

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## Triton Emission Solutions Inc.

**Form: 10-Q**

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Corporate Issuer CIK: 1143238

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2014**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

COMMISSION FILE NUMBER **000-33309**

**POLY SHIELD TECHNOLOGIES INC.**

(Exact name of registrant as specified in its charter)

**DELAWARE**

(State or other jurisdiction of  
incorporation or organization)

**33-0953557**

(I.R.S. Employer Identification No.)

**151 San Francisco St., Suite 201  
San Juan, Puerto Rico**

(Address of principal executive offices)

**00901**

(Zip Code)

**1 (800) 648-4287**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  **Yes**  **No**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  **Yes**  **No**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):  **Yes**  
 **No**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: **As of August 14, 2014, the Issuer had 87,995,005 shares of common stock, issued and outstanding.**



## Table of Contents

<u>PART I - FINANCIAL INFORMATION</u>	2
<u>Item 1. Financial Statements.</u>	2
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	3
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk.</u>	11
<u>Item 4. Controls and Procedures.</u>	12
<u>PART II - OTHER INFORMATION</u>	12
<u>Item 1. Legal Proceedings.</u>	12
<u>Item 1A. Risk Factors.</u>	12
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.</u>	17
<u>Item 3. Defaults upon Senior Securities.</u>	17
<u>Item 4. Mine Safety Disclosures.</u>	17
<u>Item 5. Other Information.</u>	17
<u>Item 6. Exhibits.</u>	18
<u>Signatures</u>	21



**ITEM 1. FINANCIAL STATEMENTS.**

The accompanying unaudited consolidated interim financial statements have been prepared in accordance with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X, and, therefore, do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the three and six month periods ended June 30, 2014, are not necessarily indicative of the results that can be expected for the year ending December 31, 2014.

As used in this Quarterly Report, the terms "we," "us," "our," and "Poly Shield" mean Poly Shield Technologies Inc. and our subsidiaries Ecolutions, Inc., Poly Shield Technologies (BVI) Ltd. and Poly Shield Technologies (UK) Limited, unless otherwise indicated. All dollar amounts in this Quarterly Report are in U.S. dollars unless otherwise stated.



**POLY SHIELD TECHNOLOGIES INC.  
CONSOLIDATED BALANCE SHEETS**

**June 30, 2014    December 31, 2013**

**Unaudited**

**ASSETS**

Current assets

Cash	\$ 1,195,234	\$ 177,986
Accounts receivable	3,993	3,754
Prepays	196,093	266,448
Work in progress	741,511	-
	<u>2,136,831</u>	<u>448,188</u>

Equipment	35,264	39,413
Investment in distribution and license rights	45,491	48,141
Investment in emission abatement technologies	50,852,250	-
	<u>\$ 53,069,836</u>	<u>\$ 535,742</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)**

Current liabilities

Accounts payable	\$ 457,323	\$ 147,600
Accrued liabilities	63,653	206,454
Unearned revenue	2,075,000	1,100,000
Notes and advances payable	1,137,562	1,070,898
Due to related parties	24,749	58,293
Current portion of the long-term loan	470,383	-
	<u>4,228,670</u>	<u>2,583,245</u>

Long-term loan	178,103	-
Total liabilities	<u>4,406,773</u>	<u>2,583,245</u>

Stockholders' equity (deficit)

Common stock \$0.001 par value, 200,000,000 common shares authorized, 87,995,005 issued and outstanding at June 30, 2014 ( December 31, 2013 - 187,995,005)	87,995	187,995
Obligation to issue shares	46,410	-
Additional paid in capital	65,934,336	2,240,253
Accumulated deficit	(17,417,343)	(4,487,416)
Accumulated other comprehensive income	11,665	11,665
	<u>48,663,063</u>	<u>(2,047,503)</u>
	<u>\$ 53,069,836</u>	<u>\$ 535,742</u>

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





**POLY SHIELD TECHNOLOGIES INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(unaudited)**

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Survey revenue	\$ -	\$ -	\$ 15,000	\$ -
Royalty revenue	3,862	3,757	13,810	13,976
Total revenues	3,862	3,757	28,810	13,976
Amortization	1,312,924	74,084	1,534,549	145,959
General and administrative expenses	931,108	185,674	1,475,918	490,601
Royalty fee	(195,833)	25,000	(170,833)	50,000
Loss before other items	(2,044,337)	(281,001)	(2,810,824)	(672,584)
Other items				
Accretion expense	(86,824)	-	(136,313)	-
Impairment of loan	(150,000)	-	(150,000)	-
Interest expense	(91,444)	(49,184)	(155,060)	(90,328)
Non-cash consulting fees	-	-	(9,677,730)	-
Net loss	\$ (2,372,605)	\$ (330,185)	\$ (12,929,927)	\$ (762,912)
Net loss per share - basic and diluted	\$ (0.03)	\$ (0.00)	\$ (0.10)	\$ (0.00)
Weighted average number of shares outstanding - basic and diluted	87,995,005	187,845,005	128,878,983	157,198,044

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

**POLY SHIELD TECHNOLOGIES INC.**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)**  
**(unaudited)**

	Common shares		Obligation to Issue Shares	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Number of Shares	Amount					
Balance at December 31, 2012	33,745,005	\$ 33,745	\$ -	2,295,003	(2,295,013)	11,665	45,400
Shares issued under employment agreement	154,000,000	154,000	-	81,466,000	-	-	81,620,000
Deferred compensation	-	-	-	(81,620,000)	-	-	(81,620,000)
Shares issued for purchase of subsidiary	100,000	100	-	52,900	-	-	53,000
Obligation to issue shares	-	-	45,000	-	-	-	45,000
Net loss for the six months ended June 30, 2013	-	-	-	-	(762,912)	-	(762,912)
Balance at June 30, 2013	187,845,005	187,845	45,000	2,193,903	(3,057,925)	11,665	(619,512)
Shares issued for services	150,000	150	(45,000)	46,350	-	-	1,500
Net loss for the six months ended December 31, 2013	-	-	-	-	(1,429,491)	-	(1,429,491)
Balance at December 31, 2013	187,995,005	187,995	-	2,240,253	(4,487,416)	11,665	(2,047,503)
Shares cancelled upon cancellation of employment agreement(154,000,000)	(154,000,000)	(154,000)	-	154,000	-	-	-
Fair value of warrants issued on long-term financing	-	-	-	1,536,353	-	-	1,536,353
Fair value of warrants issued for consulting services	-	-	-	9,677,730	-	-	9,677,730
Shares issued for patents	54,000,000	54,000	-	52,326,000	-	-	52,380,000
Obligation to issue shares	-	-	46,410	-	-	-	46,410
Net loss for the six months ended June 30, 2014	-	-	-	-	(12,929,927)	-	(12,929,927)
Balance at June 30, 2014	87,995,005	\$ 87,995	\$ 46,410	65,934,336	(17,417,343)	11,665	48,663,063

