

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions are involved. Operations in which the Company has direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. The Company may become subject to liability for cave-ins and other hazards for which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration activities.

Ability to Manage Growth

Should the Company be successful in its efforts to develop its mineral properties or to raise capital for other mining ventures it will experience significant growth in operations. If this occurs management anticipates that additional expansion will be required in order to continue development. Any expansion of the Company's business would place further demands on its management, operational capacity and financial resources. The failure to manage growth effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

Lack of a Dividend Policy

The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of the Company's board of directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the accomplishment of business negotiations by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence on Key Personnel

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries.

Conflict of Interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Lack of Trading Volume

The lack of trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

INFORMATION REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this Management Discussion and Analysis constitute "forward-looking statements". These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Information concerning the interpretation of drill results, mineral resource and reserve estimates and capital cost estimates may also be deemed as forward-looking statements as such information constitutes a prediction of what mineralization might be found to be present and how much capital will be required if and when a project is actually developed. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward looking statements included in this Management Discussion and Analysis should not be relied upon. These statements speak only as of the date of this Management Discussion and Analysis. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by forward-looking statements contained in this Management Discussion and Analysis. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- expectations concerning completion of the transactions contemplated under the Agreement;
- the potential applications of Spectrum's technologies;
- the timing and expenditures required to develop such technologies, including development of Spectrum's first prototype vertical;
- the ability of the Companies to procure patent or other intellectual property protection for its technologies and to license or enforce such patents, if any;
- the supply and demand for, deliveries of, and the level and volatility of prices of mineral commodities under exploration;
- the availability of financing for the Company's exploration and development projects on reasonable terms;
- the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the ability to attract and retain skilled staff;
- market competition;
- the accuracy of our resource estimate (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which it is based; and
- tax benefits and tax rates.

These forward-looking statements involve risks and uncertainties relating to, among other things, risks related to international operations, actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, as well as those factors discussed in the section "Risk Factors". Factors that could cause actual results to differ materially include, but are not limited to, the risk factors discussed in the section. The Company cautions that the foregoing list of important factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

ADDITIONAL INFORMATION

Additional information regarding the Company can be found at www.sedar.com and the Company's website www.elissaresources.com.

SCHEDULE "E"

AUDITED FINANCIAL STATEMENTS OF THE TARGET FOR THE PERIOD ENDED DECEMBER 31, 2014

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Spectrum Optix Inc.

FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

FOR THE PERIOD FROM INCORPORATION
ON NOVEMBER 10, 2014 TO DECEMBER 31, 2014

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SPECTRUM OPTIX INC.

We have audited the accompanying financial statements of Spectrum Optix Inc., which comprise the statement of financial position as at December 31, 2014 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from incorporation on November 10, 2014 to December 31, 2014, and a summary of significant accounting policies and other explanatory information.

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

Auditors' Responsibility
Our responsibility is to express an opinion on the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Spectrum Optix Inc. as at December 31, 2014, and its financial performance and its cash flows for the period from incorporation on November 10, 2014 to December 31, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe Ratcliffe LLP

Chartered Professional Accountants

Vancouver, British Columbia
August 10, 2015

7th Floor 355 Burrard St
Vancouver, BC V6C 2G8

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Fax: 604 688 4675
smytheratcliffe.com

SPECTRUM OPTIX INC.
STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian dollars)
AS AT DECEMBER 31

		2014
ASSETS		
Current		
Cash	$	84,689
Receivables (Note 6)		999
	$	85,688
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$	8,761
Shareholders' equity		
Share capital (Note 5)		1,000
Obligation to issue shares (Note 4)		100,000
Deficit		(24,073)
		76,927
Total liabilities and shareholders' equity	$	85,688

On behalf of the Board on August 10, 2015

"John Daugela" Director

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

SPECTRUM OPTIX INC.
STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	For the period from incorporation on November 10, 2014 to December 31, 2014
OPERATING EXPENSES	
Bank charges and interest	$ 54
Consulting fees (Note 6)	8,850
Office and administration	1,117
Research and development (Note 6)	14,006
Travel	46
Loss and comprehensive loss for the period	$ (24,073)
Basic and diluted loss per common share	$ (24)
Weighted average number of common shares outstanding	1,000

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

SPECTRUM OPTIX INC.
STATEMENT OF CASH FLOWS
(Expressed in Canadian dollars)

	For the period from incorporation on November 10, 2014 to December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss for the period	$ (24,073)
Changes in non-cash working capital item:	
Accounts payable and accrued liabilities	8,761
Net cash used in operating activities	(15,312)
CASH FLOWS FROM FINANCING ACTIVITY	
Proceeds from issuance of common shares	1
Obligation to issue shares	100,000
Net cash provided by financing activity	100,001
Change in cash for the period	84,689
Cash, beginning of period	-
Cash, end of period	$ 84,689

Significant non-cash investing and financing activities:

During the period ended December 31, 2014, the Company issued 1,000 common shares for subscriptions receivable of $999.

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

SPECTRUM OPTIX INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Share capital				
	Number	Amount	Obligation to issue shares	Deficit	Total
Balance at November 10, 2014	-	$ -	$ -	$ -	$ -
Issuance of common shares	1,000	1,000	-	-	1,000
Obligation to issue shares	-	-	100,000	-	100,000
Loss for the period	-	-	-	(24,073)	(24,073)
Balance, December 31, 2014	1,000	$ 1,000	$ 100,000	$ (24,073)	$ 76,927

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Spectrum Optix Inc. (the "Company") was incorporated on November 10, 2014 under the laws of Alberta. The Company's registered and records office address and principal place of business is 19 Wentworth Manor SW, Calgary, Alberta, T3H 5K5.

