NEXOPTIC

NEXOPTIC TECHNOLOGY CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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

	September 30, 2017	December 31, 2016
ASSETS		
Current		
Cash and cash equivalents	$ 9,430,277	$ 1,322,371
Accounts receivable	76,970	5,937
Prepaid expenses and deposits	16,370	12,478
	9,523,617	1,340,786
Deposits (Note 7)	43,544	33,544
Investment in associate (Note 4)	2,502,932	1,505,219
Receivable from associate (Note 4)	516,117	-
	$ 12,586,210	$ 2,879,549
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 59,481	$ 50,625
Shareholders' equity		
Share capital (Note 5)	20,404,315	9,167,016
Reserve (Note 5)	4,840,613	983,087
Accumulated other comprehensive income	602,437	601,178
Deficit	(13,320,636)	(7,922,357)
	12,526,729	2,828,924
	$ 12,586,210	$ 2,879,549

Approved and authorized by the Board on November 27, 2017

"John Daugela" Director *"Paul McKenzie"* Director

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

NEXOPTIC TECHNOLOGY CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	For the three months ended September 30, 2017	For the three months ended September 30, 2016	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
EXPENSES				
Consulting fees	$ 16,537	$ 7,736	$ 45,550	$ 23,150
Insurance	1,248	2,250	6,560	7,557
Investor relations	87,460	79,904	352,470	211,102
Loss from investment in associate (Note 4)	208,131	-	414,420	-
Office and administration	32,437	41,108	117,778	115,689
Professional fees	40,555	35,601	97,626	82,268
Property costs	24,775	1,029	24,775	25,910
Salaries	50,111	36,833	158,844	112,984
Share-based payments (Note 5)	-	469,444	4,004,802	562,957
Shareholder communications and filings	16,418	21,336	54,605	59,721
Technology marketing	19,588	-	97,355	-
Transaction costs (Note 4)	-	(2,625)	-	112,403
Travel	16,592	11,383	59,830	22,279
	(513,852)	(703,999)	(5,434,615)	(1,336,020)
OTHER INCOME				
Interest and other income	9,268	-	10,836	-
Net loss for the period	(504,584)	(703,999)	(5,423,779)	(1,336,020)
OTHER COMPREHENSIVE LOSS				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange on translation	1,263	2,117	1,259	(801)
Comprehensive loss for the period	$ (503,321)	$ (701,882)	$ (5,422,520)	$ (1,336,021)
Basic and diluted loss per common share	$ (0.01)	$ (0.02)	$ (0.08)	$ (0.03)
Weighted average number of common shares outstanding	71,420,020	46,797,596	68,533,635	42,258,518

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

NEXOPTIC TECHNOLOGY CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30

		2017		2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	$	(5,423,779)	$	(1,336,020)
Non-cash items:				
Share-based payments		4,004,802		562,957
Loss from investment in associate		414,420		-
Changes in non-cash working capital items:				
Accounts receivable		(71,033)		(10,919)
Prepaid expenses and deposits		(4,005)		17,110
Deposits		(10,000)		-
Accounts payable and accrued liabilities		10,227		(26,196)
		(1,079,368)		(793,068)
CASH FLOWS FROM INVESTING ACTIVITIES				
Funds to Spectrum – share purchases		(1,412,133)		(838,000)
Funds to Spectrum – advances		(516,117)		-
		(1,928,250)		(838,000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from exercised warrants		3,559,538		989,330
Proceeds from options		234,200		3,000
Share issue costs		(53,670)		(41,711)
Proceeds from private placement		7,375,456		1,050,500
		11,115,524		2,001,119
Change in cash and cash equivalents during the period		8,107,906		370,051
Cash and cash equivalents, beginning of period		1,322,371		1,002,887
Cash and cash equivalents, end of period	$	9,430,277	$	1,372,938
Supplementary cash flow information:				
Non-cash transactions:				
Broker and finders' warrants	$	314,369	$	15,380