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

**POLY SHIELD TECHNOLOGIES INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

	Six months ended June 30,	
	2014	2013
<b>Cash flows used in operating activities</b>		
Net loss	\$ (12,929,927)	\$ (762,912)
Non cash items:		
Accretion expense	136,313	-
Amortization	1,534,549	145,959
Consulting services	9,677,730	-
Website design	46,410	45,000
Foreign exchange gain	844	(10,428)
Changes in operating assets and liabilities:		
Accounts receivable	(239)	(2,793)
Prepays	68,072	(4,692)
Advances payable	-	80,000
Advances receivable	-	44,765
Work in progress	(741,511)	-
Accounts payable	324,723	39,834
Accrued liabilities	(142,801)	52,324
Unearned revenue	975,000	350,000
Due to related parties	(31,261)	(142,600)
Accrued interest	155,060	89,712
Net cash used in operating activities	(927,038)	(75,831)
<b>Cash flows from financing activities</b>		
Long-term loan	2,000,000	-
Notes and advances payable	48,286	194,835
Repayment of accrued interest on notes payable	(104,000)	-
Net cash provided by financing activities	1,944,286	194,835
Net increase in cash	1,017,248	119,004
Cash, beginning	177,986	6,969
Cash, ending	\$ 1,195,234	\$ 125,973
Cash paid for:		
Income tax	\$ -	\$ -
Interest	\$ 104,000	\$ -

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



**POLY SHIELD TECHNOLOGIES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS**

Poly Shield Technologies Inc. (the "Company") was incorporated in the state of Delaware on March 2, 2000 and is listed on the OTCQB under the symbol "SHPR". The Company is in the business of developing and marketing environmental and pollution emission control solutions to a worldwide maritime market.

Poly Shield Technologies Inc.'s main focus is on the development and marketing of its proprietary DSOX-15 and DSOX-20 Fuel Purification Systems, designed to remove sulfur from marine fuel. These technologies are currently aimed at the maritime industry which includes vessels for cruise-line, freight shipping and tanker companies and can be installed during normal vessel operation.

**Basis of presentation**

The unaudited interim consolidated financial statements included herein have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. They do not include all information and notes required by generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to the financial statements included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2013. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2014, are not necessarily indicative of the results that may be expected for the year ending December 31, 2014. For further information, these unaudited financial statements and the related notes should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2013, included in the Company's report on Form 10-K.

**Reclassifications**

Certain prior period amounts in the accompanying consolidated interim financial statements have been reclassified to conform to the current period's presentation. These reclassifications had no effect on the consolidated results of operations or financial position for any period presented.

**Going Concern**

The accompanying unaudited consolidated interim financial statements have been prepared assuming the Company will continue as a going concern. Continuation as a going concern is dependent upon the ability of the Company to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due and ultimately upon its ability to achieve profitable operations. The outcome of these matters cannot be predicted with any certainty at this time and raise substantial doubt that the Company will be able to continue as a going concern. These unaudited interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. Management intends to obtain additional funding by borrowing funds from its directors and officers, issuing promissory notes and/or a private placement of common stock.

**NOTE 2 - RELATED PARTY TRANSACTIONS**

Amounts due to related parties at June 30, 2014 and December 31, 2013:

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Due to a company controlled by a Chief Financial Officer	\$ 703	\$ 5,405
Due to a Chief Technical Officer, Chief Executive Officer and a President	8,588	4,911
Due to a former President	294	294
Due to a former Chief Executive Officer	2,656	43,605
Due to a Vice President of Engineering	12,508	4,078
Due to related parties	\$ 24,749	\$ 58,293

Amounts are unsecured, due on demand and bear no interest.



During the six months ended June 30, 2014 and 2013, the Company incurred the following expenses with related parties:

	June 30, 2014	June 30, 2013
Administrative fees incurred to a company controlled by the Chief Financial Officer	\$ 150,000	\$ 80,000
Management fees incurred to the Chief Financial Officer	22,500	-
Management fees incurred to the Senior Vice President of Business Development	112,500	-
Consulting fees incurred to the Vice President of Engineering	70,002	-
Consulting and management fees incurred to the President, Chief Executive Officer and the Chief Technical Officer	90,000	-
Fair value of warrants issued to the President, Chief Executive Officer and the Chief Technical Officer for consulting services (Notes 3 and 9)	9,677,730	-
Salary incurred to the President, Chief Executive Officer and the Chief Technical Officer	31,644	192,514
Consulting fees incurred to the former President	15,000	-
Consulting fees incurred to the former Chief Executive Officer	252,000	-
<b>Total transactions with related parties</b>	<b>\$ 10,421,376</b>	<b>\$ 272,514</b>

### NOTE 3 - EMPLOYMENT AND MANAGEMENT CONSULTING AGREEMENTS

#### Employment and Management Consulting Agreement with President, CEO and CTO

On December 1, 2012 (and as amended on December 30, 2013 and February 28, 2014), the Company entered into an Employment Agreement with its President, CEO and CTO (the "Vendor"). This agreement became effective on February 5, 2013 ("Effective Date"). Under the terms of the Employment Agreement, the Vendor was appointed the Company's Chief Executive Officer and received a signing bonus of \$180,000. Beginning on the first anniversary of the Effective Date, the Vendor was to be paid an annual base salary of \$180,000 per year. In addition, on the Effective Date, the Company issued 154,000,000 shares of its common stock with a fair value of \$81,620,000, which were placed in escrow and were to be released to the Vendor upon delivery of bona fide contracts for the sale or lease of products or services at a rate of one share for each \$0.25 in revenue. Escrowed stock was to be released in increments of 1,250,000 shares of common stock.

On March 10, 2014, the Company and the Vendor terminated the Employment Agreement and entered into a Technology Transfer Agreement whereby the Vendor transferred the title of certain patent applications to the Company in return for the release of 54,000,000 of the aforementioned 154,000,000 shares. The remaining 100,000,000 shares were cancelled (Notes 6 and 9).

On March 10, 2014, the Company entered into a management consulting agreement (the "Management Consulting Agreement") with the Vendor whereby the Vendor agreed to provide consulting services to the Company in return for a monthly fee of \$22,500 and the issuance of 10,000,000 warrants with an exercise price of \$1.00, which expire on March 10, 2017 (Note 9). The Vendor may choose to exercise the warrants for up to 5,000,000 shares of common stock by way of a cashless exercise. Either party may terminate the agreement at any time with sixty days written notice.

The fair value of the warrants issued for the Management Consulting Agreement was calculated to be \$9,677,730 and was expensed at the time of issuance. The fair value was determined using the Black-Scholes option pricing model at the grant date using the following assumptions: expected life of 3 years, risk-free interest rate of 0.79%, expected dividend yield of 0% and expected stock price volatility of 352%.

#### Management Consulting Agreements with CFO and Senior VP of Business Development

On June 25, 2014, the Company entered into two separate Management Consulting Agreements (the "Management Agreements") with its Chief Financial Officer and its Senior Vice President of Business Development. Under the terms of the Management Agreements, the Company agreed to management fees of \$7,500 per month payable to its CFO and \$22,500 per month payable to its Senior Vice President of Business Development. Both Management Agreements are payable retroactively beginning as of April 1, 2014 and expire on June 25, 2017.





#### **NOTE 4 - LICENSE AGREEMENT**

On March 12, 2012, the Company entered into a license agreement with Teak Shield (the "Teak Shield License") and its owners Robert and Marion Diefendorf (the "Licensors") whereby the Company acquired a license to market and sell Teak Shield's licensed products. In exchange, the Company agreed to pay a 5% royalty to the Licensors with a minimum \$100,000 annual royalty payment, and agreed to issue to the Licensors 1,666,667 shares of the Company's common stock.