The Company is focused on developing technologies relating to novel imagery and light concentration for lens and image capture based systems. The Company's core technology is focused on a novel approach to collecting and concentrating an electromagnetic wave, such as a visible light, and, if required by the application, maintaining the original image at high levels of quality and compactness. As December 31, 2014, no products are in commercial production or use.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") assuming the Company will continue on a going-concern basis. The Company has incurred losses and negative operating cash flows since inception. The Company incurred a loss of $24,073 during the period ended December 31, 2014. The ability of the Company to continue as a going concern in the long-term depends upon its ability to develop profitable operations and to continue to raise adequate financing. As at December 31, 2014, the Company has not advanced its research into a commercially viable product. The Company's continuation as a going concern is dependent upon the successful development of its technologies to a commercial standard. Management is actively targeting sources of additional financing which would assure continuation of the Company's operations and research programs. These conditions indicate the existence of material uncertainties, which may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

Basis of Presentation

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both. Significant assumptions about the future and other sources of estimation uncertainty 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 that have been made that relate to the following key estimates:

2. BASIS OF PRESENTATION (cont'd…)

Income taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the provision for income taxes.

3. SIGNIFICANT ACCOUNTING POLICIES

Provisions

Provisions are recorded when a present legal, statutory or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, if the effect is material, its carrying amount is the present value of those cash flows.

Research and development costs

Expenditures on research and development activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred. Investment tax credits related to current expenditures are included in the determination of net income as the expenditures are incurred when there is reasonable assurance they will be realized.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. These criteria will be deemed by the Company to have been met when revenue is received by the Company and a determination that it has sufficient resources to market and sell its product offerings. Upon a determination that the criteria to capitalize development expenditures have been met, the expenditures capitalized will include the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures will be expensed as incurred.

Capitalized development expenditures will be measured at cost less accumulated amortization and accumulated impairment losses. No development costs have been capitalized to date.

Equity instruments

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from shareholders' equity.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss. The Company's cash is classified as fair value through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. 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. Loans and receivables comprise subscriptions receivable.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

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 a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing the instrument in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method.

The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the weighted-average method.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standards not yet adopted

Certain pronouncements have been issued by the IASB that are mandatory for future accounting years. The Company has not assessed the impact from adopting this standard.

IFRS 9 Financial Instruments (2014)

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 9 is effective for the Company's annual period beginning January 1, 2018.

4. BINDING LETTER OF INTENT

On November 18, 2014 the Company entered into a Letter of Intent ("LOI") with Elissa Resources Ltd. ("Elissa"), a public company listed on the TSX Venture Exchange. Pursuant to the LOI, Elissa has been granted three options in order to acquire up to a 100% interest in the Company, as follows:

First Option: Elissa has the right to acquire a 6.6% interest in the Company in exchange for the payment of $200,000. As at December 31, 2014, Elissa has paid $100,000 which has been recorded as an obligation to issue shares. Subsequent to December 31, 2014, Elissa completed the First Option and was issued 71 common shares representing 6.6% of the outstanding common shares of the Company.

Second Option: Upon exercise of the First Option, Elissa has the right to acquire a further 28.4% interest in the Company, for an aggregate interest of 35%, in exchange for the advancement of $2,800,000 towards the development of the Company's lens technologies over a three-year period commencing on the date of the LOI.

Third Option: Upon exercise of the Second Option, Elissa has the right to acquire the remaining interest in the Company, for an aggregate interest of 100% in exchange for the issuance by Elissa of such number of common shares as equals 35% of the issued and outstanding shares of Elissa and such number of conditional warrants to acquire common shares of Elissa as equals 35% of the warrants and options then outstanding of Elissa.

5. SHAREHOLDERS' EQUITY

Share capital

Authorized:

Unlimited number of common shares
Unlimited number of preferred shares

Issued:

During the period from incorporation on November 10, 2014 to December 31, 2014, the Company issued 1,000 common shares at $1 per common share as the initial capitalization of the Company.

6. RELATED PARTY TRANSACTIONS

Key management personnel of the Company include the President and significant shareholders of the Company. Compensation paid to key management personnel are as follows:

	For the period from incorporation on November 10, 2014 to December 31, 2014	
Research and development	$	11,250
Consulting fees		8,750
Total compensation	$	20,000

As at December 31, 2014, there was an amount of $5,000 included in accounts payable and accrued liabilities due to related parties with respect to the above transactions and $450 included in accounts payable and accrued liabilities due to related parties for expense reimbursements.

As at December 31, 2014, subscriptions receivable of $999 was due from significant shareholders.

7. INCOME TAXES

The following table reconciles the amount of deferred income tax expense on application of the combined statutory Canadian federal and provincial income tax rates:

	For the period from incorporation on November 10, 2014 to December 31, 2014	
Net loss for the period	$	(24,073)
Income tax recovery computed at statutory rates		13.00%
Income tax recovery at statutory rate		(3,129)
Benefit of tax losses not recognized		3,129
Income tax expense	$	-

7. INCOME TAXES (cont'd…)

The Company recognizes tax benefits on losses or other deductible amounts generated where the probable criteria for recognition of deferred tax assets have been met. Significant unrecognized tax benefits and unused tax losses for which no deferred tax asset is recognized as of December 31, 2014 is $3,129 in non-capital losses carried forward.

The Company has accumulated non-capital losses for Canadian tax purpose of approximately $24,000 that expire in 2034.

8. CAPITAL MANAGEMENT

The Company considers its capital to be the components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing.

Future financings are dependent on market conditions and the ability to identify sources of investment. There can be no assurance the Company will be able to raise funds in the future (Note 4).

The Company is not subject to externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to their short term to maturity. Cash is measured based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Management has reviewed the items comprising the accounts receivable balance, which includes amounts receivable from certain related parties, and determined that all accounts are collectible; accordingly, there has been no allowance for doubtful accounts recorded.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company anticipates that funding pursuant to the LOI will provide adequate funding to discharge the Company's current liabilities.

9. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt and therefore is not exposed to risk in the event of interest rate fluctuations.

(b) Foreign currency risk

The Company's operations are situated in Canada. The Company considers foreign currency risk to be minimal.

10. SUBSEQUENT EVENTS

Subsequent to December 31, 2014, the Company issued 71 common shares for proceeds of $200,000 pursuant to the terms of the LOI of which $100,000 was recorded as an obligation to issue shares as at December 31, 2014.

SCHEDULE "F"

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF THE TARGET FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

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Spectrum Optix Inc.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian dollars)

FOR THE PERIOD ENDED SEPTEMBER 30, 2015

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SPECTRUM OPTIX INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian dollars)
AS AT

	September 30, 2015	December 31, 2014
ASSETS		
Current		
Cash	$ 8,597	$ 84,689
Receivables	9,935	-
Receivables from shareholders (Note 7)	15,708	999
Patent (Note 4)	14,978	-
	49,218	85,688
Equipment (Note 4)	1,809	-
Total assets	$ 51,027	$ 85,688
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities (Note 7)	$ 59,240	$ 8,761
Shareholders' equity (deficiency)		
Share capital (Notes 5 and 6)	201,000	1,000
Obligation to issue shares (Notes 5 and 6)	155,000	100,000
Deficit	(364,213)	(24,073)
	(8,213)	76,927
Total liabilities and shareholders' equity (deficiency)	$ 51,027	$ 85,688

On behalf of the Board on December 10, 2015

"John Daugela" Director

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

SPECTRUM OPTIX INC.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian dollars)

	Three months ended September 30, 2015	Nine months ended September 30, 2015
OPERATING EXPENSES		
Bank charges and interest	$ 192	$ 873
Business development	6,458	6,458
Consulting fees (Note 7)	26,071	77,976
Depreciation (Note 4)	534	1,085
Office and administration	3,837	13,182
Professional fees	25,294	44,133
Research and development (Note 7)	61,155	159,281
Travel	27,069	37,152
Loss and comprehensive loss for the period	$ (150,610)	$ (340,140)
Basic and diluted loss per common share	$ (141)	$ (332)
Weighted average number of common shares outstanding	1,071	1,024

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

SPECTRUM OPTIX INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian dollars)

	Nine months ended September 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss for the period	$ (340,140)
Item not affecting cash:	
Depreciation	1,085
Changes in non-cash working capital items:	
Receivables	(9,935)
Receivables from shareholders	(14,709)
Accounts payable and accrued liabilities	50,479
Net cash used in operating activities	(313,220)
CASH FLOWS FROM INVESTING ACTIVITY	
Purchase of property and equipment	(2,894)
Patent	(14,978)
Net cash used in investing activity	(17,872)
CASH FLOWS FROM FINANCING ACTIVITIES	
Issuance of common shares	100,000
Obligation to issue shares	155,000
Net cash provided by financing activities	255,000
Change in cash for the period	(76,092)
Cash, beginning of period	84,689
Cash, end of period	$ 8,597

There were no significant non-cash investing or financing activities for the nine months ended September 30, 2015.

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

SPECTRUM OPTIX INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Unaudited)
(Expressed in Canadian dollars)

	Share capital				
	Number	Amount	Obligation to issue shares	Deficit	Total
Balance at November 10, 2014 (Inception)	1,000	$ 1,000	$ -	$ -	$ 1,000
Obligation to issue shares	-	-	100,000	-	100,000
Loss for the period	-	-	-	(24,073)	(24,073)
Balance, December 31, 2014	1,000	1,000	100,000	(24,073)	76,927
Issuance of common shares	71	200,000	(100,000)	-	100,000
Obligation to issue shares	-	-	255,000	-	155,000
Loss for the period	-	-	-	(340,140)	(340,140)
Balance, September 30, 2015	1,071	$ 201,000	$ 155,000	$ (379,191)	$ (8,213)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Spectrum Optix Inc. (the "Company") was incorporated on November 10, 2014 under the laws of Alberta. The Company's registered and records office is 333 7 Avenue, SW, Suite 1600, Calgary, Alberta, T2P 2Z1. The Company's principal place of business is 19 Wentworth Manor SW, Calgary, Alberta, T3H 5K5.

The Company is focused on developing technologies relating to novel imagery and light concentration for lens and image capture based systems. The Company's core technology is focused on a novel approach to collecting and concentrating an electromagnetic wave, such as a visible light, and, if required by the application, maintaining the original image at high levels of quality and compactness. As at September 30, 2015, no products are in commercial production or use.

The Company has incurred losses and negative operating cash flows since inception. The Company incurred a loss of $340,140 during the nine months ended September 30, 2015. The ability of the Company to continue as a going concern in the long-term depends upon its ability to develop profitable operations and to continue to raise adequate financing. As at September 30, 2015, the Company has not advanced its research into a commercially viable product. Management is reliant on Elissa Resources Ltd. ("Elissa") to provide adequate financing to continue its research and development activities (Note 5). There can be no assurance that Elissa will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. These conditions indicate the existence of material uncertainties, which may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance and basis of presentation

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting* using accounting policies in compliance with IFRS, as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2014 period-end financial statements with the exception of newly adopted policies.

Estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the condensed interim statement of financial position date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions that have been made that relate to the following key estimate:

2. BASIS OF PRESENTATION (cont'd…)

Intangible Assets – impairment

The application of the Company's accounting policy for intangible assets expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Intangible Assets – useful lives

Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense. The Company's patent capitalized as at September 30, 2015 is a provisional patent which may be converted to a full patent application within one year. The provisional patent will therefore be converted to a full patent and amortized over the useful life of the full patent of expensed if the full patent application is not submitted.