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

NEXOPTIC TECHNOLOGY CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	Share Capital					
	Number	Amount	Reserve	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2015	38,821,449	$ 6,851,659	$ 502,229	$ 602,464	$ (6,325,778)	$ 1,630,574
Shares issued for warrants exercised	7,746,650	989,330	-	-	-	989,330
Private placement, net of share issue costs	4,202,000	993,410	15,380	-	-	1,008,790
Share-based payments	-	-	562,957	-	-	562,957
Options Exercised	20,000	5,330	(2,330)	-	-	3,000
Expiry of stock options	-	-	(99,000)	-	99,000	-
Net loss and comprehensive loss for the period	-	-	-	(801)	(1,336,020)	(1,336,821)
Balance, September 30, 2016	50,790,099	8,839,729	979,236	601,663	(7,562,798)	2,857,830
Private placement, net of share issue costs	-	(1,422)	-	-	-	(1,422)
Shares issued for options exercised	16,667	19,002	(8,500)	-	-	13,502
Shares issued for warrants exercised	2,105,280	309,707	(5,259)	-	-	304,448
Share-based payments	-	-	17,610	-	-	17,610
Net loss and comprehensive income for the period	-	-	-	(485)	(359,559)	(360,044)
Balance, December 31, 2016	52,912,046	9,167,016	983,087	601,178	(7,922,357)	2,828,924
Private placement, net of share issue costs	6,915,920	7,007,417	314,369	-	-	7,321,786
Shares issued for options exercised	1,136,333	626,990	(392,790)	-	-	234,200
Shares issued for warrants exercised	20,282,591	3,602,892	(43,355)	-	-	3,559,537
Share-based payments	-	-	4,004,802	-	-	4,004,802
Expiry of stock options	-	-	(25,500)	-	25,500	-
Net loss and comprehensive loss for the period	-	-	-	1,259	(5,423,779)	(5,422,520)
Balance, September 30, 2017	81,246,890	$ 20,404,315	$ 4,840,613	$ 602,437	$(13,320,636)	$ 12,526,729

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

1. NATURE OF OPERATIONS AND GOING CONCERN

NexOptic Technology Corp. (with its subsidiaries, collectively, the "Company" or "NexOptic") is a technology company investing in the area of innovative optical and lens technologies. The Company name was changed from Elissa Resources Ltd. on February 12, 2016. NexOptic 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 year ended December 31, 2016, the Company completed its 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 business of technology investment involves a high degree of risk and there can be no assurance that projects under research and development will proceed through to achieve commercialization. Risks related to the value of the Company's investments and continued existence include the ability to provide continued investment in Spectrum Optix Inc. ("Spectrum"), completing proof of concept studies, protecting intellectual property rights, the ability of the Company to raise alternative financing, and risks inherent to new technologies, such as risk of obsolescence, slow adoption and competing technological advances. Changes in future conditions could require material impairment of investments.

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 $5,423, (2016 - $1,336,020) for the period ended September 30, 2017 and had an accumulated deficit of $13,320,636 (December 31, 2016 - $7,922,357) as at September 30, 2017. 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 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. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

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' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

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 financial statements for the year ended December 31, 2016.

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.

2. BASIS OF PREPARATION (cont'd…)

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:

- 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.

- Assessment of control

  In determining whether the Company controls Spectrum, management is required to consider and assess the definition of significant influence in accordance with IAS 28 *Investment In Associates* and control in accordance with IFRS 10 *Condensed consolidated interim Financial Statements.* There is judgment required to determine whether the rights of the Company result in control of Spectrum.

- Functional currency

  The functional currency of the Company and its subsidiaries is the currency of their respective 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.

- Going concern

  The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operation expenditures and to meet its liabilities for the ensuring year, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

- Deferred income tax

  The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

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, assumptions applied to the Black-Scholes option pricing model to determine the fair value of options and warrants granted (Note 5), and the recoverability 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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 is currently under evaluation.

IFRS 16 *Leases*

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation and disclosure of leases, including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases, as is required by IAS 17 *Leases*, and instead introduces a single lessee accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The impact of IFRS 16 on the Company's condensed consolidated interim financial statements has not yet been determined.

4. INVESTMENT IN ASSOCIATE

During the year ended December 31, 2014, the Company entered into an agreement (the "Agreement"), as subsequently amended, with 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: the Company exercised the Second Option and acquired 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 in the period ended September 30, 2017; and

Third Option: Upon exercise of the Second Option, the Company has the right to acquire the remaining 65% 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 then outstanding in the Company up to a maximum of 72,096,977 common shares and 72,096,977 warrants on a post-issuance basis, respectively.

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, which was completed in the year ended December 31, 2016. During the period ended September 30, 2016, the Company incurred $115,028 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 (66,666 common shares issued);

b) $10,000 upon the acquisition of a cumulative 6.6% interest payable in shares (57,143 common 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 (issued and paid subsequent to September 30, 2017).

On October 14, 2016, NexOptic increased its interest in Spectrum to 19.97%. Concurrently, it was determined that the Company exercises significant influence over Spectrum. From October 14, 2016, the Company accounts for its investment in Spectrum on an equity basis. As at September 30, 2017, the Company had advanced $3,000,133 (December 31, 2016 - $1,588,000) to Spectrum under the terms of the Agreement and earned share ownership of 35% (December 31, 2016 – 20.68%) in Spectrum.

(Expressed in Canadian Dollars)

4. INVESTMENT (cont'd…)

Following the exercise of the Second Option, the Company funded an additional $516,118 to Spectrum in the period ended September 30, 2017. These funds are presented as receivable from associate as at September 30, 2017 in the statement of financial position.