At December 31, 2013, management determined that the Teak Shield License was fully impaired.

On June 24, 2014, the Company and Licensors reached an agreement to amend the Teak Shield License (the "Amended Teak Shield License"). Both parties agreed to release each other from any and all obligations pursuant to the original Teak Shield License, which resulted in reversal of the royalty fees accrued of \$170,833.

The Amended Teak Shield License has an initial term of six years and may be automatically renewed for successive two-year terms. The Company is not required to pay any royalty, and no additional consideration is required in order to maintain the licensing rights.

#### **NOTE 5 - DISTRIBUTION AND LICENSE RIGHTS**

On January 31, 2013, the Company issued 100,000 shares of its common stock with a fair value of \$53,000 as a purchase price for all of the issued and outstanding shares in the capital of Ecolutions which held the rights to the intellectual property of Green Tech Marine AS ("GTM"). As a result of acquiring Ecolutions, the Company acquired distribution and license rights to the Exhaust Scrubber, a proprietary exhaust gas scrubber technology developed by GTM ("GTM Contracts").

The GTM Contracts are in effect until November 15, 2022, and may be automatically renewed for a further ten year period unless either party gives written notice of termination at least 90 days prior to the then current term.

The GTM Contracts are amortized over 10 years on a straight line basis. During the six months ended June 30, 2014, amortization expense of \$2,650 (June 30, 2013 - \$2,208) was recorded.

#### **NOTE 6 - TECHNOLOGY TRANSFER AGREEMENT**

On March 10, 2014, the Company entered into a Technology Transfer Agreement with the Vendor. Under the terms of the Technology Transfer Agreement, the Vendor agreed to sell to the Company all of his right, title and interest in and to all technologies owned by him that relate to the abatement and reduction of emissions and exhausts from internal combustion engines through the pre-treatment of input fuels, the treatment of exhaust gases produced by such engines, or any combination thereof (collectively, the "Technology"), including all of the Vendor's right, title and interest in and to certain patent applications to the Technology.

In consideration for the Technology, the Company agreed to release 54,000,000 of the total 154,000,000 shares of common stock that were previously issued to the Vendor and held in escrow, subject to forfeiture or release upon the fulfillment of certain performance conditions as set in the Employment Agreement. The remaining 100,000,000 shares have been cancelled (Notes 3 and 9).

The fair value of the 54,000,000 shares which were released for the Technology was \$52,380,000. The Technology is amortized over 10 years on a straight line basis. During the six months ended June 30, 2014, amortization expense of \$1,527,750 (June 30, 2013 - \$Nil) was recorded.



## NOTE 7 - EQUIPMENT

Amortization schedule for the equipment at June 30, 2014 and December 31, 2013:

	June 30, 2014		December 31, 2012	
Book value	\$	39,413	\$	41,602
Amortization		(4,149)		(2,189)
Equipment	\$	35,264	\$	39,413

The equipment consists of testing and laboratory tools and machinery, and is amortized on a straight-line basis over its useful life of five years.

## NOTE 8 - UNEARNED REVENUE AND WORK IN PROGRESS

During the six months ended June 30, 2014, the Company received \$975,000, as a deposit for future installation of its DSOX Fuel Purification System (the "DSOX System") pursuant to its April 15, 2014 purchase and services agreement. The agreement provides for the purchase of up to ten additional DSOX Systems.

During the six months ended June 30, 2014, the Company started a manufacturing process of its first land-based DSOX System, representing a combination of two DSOX-15 Systems originally designed to be used on board of a ship. As of June 30, 2014, the Company recorded \$741,511 as work in progress, of which \$109,820 was represented by the cost of parts and equipment required to build DSOX System and \$631,691 consisted of fees charged by the external contractors for building the DSOX System.

## NOTE 9 - SHARE CAPITAL

On March 10, 2014, in consideration for the Technology transferred by the Vendor to the Company (Notes 3 and 6), the Company agreed to release, from escrow, 54,000,000 shares of the total 154,000,000 shares of common stock that were previously issued to the Vendor and held in escrow. The fair value of the 54,000,000 shares was \$52,380,000. The remaining 100,000,000 shares were cancelled.

On April 1, 2014, the Company recorded an obligation to issue 51,000 shares of its common stock with a fair value of \$46,410 for the consulting and website design services. As of June 30, 2014, these shares remained unissued.

### Warrants

On January 15, 2014, the Company entered into a binding letter agreement (the "Letter Agreement") with KF Business Ventures LP (the "Lender"), which was superseded by the formal definitive loan agreement signed on February 11, 2014 and further amended on March 10, 2014 (the "KF Loan Agreement"). In consideration for the KF Loan Agreement, the Company issued to the Lender non-transferrable share purchase warrants to purchase a total of 6,200,000 shares of the Company's common stock, exercisable at a price of \$1 per share. Warrants for 2,200,000 shares of the Company's common stock expire on January 15, 2015, and warrants for 4,000,000 shares of the Company's common stock expire on January 15, 2018. The Lender may choose to exercise the warrants for up to 3,100,000 shares of common stock by way of a cashless exercise (Notes 10 and 12).

On March 10, 2014, the Company signed an amendment to the KF Loan Agreement (Note 10). Under the terms of the amended agreement, the Company issued to the Lender non-transferrable share purchase warrants for a total of 704,546 shares of the Company's common stock with an initial exercise price of \$1 per share (collectively, the "Additional Warrants"). The Additional Warrants to purchase a total of 250,000 shares of the Company's common stock expire on January 15, 2015, with the remaining 454,546 Additional Warrants expiring on January 15, 2018. The Additional Warrants may be exercised by way of a cashless exercise for a total of up to 352,273 shares.

On March 10, 2014, in consideration for the Management Consulting Agreement, the Company issued non-transferrable share purchase warrants to purchase a total of 10,000,000 shares of the Company's common stock with an initial exercise price of \$1 per share (Note 3). The warrants expire on March 10, 2017. The Vendor may choose to exercise the warrants for up to 5,000,000 shares of common stock by way of a cashless exercise.



Details of warrants outstanding as at June 30, 2014 are as follows:

Exercise price	Expiry date	Number of warrants outstanding
\$1.00	January 15, 2015	2,450,000
\$1.00	March 10, 2017	10,000,000
\$1.00	January 15, 2018	4,454,546
		16,904,546

At June 30, 2014, the weighted-average remaining contractual life of the outstanding share purchase warrants was 2.61 years.

## NOTE 10 - NOTES AND LOANS PAYABLE

### Acamar Loan

On April 19, 2012, the Company signed a loan agreement for \$260,000, repayable on October 31, 2013 (the "Acamar Loan"). The Acamar Loan bears interest at 3.5% per month for an effective rate of 51% per annum and is secured by the Teak Shield License (Note 4). The repayment of Acamar Loan was extended to June 30, 2014.

During the six months ended June 30, 2014, the Company paid \$104,000 in interest (June 30, 2013 - Nil). As of June 30, 2014, the total principle payable under the Acamar Loan was \$380,688 (December 31, 2013 - \$377,500) and accrued interest totaled \$101,450 (December 31, 2013 - \$108,059).

### KF Business Ventures Loan Agreement

Under the KF Loan Agreement (Notes 9 and 12), the Lender agreed to lend to the Company up to \$2,000,000 (the "KF Loan") in four equal installments of \$500,000 each. As of June 30, 2014 the full amount of the loan was advanced to the Company.