Income taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the provision for income taxes.

3. SIGNIFICANT ACCOUNTING POLICIES

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the declining-balance method at the following annual rate:

Computer equipment	100%

Intangible assets

The Company owns an intangible asset consisting of a provisional patent. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

The Company does not hold any intangible assets with indefinite lives.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Intangible assets (cont'd…)

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in general and administrative expenses.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The Company intends to convert the provisional patent to a full patent application before its expiry. The accumulated patent costs will then be amortized through the expiry date.

New standard not yet adopted

Certain pronouncements have been issued by the IASB that are mandatory for accounting years beginning on or after January 1, 2015. The Company has not assessed the impact from adopting this standard.

IFRS 9 Financial Instruments (2014)

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 9 is effective for the Company's annual period beginning January 1, 2018.

4. EQUIPMENT

		Computer equipment
Cost		
Balance, November 10, 2014 (inception) and December 31, 2014		-
Additions for the period	$	2,894
Balance, September 30, 2015	$	2,894
Accumulated depreciation		
Balance, November 10, 2014 (inception) and December 31, 2014	$	-
Depreciation for the period		1,085
Balance, September 30, 2015	$	1,085
Carrying amounts		
As at December 31, 2014	$	-
As at September 30, 2015	$	1,809

Patent

In the period ended September 30, 2015, the Company filed its first provisional patent. Costs incurred to persecute the patent to date total $14,978. The provisional patent must be converted to a full patent application by August 2016. The accumulated costs incurred will be amortized over the life of the full patent. In the event the Company does not convert the provisional patent or such application is denied, the Company will expense costs incurred to the statement of loss and comprehensive loss.

5. AGREEMENT WITH ELISSA RESOURCES LTD.

On November 18, 2014, the Company entered into a Letter of Intent ("LOI") with Elissa Resources Ltd. ("Elissa"), a public company listed on the TSX Venture Exchange. The LOI has been superseded by an Investment Agreement (the "Agreement") as of October 22, 2015. Pursuant to the Agreement, Elissa has been granted three options in order to acquire up to a 100% interest in the Company as follows:

First Option: Elissa has the right to acquire a 6.6% interest in the Company in exchange for the payment of $200,000. As at September 30, 2015, Elissa completed the First Option and was issued 71 common shares representing 6.6% of the outstanding common shares of the Company and has paid an additional $155,000 recorded as an obligation to issue shares.

Second Option: Upon exercise of the First Option, Elissa has the right to acquire a further 28.4% interest in the Company, for an aggregate interest of 35%, in exchange of the advancement of $2,800,000 towards the development of the Company's lens technologies over a three-year period commencing on the date of the LOI; and

Third Option: Upon exercise of the Second Option, Elissa has the right to acquire the remaining interest in the Company, for an aggregate interest of 100% in exchange for the issuance by Elissa of such number of common shares as equals 35% of the issued and outstanding shares of Elissa and such number of conditional warrants to acquire common shares of Elissa as equals 35% of the warrants and options then outstanding of Elissa.

6. SHAREHOLDERS' EQUITY

Share capital

Authorized:

Unlimited number of common shares
Unlimited number of preferred shares

Issued:

During the period ended September 30, 2015, the Company issued 71 common shares for gross proceeds of $200,000 per common share pursuant to the exercise of the First Option of the Agreement with Elissa (Note 5).

During the period from inception on November 10, 2014 to December 31, 2014, the Company issued 1,000 common shares at $1.00 per common share as the initial capitalization of the Company.

7. RELATED PARTY TRANSACTIONS

Key management personnel of the Company include the president and significant shareholders of the Company. Compensation paid to key management personnel are as follows:

		For the nine months ended September 30, 2015
Research and development	$	99,643
Consulting fees		77,976
Total compensation	$	177,619

Compensation paid to key management persons detailed above is made to companies controlled by the President and significant shareholder.

As at September 30, 2015, there was an amount of $15,708 (December 31, 2014 - $999) for receivables from shareholders for expense reimbursements and subscriptions receivable.

As at September 30, 2015, there was an amount of $Nil (December 31, 2014 - $5,000) included in accounts payable and accrued liabilities due to related parties with respect to the above transactions and $10,455 (December 31, 2014 - $450) included in accounts payable and accrued liabilities due to related parties for expense reimbursements.

8. CAPITAL MANAGEMENT

The Company considers its capital to be the components of shareholders' equity (deficiency). The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing.

Future financings are dependent on market conditions and the ability to identify sources of investment. There can be no assurance the Company will be able to raise funds in the future.

The Company is not subject to externally imposed capital requirements.

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

9. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, receivables from shareholders, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to their short term to maturity. Cash is measured based on Level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables relate primarily to input tax credits receivable from the Government of Canada. Credit risk with respect to receivables is considered low. Receivables from shareholders relate to expense advances and are considered readily recoverable.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company anticipates that funding pursuant to the Agreement (Note 5) will provide adequate funding to discharge the Company's current liabilities.

Market risk

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt, and therefore is not exposed to risk in the event of interest rate fluctuations.

(b) Foreign currency risk

The Company's operations are situated in Canada. The Company considers foreign currency risk to be minimal.

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10. SEGMENTED INFORMATION

The Company operates in one industry segment, the technology industry. All of the Company's long-term assets are in Canada.

SCHEDULE "G"

MD&A OF THE TARGET FOR THE PERIOD ENDED DECEMBER 31, 2014 AND THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

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SPECTRUM OPTIX INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE INITIAL PERIOD FROM INCORPORATION ON NOVEMBER 10, 2014 TO DECEMBER 31, 2014 AND THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

19 Wentworth Manor SW
Calgary, Alberta, T3H 5K5

Set out below is a review of the activities, results of operations and financial condition of Spectrum Optix Inc. (the "Company" or "Spectrum") for the three and nine months ended September 30, 2015. The discussion below should be read in conjunction with the Company's unaudited condensed interim financial statements for the period ended September 30, 2015 and the audited financial statements for the period from incorporation on November 10, 2014 to December 31, 2014. Those consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as at December 10, 2015.