Subsequent to the period ended September 30, 2017, the Company executed the Third Option and acquired the balance of outstanding shares of Spectrum (Note 11).

Investment in associate is as follows:

		Investment in Spectrum
Balance, December 31, 2015	$	610,000
Funds invested in Spectrum		998,000
Loss from investment in associate from October 14, 2016 to December 31, 2016		(102,781)
Balance, December 31, 2016		1,505,219
Funds invested in Spectrum		1,412,133
Loss from investment in associate in the period		(414,420)
Balance, September 30, 2017	$	2,502,932

The table below discloses selected financial information for Spectrum on a 100% basis.

		September 30, 2017
Loss for the period	$	(1,440,619)
Current and total assets	$	330,932
Current and total liabilities	$	94,042
Deficit	$	(3,280,360)

5. SHARE CAPITAL AND RESERVE

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Period ended September 30, 2017

In August 2017, the Company completed a private placement of 6,704,960 units at a price of $1.10 per unit for gross proceeds of $7,375,456. Each unit is comprised of one common share and one share purchase warrant ("Unit"). Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $1.50 until February 23, 2019 ("Warrant").

The Company paid finders' fees of $14,458 and issued 210,960 finders' units bearing the same terms as the Units. Upon issuance, the finders' units were granted as 210,960 common shares valued at $232,056 and 210,960 Warrants The Company also issued 6,400 finder's warrants bearing the same terms as the Warrants. The 217,360 Warrants were valued at $96,595 based on a Black-Scholes valuation with a risk-free interest rate of 1.27%, term of 1.5 years, volatility of 94.7% and a dividend rate of 0%.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVE

b) Issued share capital (cont'd…)

Period ended September 30, 2017 (cont'd…)

The Company issued a further 219,800 broker's warrants. Each broker's warrant entitles the holder to acquire one Unit at a price of $1.10 per Unit until February 23, 2019. The broker warrants were valued at $217,772 based on a Black-Scholes valuation with a risk-free interest rate of 1.27%, term of 1.5 years, volatility of 94.7% and a dividend rate of 0% and consideration to the embedded Warrant. The Company incurred other share issuance costs of $53,670.

Year ended December 31, 2016

In June 2016, the Company completed a private placement of 4,202,000 units at a price of $0.25 per unit for gross proceeds of $1,050,500. 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 $0.35 until June 21, 2018.

The Company paid finders' fees of $27,440 and issued 109,760 broker warrants exercisable at a price of $0.35 for a period of two years subject to accelerated expiry provisions. The broker warrants were valued at $15,380 based on a Black-Scholes valuation with a risk-free interest rate of 0.60%, term of 2 years, volatility of 125% and a dividend rate of 0%. An additional $15,692 was incurred as share issuance costs.

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, 2015	2,895,000	$	0.20
Granted	1,800,000		0.34
Exercised	(36,667)		0.37
Expired	(150,000)		0.81
Balance, December 31, 2016	4,508,333		0.24
Granted	3,150,000		1.61
Exercised	(1,136,333)		0.21
Expired	(50,000)		0.63
Balance outstanding, September 30, 2017	6,472,000	$	0.91
Balance exercisable, September 30, 2017	6,472,000	$	0.91

(Expressed in Canadian Dollars)

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

c) Stock options (cont'd…)

Stock options outstanding as at September 30, 2017:

	Number	Exercise price	Expiry date
Stock Options	2,110,000	$ 0.15	September 21, 2020
	120,000	0.15	February 22, 2021
	767,000	0.40	July 5, 2021
	325,000	0.50	September 14, 2021
	550,000	0.95	January 10, 2022
	2,600,000	1.75	June 7, 2022
	6,472,000	$ 0.91	

As at September 30, 2017, the outstanding stock options had a weighted average remaining life of 3.93 (December 31, 2016 – 3.92) years.

d) Share-based payments

During the period ended September 30, 2017, the Company granted 3,150,000 (2016 - 1,800,000) stock options with a weighted average fair value of $1.25 (2016 - $0.33). The Company recognized share-based payments expense of $4,004,802 (2016 - $562,957) 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:

	2017	2016
Risk-free interest rate	0.96%	0.66%
Expected life of options	4.97 years	4.88 years
Expected annualized volatility	112.98%	125.00%
Dividend	-	-

e) Warrants

Warrant transactions are summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Balance, December 31, 2015	32,046,691	$ 0.24
Issued	4,311,760	0.35
Exercised	(9,851,930)	0.13
Expired	(4,088,250)	0.90
Balance, December 31, 2016	22,418,271	0.19
Issued	7,142,120	1.49
Exercised	(20,282,591)	0.18
Balance, September 30, 2017	9,277,800	$ 1.23

(Expressed in Canadian Dollars)

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

e) Warrants (cont'd…)

Warrants outstanding as at September 30, 2017:

Number	Exercise price		Expiry date
2,135,680	$ 0.35		June 21, 2018
219,800	1.10	(1)	February 23, 2019
6,922,320	1.50		February 23, 2019
9,277,800			

(1) Each warrant entitles the holder to acquire a Unit. Each Unit contains a common share and a share purchase warrant exercisable at $1.50 until February 23, 2019.