The KF Loan accumulates interest at a rate of 10% per annum, compounded monthly. Principal and interest will become payable in 18 equal monthly installments commencing on January 1, 2015. The Company has the right to prepay the amounts outstanding under the KF Loan at any time in increments of not less than \$250,000.

As additional consideration for the Lender agreeing to loan the funds to the Company, the Company has agreed to issue to the Lender non-transferrable share purchase warrants to purchase a total of 6,904,546 shares of the Company's common stock, exercisable at a price of \$1 per share (Notes 9 and 12). Warrants for 2,450,000 shares of the Company's common stock expire on January 15, 2015, and warrants for 4,454,546 shares of the Company's common stock expire on January 15, 2018. The Lender may choose to exercise the warrants for up to 3,452,273 shares of common stock by way of a cashless exercise.

The fair value of the warrants was calculated to be \$5,821,189 using the Black-Scholes option pricing model at the grant date using the following assumptions:

Expected Warrant Life (in years)	1-4 yrs.
Risk-Free Interest Rate	0.13%-1.24%
Expected Dividend Yield	Nil
Expected Stock Price Volatility	130%-362%

Under the guidance provided by ASC 470-20-25-2, proceeds from the sale of debt instrument with stock purchase warrants shall be allocated to the two elements based on the relative fair values of the debt instrument without the warrants and of the warrants themselves at time of issuance. The portion of the proceeds so allocated to the warrants shall be accounted for as paid-in capital. The remainder of the proceeds shall be allocated to the debt instrument portion of the transaction.

Management has determined that the warrants in this case are detachable from the debt instrument, as the debt instrument does not have to be surrendered to exercise the warrant.

The relative fair value of the warrants was determined to be \$1,536,353 and the value allocated to the debt portion of the

instrument was determined to be \$463,647 at the time of issuance using an effective interest rate of 15%. During the six months ended June 30, 2014, the Company recognized accretion expense of \$136,313. At June 30, 2014, the Company accrued \$48,526 in interest payable under the KF Loan (December 31, 2013 - \$Nil). \$470,383 of the loan is due in the next 12 months.

## Other Loans

During the six months ended June 30, 2014, the Company received an advance of CAD\$50,000 (\$48,286).

The tables below summarize the other loans outstanding as at June 30, 2014 and December 31, 2013:

### As at June 30, 2014

	Interest rate per annum	Due date	Principal outstanding	Accrued interest	Total
Other Loans	8%	On demand	\$ 27,000	\$ 5,879	\$ 32,879
Other Loans	7%	On demand	49,500	14,581	64,081
Other Loans	6%	On demand	177,969	23,715	201,684
Other Loans	0%	On demand	356,780	-	356,780
			\$ 611,249	\$ 44,175	\$ 655,424

### As at December 31, 2013

	Interest rate per annum	Due date	Principal outstanding	Accrued interest	Total
Other Loans	8%	On demand	\$ 27,000	\$ 4,604	\$ 31,604
Other Loans	7%	On demand	49,500	12,401	61,901
Other Loans	6%	On demand	178,639	17,884	196,523
Other Loans	0%	On demand	295,311	-	295,311
			\$ 550,450	\$ 34,889	\$ 585,339

## NOTE 11 - NOTES AND LOANS RECEIVABLE

During the six months ended June 30, 2014, the Company advanced a total of \$150,000 to its former subsidiary, New World Technologies Group Inc. The loans bear interest at 6% per year compounded monthly and are due on demand. As at June 30, 2014, the amount receivable was impaired due to uncertainty of collectability.

## NOTE 12 - SUBSEQUENT EVENTS

### UK Subsidiary

On July 9, 2014, the Company formed a subsidiary, Poly Shield Technologies (UK) Limited, under the Companies Act 2006 of the United Kingdom.

### Second KF Business Ventures Loan Agreement

On July 28, 2014, the Company entered into a loan agreement (the "Second KF Loan") with KF Business Ventures LP for an additional \$2,400,000, to be advanced in eight equal instalments of \$300,000 each, commencing on September 1, 2014, and on the first day of each consecutive calendar month thereafter until fully advanced. The Second KF Loan is conditional upon the Company agreeing to amend the First KF Loan Agreement (Note 10) and issuing to the Lender non-transferrable share purchase warrants for a total of 9,600,000 shares of the Company's common stock, exercisable at a price of \$0.50 per share for a period expiring September 1, 2019, with cashless exercise rights for up to 4,800,000 shares.

The Second KF Loan accumulates interest at a rate of 10% per annum, compounded monthly and is repayable in full on January 15, 2016. The maturity date may be extended by the Company to January 15, 2017 by the issuance of additional share purchase warrants equal to one-half of the outstanding principal and unpaid interest at January 15, 2016, with an initial exercise price of \$0.50 per share and expiring on September 1, 2021.





## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report constitute "forward-looking statements". These statements, identified by words such as "plan," "anticipate," "believe," "estimate," "should," "expect" and similar expressions, include our expectations and objectives regarding our future financial position, operating results and business strategy. These statements reflect the current views of management with respect to future events and are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from those described in the forward-looking statements. Such risks and uncertainties include those set forth under this caption "Management's Discussion and Analysis" and elsewhere in this Quarterly Report. We do not intend to update the forward-looking information to reflect actual results or changes in the factors affecting such forward-looking information. We advise you to carefully review the reports and documents we file from time to time with the United States Securities and Exchange Commission (the "SEC").

### OVERVIEW

We were incorporated under the laws of the State of Delaware on March 2, 2000, under the original name 411 Place.com Inc. On February 28, 2001, we changed our name to Artescope, Inc., on July 29, 2002, we changed our name to GlobeTrac Inc. and on July 11, 2012, we changed our name to Poly Shield Technologies Inc.

### Recent Corporate Developments

The following corporate developments have occurred during the quarter ended June 30, 2014, and up to the date of the filing of this report:

#### Purchase and Services Agreement with Magical Cruise Company, Limited

On April 15, 2014, we entered into a purchase and services agreement (the "Purchase and Services Agreement") with Magical Cruise Company, Limited ("DCL") regarding the procurement and installation of our DSOX-15 Pre-Combustion Fuel Purification System including an in-line sulfur monitor (our DSOX fuel purification systems being collectively referred to as the "DSOX Systems"), for reducing the sulfur oxide content of marine fuel oil.

Under the terms of the Purchase and Services Agreement, DCL agreed to purchase from us one DSOX System, with a possibility for the purchase of up to ten additional DSOX Systems at the same price. Additional details of our agreement with DCL are provided in our Current Report on Form 8-K, filed on April 17, 2014. As of the date of this report, we have completed the manufacturing of required components for the first DSOX System to be installed on DCL's vessel.

#### Change in Executive Officers and Directors

On April 16, 2014, James Pakulis resigned as our President and as a member of our Board of Directors. Mr. Pakulis's resignation was not due to, and was not caused by, in whole or in part, any disagreement with the Company, whether related to our operations, policies, and practices or otherwise. On April 16, 2014, we appointed Rasmus Norling as our President in place of Mr. Pakulis.