BACKGROUND AND CORE BUSINESS

Spectrum Optix Inc. (the "Company" or "Spectrum") was incorporated on November 10, 2014 under the laws of Alberta. The Company's registered and records office is 333 7 Avenue, SW, Suite 1600, Calgary, Alberta, T2P 2Z1. The Company's principal place of business is 19 Wentworth Manor SW, Calgary, Alberta, T3H 5K5.

The Company is a private technology development company focused on developing technologies relating to novel imagery and light concentration for lens and image capture based systems. The Company's core technology is focused on a novel approach to collecting and concentrating an electromagnetic wave, such as a visible light, and, if required by the application, maintaining the original image at high levels of quality and compactness. As at September 30, 2015, no products are in commercial production or use.

COMPANY HIGHLIGHTS

Investment Agreement with Elissa Resources Ltd

On November 18, 2014, the Company entered into a Letter of Intent ("LOI") with Elissa Resources Ltd. ("Elissa"), a public company listed on the TSX Venture Exchange. The LOI has been superseded by an Investment Agreement (the "Agreement") as of October 22, 2015. Pursuant to the Agreement, Elissa has been granted three options in order to acquire up to a 100% interest in the Company as follows:

First Option: Elissa has the right to acquire a 6.6% interest in the Company in exchange for the payment of $200,000. As at September 30, 2015, Elissa completed the First Option and was issued 71 common shares representing 6.6% of the outstanding common shares of the Company and has paid an additional $155,000 recorded as an obligation to issue shares.

Second Option: Upon exercise of the First Option, Elissa has the right to acquire a further 28.4% interest in the Company, for an aggregate interest of 35%, in exchange of the advancement of $2,800,000 towards the development of the Company's lens technologies over a three-year period commencing on the date of the LOI; and

Third Option: Upon exercise of the Second Option, Elissa has the right to acquire the remaining interest in the Company, for an aggregate interest of 100% in exchange for the issuance by Elissa of such number of common shares as equals 35% of the issued and outstanding shares of Elissa and such number of conditional warrants to acquire common shares of Elissa as equals 35% of the warrants and options then outstanding of Elissa.

To date, Elissa has earned a 6.6% interest in the Company by advancing $200,000 ($355,000 advanced as at September 30, 2015). Details of the Agreement are included in the accompanying unaudited condensed interim financial statements for the period ended September 30, 2015.

The Company is developing technologies relating to imagery and light concentration for lens and image capture based systems. The Company's core, patent pending technology is focused on a novel approach to collecting and concentrating an electromagnetic wave, such as a visible light, and, if required by the application, maintaining the original image at high levels of quality and compactness. The Company's technology employs flat surfaces and holds potential for significant consolidation to the length of lens stacks found in traditional light capture based systems such as cameras and telescope lenses in addition to potential improvements to quality, clarity and resolution of imagery. Due to anticipated reductions to the length of the lens stacks and the employment of flat surfaces, a potential decrease of lens manufacturing costs and the cost of the surrounding hardware is quite possible. Imaging applications are being explored by The Company that utilize both pre- and post-optical imaging solution improvements.

The Company has executed and reviewed initial optical simulations using its core technology. The Company is currently pursuing the targeted development of its first lens system for imaging. The next phase of optical modelling and engineering will is focusing on enhancing image resolution performance for its first lens system. This includes testing image and energy retention abilities across multiple wavelengths while maintaining the Company's compact lens stack design. Results have been verified on a precision optical workbench in addition to computer modeling using advanced optical software.

Upon finalization of these initial prototype phases, the Company will thereafter move onto additional phases of its first working prototype build. The Company's primary objective, post prototype, will be to begin incorporating its technologies into multiple verticals within a variety of industries. A comprehensive market and industry cost and impact analysis will be conducted by the Company, at which point the Company would intend to enter into application-specific, license agreements and arrangements with established corporations.

The Company is currently seeking patent protection for its core optical technologies. In September 2015, Spectrum filed its first provisional patent application. The first provisional patent application outlines its core technology, which contains flat lenses, and how it may be used in an imaging method to obtain a quality image with a compact lens system, among other features. The Company engaged Christie Parker Hale LLP, an established U.S. intellectual property law firm, to assist in developing the Company's intellectual property patents and additional patent strategies. Risks associated with patentability and other aspects of the patenting processes can be found in the *Risk Factors* section of this document.

SELECTED FINANCIAL INFORMATION

The following selected financial information is derived from the audited financial statements prepared in accordance with IFRS for the initial period from incorporation on November 10, 2014 to December 31, 2014

	For the period from incorporation on November 10, 2014 to December 31, 2014
Interest income	-
Net loss for the period	(24,073)
Comprehensive loss for the period	(24,073)
Basic and diluted loss per share	(24)

The net loss amount is affected mainly by the research and development costs and consulting fees related to the development of the lens technology.

Summary of Quarterly results

	September 30, 2015	June 30, 2015	March 31, 2015
Interest income	-	-	-
Net loss for the period	(150,610)	(118,002)	(71,528)
Comprehensive loss for the period	(150,610)	(118,002)	(71,528)
Basic and diluted loss per share	(141)	(118)	(72)

Results of Operations for the three month period ended September 30, 2015

The comprehensive loss for the three month period ended September 30, 2015 was $150,610. Significant items of the comprehensive loss are explained as follows:

- Business development expenses of $6,458 to attend industry conferences.
- Consulting fees of $26,071 paid to companies controlled by significant shareholders John Daugela and Aaron Hoddinott.
- Professional fees of $25,294 associated with legal advice regarding the Agreement with Elissa, and financial assurance services.
- Research and development of $61,155 paid to a company controlled by John Daugela, director of the Company, for the development of the lens technology, and key consultants providing advisory services.
- Travel expenses of $27,069 to meet with lens technology development specialists and intellectual property counsel in the US.