6. RELATED PARTY TRANSACTIONS

Management Compensation

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

	2017	2016
Payments to key management personnel:		
Salaries and short-term benefits	$ 108,000	$ 108,000
Share-based payments	1,737,380	205,818

During the period ended September 30, 2017, the Company was charged legal fees, included in professional fees and transaction costs, of $76,584 (2016 - $81,732) by S. Paul Simpson Law Corp., a law firm of which an officer of the Company is an employee.

During the period ended September 30, 2017, the Company was charged accounting fees of $47,913 (2016 - $23,150) by a company of which the CFO is a significant shareholder.

As at September 30, 2017, the amount of $50,323 (December 31, 2016 - $20,572) 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.

7. COMMITMENTS

The Company has a lease agreement for office space expiring in 2018. A total of $43,544 has been classified as deposits in the condensed consolidated interim statements of financial position.

The approximate annual minimum lease commitments are as follows:

	Total
2017	$ 46,865
2018	50,770
	$ 97,635

8. SEGMENTED INFORMATION

The Company operates in one segment being technology investment. As at September 30, 2017, all of the Company's long-term assets are situated in Canada.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash and cash equivalents are carried in the condensed consolidated interim statements of financial position at fair value using a Level 1 fair value measurement. Accounts receivable and 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.

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 cash equivalents and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents with a high-credit quality financial institution. As at September 30, 2017, the Company had cash equivalents of $4,519,027 (December 31, 2016 - $750,000) in term deposits.

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, 2017, the Company had a working capital of $9,464,136 (December 31, 2016 - $1,290,161). 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.

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

Financial risk factors (cont'd…)

Market risk (cont'd…)

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. The Company has transitioned away from US dollar exposure following its change to a technology company. The Company has reduced its foreign currency risk by working with Canadian vendors.

As at September 30, 2017, the Company's net foreign denominated financial assets are as follows:

	Foreign currency	Canadian dollar equivalent
US dollar	$ 11,485	$ 14,333

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.

10. 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 $12,528,181 (December 31, 2016 - $2,828,924). 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 period ended September 30, 2017.

11. SUBSEQUENT EVENTS

Subsequent to September 30, 2017, the Company:

a) Executed the Third Option and acquired the remaining outstanding shares of Spectrum Optix Inc. The Company issued 43,767,172 common shares ("Acquisition Shares") and an aggregate of 8,461,816 conditional warrants ("Conditional Warrants") to the shareholders of Spectrum. Each Conditional Warrant is exercisable into a common share or unit of the Company.

   Exercise of the Conditional Warrants is conditioned upon and subject to the exercise of corresponding classes of options and warrants of the Company outstanding prior to the acquisition of Spectrum, such that for each 65 shares of the Company issued on the existing options and warrants, the holders of the Conditional Warrants may exercise in the aggregate only 35 corresponding Conditional Warrants.

(Expressed in Canadian Dollars)

11. SUBSEQUENT EVENTS (cont'd…)

The following table sets forth the exercise prices and expiry dates of the Conditional Warrants:

Number	Exercise price		Expiry date
1,149,982	$ 1.12		June 21, 2018
118,354	1.12	(1)	February 23, 2019
3,727,403	1.50		February 23, 2019
1,136,154	1.12		September 21, 2020
53,846	1.12		February 22, 2021
404,923	1.12		July 5, 2021
175,000	1.12		September 14, 2021
296,154	1.12		January 10, 2022
1,400,000	1.75		June 7, 2022
8,461,816			

(1) Each warrant entitles the holder to acquire a Unit. Each Unit contains a common share and a share purchase warrant exercisable at $1.50 until February 23, 2019.

The Acquisition Shares have been deposited into escrow to be released over a period of 36 months beginning February 19, 2016. 13,130,152 Acquisition Shares have been released from escrow.

The Company will account for the acquisition of Spectrum as an acquisition of net assets, rather than a business combination, as the net assets acquired did not represent a separate business combination.

In connection with the acquisition, the Company issued 254,237 common shares and made a cash payment of $200,000 in accordance with the finder's fee agreement (Note 4).

b) Issued 85,000 common shares on the exercise of stock options for proceeds of $16,500.

c) Granted 1,610,000 stock options to directors, officers, consultants and employees exercisable at $1.15 for a period of 5 years.