On May 16, 2014, Brad Eckenweiler resigned as our Chief Executive Officer and as a member of our Board of Directors. Mr. Eckenweiler's resignation was not due to, and was not caused by, in whole or in part, any disagreement with the Company, whether related to our operations, policies, practices or otherwise. Upon his resignation, we made a severance payment of \$252,000 to Mr. Eckenweiler. On May 16, 2014, we appointed Mr. Norling as our Chief Executive Officer in place of Mr. Eckenweiler. In addition to replacing Mr. Pakulis and Mr. Eckenweiler as our President and Chief Executive Officer, respectively, Mr. Norling continues to act as our Chief Technical Officer and as a member of our Board of Directors.

On June 25, 2014, we entered into a Management Consulting Agreement with our Chief Financial Officer, Joao (John) da Costa. Under the terms of his Management Consulting Agreement, Mr. da Costa will continue to act as our Chief Financial Officer and Treasurer for a term of three years, expiring on June 25, 2017, and will be entitled to a monthly remuneration of \$7,500, payable retroactively beginning as of April 1, 2014.

Also on June 25, 2014, we entered into a Management Consulting Agreement with Mitchell Reed Miller, a member of our Board of Directors. Under the terms of his Management Consulting Agreement, Mr. Miller will act as our Senior Vice President of Business Development for a term of three years, expiring on June 25, 2017, and will be entitled to a monthly remuneration of \$22,500, payable retroactively beginning as of April 1, 2014.

#### Developments to the DSOX Systems and new Patent Application

On May 20, 2014, we announced the launch of the DSOX-20 Pre-Combustion Desulfurization Fuel Purification System (the "DSOX-20"), a patent pending technology that enhances our DSOX-15 System by including several new innovations. This DSOX-20 system will be used for all future installations.

On July 21, 2014, we announced the filing of a new patent application. The new application covers the process of using our DSOX-20 System in combination with an exhaust gas scrubber.

#### Amendment and Restatement of Teak Shield License Agreement

On or about June 24, 2014, we completely amended and restated our license agreement for the Teak Shield fluoropolymer coatings sold by Teak Shield Corp. (the "Amended Teak Shield License"). Under the terms of the Amended Teak Shield License, we have a non-exclusive right to sell the fluoropolymer coating products sold by Teak Shield. The fluoropolymer coatings will be sold to us by Teak Shield at the lowest price charged by Teak Shield to third party purchasers. Under the terms of the Amended Teak Shield License, Teak Shield will no longer be entitled to any royalties from the sale by us of any of their products. In addition, our option to purchase all of Teak Shield's rights to its fluoropolymer products was terminated. The Amended Teak Shield License will extend for an initial period of six years.

#### Installation of First DSOX System in Mobile Alabama

On or about June 19, 2014, we began the installation of our first DSOX System in Mobile, Alabama for LMS Ship Management Inc. ("LMS"). The DSOX System being installed is a combination of two DSOX-15 Systems. Initially it was contemplated that these two DSOX-15 Systems would be installed on cargo ships operated and managed by LMS. However, in discussions with LMS, it was agreed that we would combine two DSOX-15 systems into one and install the combined unit as a stand-alone on-shore system at LMS' facilities in Mobile, Alabama. Installation of the DSOX System is currently ongoing. Once installation is complete, we will work with LMS on obtaining certification that the installed system meets current MEPC standards.

#### Approval of Name Change

On June 26, 2014, our Board of Directors approved an amendment to our Certificate of Incorporation to change the name of the Company to "Triton Emission Solutions Inc." (the "Name Change"). On July 1, 2014, we received a written consent of Mr. Norling, our President, Chief Executive and Chief Technology Officer as well as majority shareholder approving the Name Change. As of the date of this Quarterly Report the name change has not yet been effected.

#### Poly Shield Technologies (UK) Limited

On July 9, 2014, we formed a subsidiary, Poly Shield Technologies (UK) Limited under the Companies Act 2006 of the United Kingdom. This subsidiary will concentrate its efforts on marketing and distribution of our DSOX Systems to a European market.

## Second KF Business Ventures Loan Agreement

On July 28, 2014, we entered into a loan agreement (the "Second KF Loan Agreement") with KF Business Ventures LP ("KFBV") for an additional \$2,400,000, to be advanced in eight equal installments of \$300,000 each. The first installment is expected to be advanced on September 1, 2014, with the remaining installments advanced on the first day of each consecutive calendar month thereafter. Advance of the loan is conditional upon (1) our agreeing to amend the First KF Loan Agreement (see "Second Amendment to First KF Loan Agreement"); (2) our issuing to the Lender non-transferrable share purchase warrants for a total of 9,600,000 shares of our common stock, exercisable at a price of \$0.50 per share for a period expiring September 1, 2019, with cashless exercise rights for up to 4,800,000 shares; and (3) our agreeing with KFBV on a monthly budget for our Company.

Amounts payable under the Second KF Loan Agreement will accumulate interest at a rate of 10% per annum, compounded monthly and will be repayable in full on January 15, 2016. We may extend the maturity date of the loan to January 15, 2017 by issuing KFBV additional share purchase warrants equal to one-half of the outstanding principal and unpaid interest at January 15, 2016, with an initial exercise price of \$0.50 per share and expiring on September 1, 2021.

In addition, as part of the Second KF Loan Agreement, we have agreed to appoint Robert C. Kopple, the principal of KFBV, as Chairman of our Board of Directors on or before September 1, 2014. In connection with his appointment we will be required to issue to Mr. Kopple options to purchase up to 2,500,000 shares of common stock, vesting at a rate of 500,000 shares per year, exercisable at a price of \$0.50 per share, and expiring 5 years after vesting.

## Second Amendment to First KF Loan Agreement

As a condition precedent to the advance of funds under the Second KF Loan Agreement, we have also agreed to further amend our first loan agreement with KFBV for \$2,000,000, entered into on January 15, 2014 and as amended on March 10, 2014 (as amended, the "First KF Loan Agreement"). We expect to enter into this second amendment to the First KF Loan Agreement (the "Second Amendment Agreement") on or before September 1, 2014 in connection with the advance of funds under the Second KF Loan Agreement. Under the proposed terms of the Second Amendment Agreement, the maturity date for the outstanding amounts payable under the First KF Loan Agreement will be extended to January 15, 2016. As consideration for this extension, we will agree to (1) extend the expiry date for 2,450,000 of the warrants previously issued to KFBV under the First KF Loan Agreement from January 15, 2015 to January 15, 2016; (2) amend the exercise price for all 6,904,546 warrants previously issued to KFBV under the First KF Loan Agreement from \$1.00 per share to \$0.50 per share; and (3) issue to KFBV additional warrants for the purchase of up to 2,350,000 shares of our common stock at an initial exercise price of \$0.50 per share and expiring on January 15, 2019, with cashless exercise rights for up to 1,175,000 shares.

Additional details for the Second KF Loan Agreement and the First KF Loan Agreement are provided in our Current Reports on Forms 8-K, filed on August 1, 2014, March 12, 2014 and on February 18, 2014.