Results of Operations for the nine month period ended September 30, 2015

The comprehensive loss for the nine month period ended September 30, 2015 was $340,140. Significant items of the comprehensive loss are explained as follows:

- Business development expenses of $6,458 to attend industry conferences.
- Consulting fees of $77,976 paid to companies controlled by significant shareholders John Daugela and Aaron Hoddinott.
- Professional fees of $44,133 associated with legal advice regarding the Agreement with Elissa, and financial assurance services.
- Research and development of $159,281 paid to a company controlled by John Daugela, director of the Company, for the development of the lens technology, and key consultants providing advisory services.
- Travel expenses of $37,152to meet with lens technology development specialists and intellectual property counsel in the US.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. At September 30, 2015, the Company had cash of $8,597 available to meet short term business requirements and current liabilities of $59,240. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has no long term debt. The Company has budgeted $700,000 for research and development expenditures for the coming year.

The ability of the Company to continue as a going concern in the long-term depends upon its ability to develop profitable operations and to continue to raise adequate financing. As at September 30, 2015, the Company has not advanced its research into a commercially viable product. Management is reliant on Elissa to provide adequate financing to continue its research and development activities pursuant to the Agreement. There can be no assurance that Elissa will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. These conditions indicate the existence of material uncertainties, which may cast significant doubt on the Company's ability to continue as a going concern.

OUTSTANDING SHARE DATA

At the date of this report the Company has 1,071 issued and outstanding common shares.

OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

At September 30, 2015, the Company had no material off statement of financial position arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions in process other than as discussed elsewhere in this document.

RELATED PARTY TRANSACTIONS

Key management personnel of the Company include the president and significant shareholders of the Company. Compensation paid to key management personnel are as follows:

		For the nine months ended September 30, 2015
Research and development	$	99,643
Consulting fees		77,976
Total compensation	$	177,619

Compensation paid to the President is made to 3DB Inc., a company controlled by the President. Compensation paid to a significant shareholder, Aaron Hoddinott, is paid to 1859764 Alberta Inc., a company controlled by the shareholder.

As at September 30, 2015, there was an amount of $15,708 (December 31, 2014 - $999) for receivables from shareholders for expense reimbursements and subscriptions receivable.

As at September 30, 2015, there was an amount of $Nil (December 31, 2014 - $5,000) included in accounts payable and accrued liabilities due to related parties with respect to the above transactions and $10,455 (December 31, 2014 - $450) included in accounts payable and accrued liabilities due to related parties for expense reimbursements.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the condensed interim statement of financial position date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions that have been made that relate to the following key estimate:

Intangible Assets – impairment

The application of the Company's accounting policy for intangible assets expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery

of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Intangible Assets – useful lives

Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense. The Company's patent capitalized as at September 30, 2015 is a provisional patent which may be converted to a full patent application within one year. The provisional patent will therefore be converted to a full patent and amortized over the useful life of the full patent of expensed if the full patent application is not submitted.

Income taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the provision for income taxes.

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the period from incorporation on November 10, 2014 to December 31, 2014. In the period ended September 30, 2015, the Company adopted the following additional policies due to changes in the Company's material transactions:

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the declining-balance method at the following annual rate:

Computer equipment	100%

Intangible assets

The Company owns an intangible asset consisting of a provisional patent. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

The Company does not hold any intangible assets with indefinite lives.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in general and administrative expenses.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The Company intends to convert the provisional patent to a full patent application before its expiry. The accumulated patent costs will then be amortized through the expiry date.

New standard not yet adopted

Certain pronouncements have been issued by the IASB that are mandatory for accounting years beginning on or after January 1, 2015. The Company has not assessed the impact from adopting this standard.

IFRS 9 Financial Instruments (2014)

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 9 is effective for the Company's annual period beginning January 1, 2018.

FINANCIAL INSTRUMENTS

Financial instruments

The Company's financial instruments consist of cash, receivables from shareholders, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to their short term to maturity. Cash is measured based on Level 1 inputs of the fair value hierarchy.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables relate primarily to input tax credits receivable from the Government of Canada. Credit risk with respect to receivables is considered low. Receivables from shareholders relate to expense advances and are considered readily recoverable.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company anticipates that funding pursuant to the Agreement will provide adequate funding to discharge the Company's current liabilities.

Market risk

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt, and therefore is not exposed to risk in the event of interest rate fluctuations.

(b) Foreign currency risk

The Company's operations are situated in Canada. The Company considers foreign currency risk to be minimal.

RISK FACTORS

The Company has its cash deposited with a large, federally insured, commercial bank which it believes to be creditworthy. Federal deposit insurance covers deposit balances up to $100,000. Therefore, the Company's cash on deposit is covered by federal deposit insurance available.

The Company's financial performance is likely to be subject to the following risks:

- the Company may not receive all necessary regulatory approvals;
- the funding contemplated by the Agreement may not be sufficient to substantially develop the Company's technologies or to fund the patent process in any or all jurisdictions of interest;
- the Company may fail to complete its first prototype vertical when expected or at all;
- the conditions to the options under the Agreement may not be otherwise satisfied or the Company may not complete all other necessary documentation;
- the patent application and approval process is lengthy and its outcome cannot be predicted in advance such that the filing of patent applications may not result in the Company being granted any patents when expected or at all;
- some aspects of the Company's technology may not be eligible for patent protection or patent applications may not be filed or prosecuted;
- patent protection is limited to only the legal jurisdictions in which patent applications are filed and successfully prosecuted to issuance;
- third parties may seek to challenge any patents the Company receives or they may have difficulty licensing or enforcing intellectual property rights; and
- other risks inherent with the patent process, transactions of this type and development of new technologies or the business of the Company.

INFORMATION REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this Management Discussion and Analysis constitute "forward-looking statements". These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward looking statements included in this Management Discussion and Analysis should not be relied upon. These statements speak only as of the date of this Management Discussion and Analysis. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by forward-looking statements contained in this Management Discussion and Analysis. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- expectations concerning completion of the transactions contemplated under the Agreement;
- the potential applications of Spectrum's technologies;
- the timing and expenditures required to develop such technologies, including development of Spectrum's first prototype vertical;
- the ability of the Companies to procure patent or other intellectual property protection for its technologies and to license or enforce such patents, if any;
- the ability to attract and retain skilled staff;
- market competition;

These forward-looking statements involve risks and uncertainties relating to, among other things, risks related to conclusions of economic evaluations, changes in project parameters as plans continue to be refined, as well as those factors discussed in the section "Risk Factors". Factors that could cause actual results to differ materially include, but are not limited to, the risk factors discussed in the section. The Company cautions that the foregoing list of important factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

SCHEDULE "H"

PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER

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ELISSA RESOURCES LTD.

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)
(Expressed in Canadian Dollars)

SEPTEMBER 30, 2015

ELISSA RESOURCES LTD.
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited)
AS AT SEPTEMBER 30, 2015

	September 30, 2015	Note 3	Pro Forma Adjustments	Pro Forma Statement of Financial Position
ASSETS				
Current				
Cash	$ 1,458,354	(a, b)	$ (730,000)	$ 728,354
Accounts receivable	8,905		-	8,905
Prepaid expenses and deposits	6,435		-	6,435
	1,473,694		(730,000)	743,694
Deposits	33,544		-	33,544
Investment (Note 2)	375,000	(a)	700,000	1,075,000
Reclamation deposits	25,681		-	25,681
Resource properties	2,106,472		-	2,106,472
	$ 4,014,391		$ (30,000)	$ 3,984,391
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$ 132,453		$ -	$ 132,453
Shareholders' equity				
Share capital (Note 4)	6,851,659		-	6,851,659
Reserve	595,263	(c)	64,075	659,338
Accumulated other comprehensive income	460,040		-	460,040
Deficit	(4,025,024)	(b, c)	(94,075)	(4,119,099)
	3,881,938		(30,000)	3,851,938
	$ 4,014,391		$ (30,000)	$ 3,984,391

ELISSA RESOURCES LTD.
PRO FORMA CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	For the nine months ended September 30, 2015	Note 3	Pro Forma Adjustments	Pro Forma Statement of Loss and Comprehensive Loss
EXPENSES				
Consulting fees	$ 45,951		$ -	$ 45,951
Directors' fees	12,000		-	12,000
Insurance	9,953		-	9,953
Investor relations	134,061		-	134,061
Office and administration	81,859		-	81,859
Professional fees	95,112		-	95,112
Salaries	94,927		-	94,927
Share-based payments	305,169	(c)	64,075	369,244
Shareholder communications and filings	51,072		-	51,072
Transaction costs	102,060	(b)	30,000	132,060
Travel	25,661		-	25,661
Net loss for the period	(957,825)		(94,075)	(1,051,900)
OTHER COMPREHENSIVE INCOME				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange gain on translating foreign operations	225,610		-	225,610
Comprehensive loss for the period	$ (732,215)		$ (94,075)	$ (826,290)
Basic and diluted loss per common share				$ (0.03)
Weighted average number of common shares outstanding				38,821,449

ELISSA RESOURCES LTD.

PRO FORMA CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	For year ended December 31, 2014	Note 3	Pro Forma Adjustments	Pro Forma Statement of Loss and Comprehensive Loss
EXPENSES				
Consulting fees	$ 18,567		$ -	$ 18,567
Depreciation	3,391		-	3,391
Insurance	21,100		-	21,100
Investor relations	7,176		-	7,176
Management fees	84,000		-	84,000
Office and administration	75,223		-	75,223
Professional fees	118,676		-	118,676
Salaries	106,391		-	106,391
Share-based payments	-	(c)	64,075	64,075
Shareholder communications and filings	51,612		-	51,612
Transaction costs	-	(b)	132,060	132,060
Travel	17,428		-	17,428
Net loss for the period	(503,564)		(196,135)	(699,699)
OTHER EXPENSES				
Interest income	2,719		-	2,719
Equipment written off	(30,615)		-	(30,615)
Resource properties written off	(102,286)		-	(102,286)
Net loss for the period	(633,747)		(196,135)	(829,882)
OTHER COMPREHENSIVE INCOME				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange gain on translating foreign operations	163,917		-	163,917
Comprehensive loss for the period	$ (469,830)		$ (196,135)	$ (665,965)
Basic and diluted loss per common share				$ (0.02)
Weighted average number of common shares outstanding				38,821,449

1. BASIS OF PREPARATION

The accompanying unaudited pro forma consolidated financial statements of Elissa Resources Ltd. (the "Company") as at September 30, 2015 is prepared for inclusion in the Company's Filing Statement (the "Filing Statement") dated January 27, 2016. The unaudited pro forma consolidated financial statements reflect the Company's proposed acquisition of an option to acquire a 100% interest in Spectrum Optix Inc. ("Spectrum"). The acquisition of the option will constitute a change of business in accordance with TSX Venture Exchange Policy 5.2. Following the acquisition, the Company will change its name to NexOptic Technology Corp.

The unaudited consolidated pro forma financial statements has been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), using the significant account policies as set out in the unaudited condensed interim consolidated financial statements of the Company as at and for the nine months ended September 30, 2015 and the audited consolidated financial statements of the Company as at and for the year ended December 31, 2014. The pro forma assumptions and adjustments as described in Note 3 are based on all information available to management to date.