## RESULTS OF OPERATIONS

	Three Months Ended June 30,		Percentage Change
	2014	2013	
Royalty revenue	\$ 3,862	\$ 3,757	2.8%
Total revenues	3,862	3,757	2.8%
Amortization	1,312,924	74,084	1672.2%
General and administrative	931,108	185,674	401.5%
Royalty fee	(195,833)	25,000	(883.3)%
Operating expenses	2,048,199	284,758	619.3%
Loss before interest expense	(2,044,337)	(281,001)	627.5%
Accretion expense	(86,824)	-	n/a
Impairment of loan	(150,000)	-	n/a
Interest	(91,444)	(49,184)	85.9%
Net loss	\$ (2,372,605)	\$ (330,185)	618.6%

	Six Months Ended June 30,		Percentage Change
	2014	2013	
Survey revenue	\$ 15,000	\$ -	n/a
Royalty revenue	13,810	13,976	(1.2)%
Total revenues	28,810	13,976	106.1%
Amortization	1,534,549	145,959	951.4%
General and administrative	1,475,918	490,601	200.8%
Royalty fee	(170,833)	50,000	(441.7)%
Operating expenses	2,839,634	686,560	313.6%
Loss before interest expense	(2,810,824)	(672,584)	317.9%
Accretion expense	(136,313)	-	n/a
Impairment of loan	(150,000)	-	n/a
Interest	(155,060)	(90,328)	71.7%
Non-cash consulting fees	(9,677,730)	-	n/a
Net loss	\$ (12,929,927)	\$ (762,912)	159.5%

### Revenues

During the three months ended June 30, 2014, our revenue consisted of the royalties paid to us by WebTech Wireless ("WebTech") pursuant to our agreement with WebTech, which is scheduled to terminate on October 31, 2015. The revenue was comparable to that we received for the three months period ended June 30, 2013.

Our revenue increased by \$14,834 from \$13,976 for the six months ended June 30, 2013, to \$28,810 for the six months ended June 30, 2014. The increase in revenue was the result of revenues received from ship surveys for possible installation of our DSOX Systems. Our royalty revenue from our agreement with WebTech was comparable to revenue we received during the six months ended June 30, 2013.

## Operating Expenses

During the three months ended June 30, 2014, our operating expenses increased by \$1,763,441 or 619.3% from \$284,758 for the three months ended June 30, 2013, to \$2,048,199 for the three months ended June 30, 2014.

During the six months ended June 30, 2014, our operating expenses increased by \$2,153,074 or 313.6% from \$686,560 for the six months ended June 30, 2013, to \$2,839,634 for the six months ended June 30, 2014.

The increases in our operating expenses for the three and six month periods ended June 30, 2014, as compared to our operating expenses for the same period in 2013, relate primarily to the continuous development of our DSOX Systems and increased development and marketing costs associated with those efforts. The most significant year-to-date changes were as follows:

- During the six months ended June 30, 2014, we incurred \$31,644 in salary and wage expenses as opposed to \$207,793 in salary and wage expenses incurred during the six months ended June 30, 2013. Salaries and expenses for the six months ended June 30, 2013 included \$180,000 plus applicable employment taxes paid as a signing bonus in connection with the Norling Employment Agreement, which became effective on February 6, 2013. Under the terms of the Norling Employment Agreement, during the six months ended June 30, 2014, Mr. Norling was paid a salary of \$15,000 per month (plus applicable employment taxes) for a period of two months, and until the Norling Employment Agreement was terminated on March 10, 2014. Beginning March 10, 2014, Mr. Norling acts under the terms of a Management Consulting Agreement, and receives \$22,500 per month which is recorded as part of management fees.
- Our amortization expense for the six months ended June 30, 2014, increased by 951.4% or \$1,388,590 relative to the six months period ended June 30, 2013. The increase resulted from amortization of the Emission Abatement Technologies that we acquired on March 10, 2014 as a result of our Technology Transfer Agreement with Mr. Norling. The Emission Abatement Technologies were valued at \$52,380,000 and are amortized over ten year useful life on a straight line basis.
- Due to increased business activity, we felt it was necessary to acquire director's and officer's liability insurance, which resulted in an additional cost to our operations of \$51,627, which we incurred during the six month period ended June 30, 2014. In order to comply with our agreements for the installation and servicing of the DSOX Systems we also acquired Marine and Workers Compensation insurance, which resulted in extra costs of \$6,766 during the same period.
- During the six months ended June 30, 2014, our travel and entertainment as well as advertising and marketing expenses increased by \$49,714, \$99,800, and \$47,600, respectively, relative to the same period in fiscal 2013. The increases were associated with the need to bring awareness about our new emission abatement technologies to the general public and prospective investors. To support our marketing efforts we saw it necessary to overhaul our corporate web site, which resulted in an increase to our web design and maintenance costs of \$50,748, as compared to the six months period ended June 30, 2013.
- During the six months ended June 30, 2014, our administrative, consulting and management fees increased by \$70,000, \$392,092 and \$202,500, respectively. These increases were partially associated with the increased work load that we experienced due to the change in our business model and the need to restructure certain operations. Changes to our management fees also include the effects of terminating the Norling Employment Agreement and instead entering into a Management Consulting Agreement with Mr. Norling, which pays Mr. Norling a management fee of \$22,500 per month. Changes to our consulting fees included a severance payment of \$252,000, which we made to Brad Eckenweiler upon his resignation as our Chief Executive Officer and director on May 16, 2014.

- Advancement of our projects and general increase in operations resulted in increase to our professional fees of \$92,795, which grew from \$65,921 incurred during the six months ended June 30, 2013 to \$158,716 incurred during the six months ended June 30, 2014.
- In July of 2013 we entered into two separate operating lease agreements for an additional office as well as warehouse and testing facility. In connection with these new leases, we paid \$34,257 in rent fees. Our office expenses increased by \$25,806, from \$398 we incurred during the six months ended June 30, 2013 to \$26,204 we incurred during the six months ended June 30, 2014.
- During the six month period ended June 30, 2014, we entered into negotiations with the licensors under our Teak Shield License Agreement dated March 12, 2012 (the "Teak Shield License") to amend the terms of the Teak Shield License. These negotiations were concluded on June 24, 2014, when we signed a Restated and Amended Licensee Agreement. As a result of these negotiations we were released from any and all obligations pursuant to the original Teak Shield License, which resulted in reversal of the royalty fees of \$170,833.

Our business efforts with respect to our emission abatement technologies are currently in the development stage, and thus, as we pursue the development of our new business, we expect our operating expenses to further increase during the fiscal 2014 as compared to the prior year's results. In addition, because we do not have an operating history with respect to these business lines, it may be difficult for us to predict future operating expenses and capital requirements related to these businesses and our historical results are not expected to be reflective of future expenses and capital requirements.

### **Other Items**

During the three months ended June 30, 2014, we recorded \$86,824 accretion expense that resulted from the difference between stated interest rate and implied interest rate we used to determine the fair value of the proceeds we received pursuant to the First KF Loan Agreement. Our net loss was further increased by \$150,000 impairment charge on the loans to our former subsidiary, New World Technologies Group, Inc.

Our interest expense increased by \$42,260, or 85.9% from \$49,184 for the three months ended June 30, 2013, to \$91,444 for the three months ended June 30, 2014; this increase resulted from the additional debt load associated with our current business activities.

During the six months ended June 30, 2014, we recorded \$136,313 accretion expense that resulted from the difference between stated interest rate and implied interest rate we used to determine the fair value of the proceeds we received pursuant to the First KF Loan Agreement. During the same period, we recorded \$9,677,730 in non-cash consulting fees associated with the fair value of the warrants to acquire up to 10,000,000 shares of our Common Stock that we issued to Mr. Norling as part of his Management Consulting Agreement with us. In addition, we recorded a \$150,000 impairment charge on the loans to our former subsidiary, New World Technologies Group, Inc. We had no such transactions during the six months ended June 30, 2013.