The unaudited pro forma consolidated financial statements as at and for the nine months ended September 30, 2015 has been prepared from, and should be read in conjunction with, the unaudited consolidated interim financial statements of the Company as at and for the nine months ended September 30, 2015 included elsewhere in the Filing Statement.

Management of the Company believes that the assumptions used provide a reasonable basis for presenting all of the significant effects of the transactions and that the pro forma adjustments give appropriate effect to those assumptions and are appropriately applied in the unaudited consolidated pro forma balance sheet as if the options available under Note 2 for the following financial year had been enacted as at September 30, 2015. The unaudited pro forma consolidated statement of loss and comprehensive loss for the nine months ended September 30, 2015 has been proposed assuming the transactions had occurred on January 1, 2015. The unaudited pro forma consolidated statement of loss and comprehensive loss for the year ended December 31, 2014 has been proposed assuming the transactions had occurred on January 1, 2014. The change of business is subject to regulatory approval.

This unaudited pro forma consolidated financial statement is not necessarily indicative of the financial position or results of operations of the Company, which would have resulted if the acquisition had actually occurred on the dates indicated.

2. SUMMARY OF PROPOSED TRANSACTION

The unaudited pro forma consolidated financial statements of the Company give effect to the proposed acquisition of an option to acquire up to a 100% interest in Spectrum. During the year ended December 31, 2014, the Company entered into a Letter of Intent ("LOI") with Spectrum, a private technology development company with a final Investment Agreement ("Agreement") executed on October 22, 2015. Pursuant to the Agreement, the Company has been granted an option to acquire up to a 100% interest in Spectrum, as follows:

First Option: the Company has the right to acquire a 6.6% interest in Spectrum in exchange of the payment of $200,000. The Company has paid $355,000 and earned a 6.6% interest in Spectrum;

Second Option: Upon exercise of the First Option, the Company has the right to acquire a further 28.4% interest in Spectrum, for an aggregate interest of 35%, in exchange of the advancement of $2,800,000 towards the development of Spectrum's lens technologies over a three-year period commencing on the date of the LOI; and

Third Option: Upon exercise of the Second Option, the Company has the right to acquire the remaining interest in Spectrum, for an aggregate interest of 100% in exchange for the issuance by the Company of such number of common shares as equals 35% of the issued and outstanding shares of the Company and such number of conditional warrants to acquire common shares of the Company as equals 35% of the warrants and options then outstanding in the Company.

Following the exercise of the First Option, should the Company wish to continue to pursue the acquisition of Spectrum, the pursuit of the exercise of the Second Option will be considered a Change of Business in accordance with the policies of the TSX Venture Exchange and the Company's shares may be halted. The Company will provide an update once it has reached a definitive determination to proceed with the Second Option.

In connection with the LOI, the Company signed a finder's fee agreement payable as to:

a) $10,000 at the time the Company purchases a 3.3% interest payable in shares (issued);

b) $10,000 upon the acquisition of a cumulative 6.6% interest payable in shares (issued); and

2. SUMMARY OF PROPOSED TRANSACTION (CONTINUED)

c) 5% of the number of common shares of the Company issued pursuant to the Third Option; 50% of this portion will be payable in shares and 50% payable in cash, such payment not to exceed $200,000 in cash and $300,000 value in common shares.

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro forma consolidated financial statements as at September 30, 2015 give effect to the following assumptions and adjustments.

a) The Company paid Spectrum $700,000 with respect to the Second Option of the Agreement.

b) The Company paid an additional $30,000 in professional fees in connection with the change of business.

c) The Company issued 565,000 stock options valued at $64,075 using the Black-Scholes option pricing model which is recognized in share-based payments. The assumptions used for the Black-Scholes valuation of the stock options were annualized volatility of 134.41%, risk-free interest rate of 0.83%, expected life of 5 years and a dividend rate of Nil.

4. SHARE CAPITAL CONTINUITY

A continuity of the Company's issued common share capital and related recorded values after giving effect to the pro forma transactions described in Note 3 above is set out below:

	Number of Shares		Amount
Total pro forma common shares outstanding, September 30, 2015	38,821,449	$	6,851,659

5. PRO-FORMA EFFECTIVE INCOME TAX RATE

The pro-forma effective income tax rate that will be applicable to the operations of the Company is 26%.

CERTIFICATE OF ELISSA RESOURCES LTD.

The foregoing constitutes full, true and plan disclosure of all material facts relating to the securities of the Issuer assuming completion of the Transaction.

January 27, 2016
Vancouver, British Columbia

(Signed) "*Paul McKenzie"*
Paul McKenzie
President Chief Executive Officer and Director
.

(Signed) *"Samantha Shorter*
Samantha Shorter
Chief Financial Officer

On behalf of the Board of Directors

(Signed) *"G. Arnold Armstrong*"
G. Arnold Armstrong
Director

(Signed) "*J. Garry Clark*"
J. Garry Clark
Director

CERTIFICATE OF SPECTRUM OPTIX INC.

The foregoing as it relates to the Target constitutes full, true and plain disclosure of all material facts relating to the securities of the Target.

January 27, 2016
Calgary Alberta

On behalf of the Board of Directors

(signed) "*John Daugela*"
John Daugela
President, Chief Executive Officer and Director

(signed) "*Paul McKenzie*"
Paul McKenzie
Director

ACKNOWLEDGMENT – PERSONAL INFORMATION

"**Personal Information**" means any information about an identifiable individual, and includes information contained in any items in the attached filing statement that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of Exchange Form 3B1/3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Exchange Form 3B1/3B2; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated: January 27, 2016.

Elissa Resources Ltd.

Signed

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