Our interest expense increased by \$64,732, or 71.7% from \$90,328 for the six months ended June 30, 2013, to \$155,060 for the six months ended June 30, 2014; this increase resulted from the additional debt load associated with our current business activities.

## LIQUIDITY AND CAPITAL RESOURCES

### Working Capital

	June 30, 2014	December 31, 2013	Percentage Change
Current assets	\$ 2,136,831	\$ 448,188	376.8%
Current liabilities	(4,228,670)	(2,583,245)	63.7%
Working capital deficit	\$ (2,091,839)	\$ (2,135,057)	(2.0)%

As of June 30, 2014, we had a cash balance of \$1,195,234, a working capital deficit of \$2,091,839 and cash flows used in operations of \$927,038 for the six months then ended. During the six months ended June 30, 2014, we funded our operations with \$1,944,286 in loans and advances received during this period, \$975,000 we received as deposit for the sale of a DSOX System pursuant to our Purchase and Services Agreement with DCL and, to the minor extent, with the cash we received from royalties and ship survey fees.

### Cash Flows

	Six Months Ended June 30,	
	2014	2013
Cash flows used in operating activities	\$ (927,038)	\$ (75,831)
Cash flows provided by financing activities	1,944,286	194,835
Net increase in cash during the period	\$ 1,017,248	\$ 119,004

### **Net Cash Used in Operating Activities**

Net cash used in operating activities during the six months ended June 30, 2014, was \$927,038. This cash was primarily used to cover our operating loss of \$12,929,927 and increase our work in progress by \$741,511, which was associated with payments we made to our contractors for the manufacturing of the first DSOX System as well as acquire necessary parts and equipment. In addition we used \$31,261 to reduce the amounts due to related parties and \$142,801 to reduce our accrued liabilities, which were in part associated with the reversal of royalty fees payable for the Teak Shield License. These uses of cash were offset by \$975,000 we received as a deposit for the Purchase and Services Agreement with DCL. The uses of cash were further offset by decrease in prepaid expenses of \$68,072, increases in our accounts payable of \$324,723 and increase in interest accrued on the notes and advances payable of \$155,060.

Net cash used by operating activities during the six months ended June 30, 2013, was \$75,831. This cash was primarily provided by \$350,000 we received as deposits for future installations of our DSOX Systems and was offset by our operating loss of \$762,912 and a \$142,600 decrease in amounts due to related parties. Cash from operations was also provided by a decrease in advances of \$80,000, increases in accounts payable of \$39,834, accrued liabilities of \$52,324, and accrued interest on notes and advances payable of \$89,712.

### Non-cash transactions

During the six months ended June 30, 2014, our net loss was affected by the following items that did not have any impact on cash used in operations: \$136,313 accretion expense that resulted from the difference between stated interest rate and implied interest rate we used to determine the fair value of the proceeds we received pursuant to the First KF Loan Agreement; \$9,677,730 in non-cash consulting fees associated with the fair value of the warrants to purchase up to 10,000,000 shares of our common stock we issued to Mr. Norling as part of his Management Consulting Agreement with us, and \$1,534,549 in amortization expense we recorded on our intangible assets as well as testing and laboratory equipment. In addition, we recorded an obligation to issue shares for web design services totalling \$46,410.



During the six months ended June 30, 2013 we recorded a non-cash item of \$145,959 for amortization of the Teak Shield License and \$45,000 for web site design services.

### **Net Cash Provided by Financing Activities**

During the six months ended June 30, 2014, we received \$2,000,000 from KF Business Ventures LP pursuant to our First KF Loan Agreement. In addition, we received an advance for the total of CAD\$50,000 (\$48,286) from an unrelated party. These financing activities were reduced by \$104,000 we paid to partially reduce interest we owed under the Acamar Loan Agreement we entered into on April 19, 2012.

In addition, subsequent to our second fiscal quarter, we entered into the Second KF Loan Agreement with KFBV for additional \$2,400,000. See "Recent Corporate Developments."

During the six months ended June 30, 2013, we received \$194,835 in loans from unrelated parties.

### **Going Concern**

The notes to our interim consolidated financial statements at June 30, 2014, disclose our uncertain ability to continue as a going concern. We were in the business of selling, marketing, distributing and installing global wireless tracking and telematics equipment in Europe until November 1, 2004, when we exchanged our rights to sell, market, distribute and install global wireless tracking and telematics equipment in Europe as well as specific assets and liabilities, for a royalty of 6% on future gross sales to qualified customers in Europe. This royalty agreement ends on October 31, 2015, which will end the revenue from this source. Our Teak Shield contract has not generated any revenue. Our emission abatement technologies have begun to generate revenue only recently. To date revenue related to these technologies has been limited to conducting surveys on ships for the potential installation.

We have accumulated a deficit of \$17,417,343 since inception and increased sales will be required to fund and support our operations. We plan to mitigate our losses in future years by controlling our operating expenses and actively seeking contracts for our emission abatement technologies. As of the date of this report we signed contracts to install five DSOX-15 Systems on ships. The agreements provide for the potential installation of up to 57 additional DSOX-15 Systems. We plan to upgrade all installations to our more advanced system – the DSOX-20 System. Despite our current contracts, we cannot provide assurance that we will be successful in generating additional sales. In addition, we have not yet recorded revenues from the sale of any DSOX Systems, and there is no assurance that we will be able to record such revenues in the future. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

### **Off-Balance Sheet Arrangements**

None.

### **Critical Accounting Policies**

An appreciation of our critical accounting policies is necessary to understand our financial results. These policies may require management to make difficult and subjective judgments regarding uncertainties, and as a result, such estimates may significantly impact our financial results. The precision of these estimates and the likelihood of future changes depend on a number of underlying variables and a range of possible outcomes. Other than our accounting for our royalty revenue, our critical accounting policies do not involve the choice between alternative methods of accounting. We have applied our critical accounting policies and estimation methods consistently.

### ***Revenue Recognition***

#### Royalty revenue

Royalty revenue is recognized when pervasive evidence of an agreement exists, when it is received or when the royalty income is determinable and collectability is reasonably assured.



### Survey revenue

Revenue is realized when the service has been provided and the income is determinable and collectability is reasonably assured.

### ***Accounts Receivable***

Receivables represent valid claims against debtors for services and royalties arising on or before the balance sheet date and are reduced to their estimated net realizable value. An allowance for doubtful accounts is based on an assessment of the collectability of all past due accounts. At June 30, 2014, and December 31, 2013, our allowance for doubtful accounts was \$0.

### ***Foreign Exchange Risk***

We are subject to foreign exchange risk on our royalty revenue and some purchases which are denominated in Canadian dollars. Foreign currency risk arises from the fluctuation of foreign exchange rates and the degree of volatility of these rates relative to the U.S. dollar. Foreign exchange rate fluctuations may adversely impact our results of operations as exchange rate fluctuations on transactions denominated in currencies other than our functional currency result in gains and losses that are reflected in our Statement of Operations. To the extent the U.S. dollar weakens against foreign currencies, the translation of these foreign currency-denominated transactions will result in increased net revenue. Conversely, our net revenue will decrease when the U.S. dollar strengthens against foreign currencies. We do not believe that we have any material risk due to foreign currency exchange.

### ***Fair Value of Financial Instruments***

Our financial instruments include cash, accounts receivable, accounts payable and accrued liabilities. We believe the fair values of these financial instruments approximate their carrying values due to their short maturities.

### ***Concentration of Credit Risk***

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash and trade accounts receivable.

At June 30, 2014, we had \$1,195,234 in cash on deposit with a large chartered Canadian bank and a large US bank; \$861,750 of this cash was insured. As part of our cash management process, we perform periodic evaluations of the relative credit standing of these financial institutions. We have not experienced any losses in cash balances and do not believe we are exposed to any significant credit risk on our cash.

Accounts receivable are not collateralized and consist of royalties and survey income. We continually monitor the financial condition of our customers to reduce the risk of loss. We routinely assess the financial strength of our sources of revenue and as a consequence, concentration of credit risk is limited. At June 30, 2014, we had \$3,993 in accounts receivable outstanding.

### ***Recent Accounting Standards and Pronouncements***

Recent accounting pronouncements issued by the Financial Accounting Standards Board or other authoritative standards groups with future effective dates are either not applicable or are not expected to be significant to our financial statements.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Not Applicable.

#### ITEM 4. CONTROLS AND PROCEDURES.

In connection with the preparation of this Quarterly Report on Form 10-Q, an evaluation was carried out by our management, with the participation of our Chief Executive Officer and the Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act") as of June 30, 2014. Based on the evaluation, our management concluded, as of the end of the period covered by this report, that our disclosure controls and procedures were effective in recording, processing, summarizing, and reporting information required to be disclosed, within the time periods specified in the Securities and Exchange Commission's rules and forms.

During the quarter ended June 30, 2014, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### PART II - OTHER INFORMATION

#### ITEM 1. LEGAL PROCEEDINGS.

None.

#### ITEM 1A. RISK FACTORS.

The following are certain risk factors that could affect our business, financial position, results of operations or cash flows. These risk factors should be considered along with the forward-looking statements contained in this Quarterly Report on Form 10-Q because these factors could cause our actual results or financial condition to differ materially from those projected in forward-looking statements. The following discussion is not an all-inclusive listing of risks, although we believe these are the more material risks that we face. If any of the following occur, our business, financial position, results of operations or cash flows could be negatively affected. We caution the reader to keep these risk factors in mind and refrain from attributing undue certainty to any forward-looking statements, which speak only as of the date of this Quarterly Report.

#### **Risk Factors Associated with our Emission Abatement Technologies Line of Business**

#### **We have earned only limited revenues from the sale of products or services related to the DSOX Systems and other Technologies.**

Our current principal business focus is on the research, development and marketing of products and services related to the DSOX Technology. However, our efforts in this area are in the development stage and we have earned only limited revenues related to these products. There is also no assurance that we will be able to earn revenues from this businesses line in the future.

#### **Although we have entered into sales contracts for our DSOX Systems, we have not yet completed the installation of any of the systems contracted for.**

Although we have entered into sales contracts with LMS Ship Management Inc. ("LMS"), Prestige Cruise Holdings Inc. ("Prestige") and Magical Cruise Company, Limited ("DCL") for the installation of our DSOX Systems, we have not yet completed the installation of any systems on board any ships and have not yet recorded revenue from the sale of these products. In June 2014, we commenced installation of our first DSOX System at LMS' on-shore facilities located in Mobile, Alabama, which is currently ongoing. We have not yet completed the delivery or installation of any DSOX Systems to Prestige or DCL. Once installed, there is no assurance that the emission abatement systems installed by us will obtain certification under current MEPC standards.

**Flag Ship Approval under Regulation 4 of Marpol Annex VI is made on a ship by ship basis.**

The approval of the scrubber installation is made on a ship by ship basis and it is very difficult to receive a Type Approval for the system prior to installation. While our Exhaust Scrubber is the only scrubber to have received Type Approval for large gas turbine engines, we cannot guarantee that it will receive Type Approval on future installations. Failure to receive Type Approval on future installations could have a significant material impact on the financial results of our Company.

**Changes in government policies, regulations and laws could adversely affect our financial results.**

We expect the majority of our future revenue to come from sales of our DSOX Systems, which are heavily dependent on current and future IMO Regulations being enforced by international signatories to MARPOL Annex VI. Currently the United States, Canada and the E.U. have Emission Control Area's (ECA) in place that apply stringent engine emission standards and fuel sulfur limits to ships that operate in these ECA's as set under MARPOL Annex VI. While sulfur oxide limit restrictions in these ECA's are expected to drop, there can be no assurance that this will happen. A change in the current and upcoming IMO regulations could have a significant material impact on our financial results.

**Unforeseen complications during the installation of the DSOX System can potentially halt ships operation, which could adversely affect our sales, results of operations or cash flows, as well as increase potential for lawsuits filed against us.**

Our DSOX Systems can be installed on a ship without disruption to the ship's operations. However, if the planning and/or execution of the installation process have flaws, we can face a situation where the ship's operation has to be halted in order to complete installation. Depending on the type of the ship and its machinery, this risk can be mitigated by scheduling the operation of a different engine. However, if the alternative engine is not available, we will have no choice but to stop the operation of the ship.

**We face competition from other companies who manufacture and install exhaust scrubbers or other emission abatement solutions, which could adversely affect our sales, results of operations or cash flows.**

At the moment, none of our main competitors for the Exhaust Scrubber have received a full Type Approval (EPA, USCG, MEPC) for operation on commercial vessels. The scrubbers used by these competitors are limited to operating with caustic soda or in an open loop, which increases operating costs and risks due to the nature and sensitivity of the chemicals. However, should these companies get the full Type Approval or develop and introduce more enhanced technologies, we could face a decline in the market share for our Exhaust Scrubbers.

**General Risk Factors**

**We have a lack of operating history in the fluoropolymer and the emission abatement industries and there is no assurance that our business efforts in these industries will be successful.**

With our entry into the Teak Shield License Agreement, GTM Contracts, acquisition of patent application rights to the Bio Scrubber technology and development of DSOX Systems we have added to our business. Although our Board of Directors and Executive Officers have extensive business experience, they do not have experience in the fluoropolymer industry, and aside from our President and the Chief Technical Officer and our Vice President of Engineering, limited experience in the emission abatement industry. Some of our competitors may have greater experience and/or greater financial resources than we do at this time. We intend to hire experienced sales and consulting teams to market our products. However, since we have no history of earning revenue in these business lines, there is no assurance that our business efforts in these industries will prove successful.

**Inability to protect and enforce our intellectual property rights could adversely affect our financial results.**

Intellectual property rights, including patents, trade secrets, confidential information, trademarks, tradenames and other forms of trade dress, are important to our business. We endeavor to protect our intellectual property rights in jurisdictions in which our products are produced or used and in jurisdictions into which our products are imported. However, we may be unable to obtain protection for our intellectual property in key jurisdictions. We have designed and implemented internal controls to restrict access to and distribution of our intellectual property. Despite these precautions, our intellectual property is vulnerable to unauthorized access through employee error or actions, theft and cybersecurity incidents, and other security breaches.

**Demand for and supply of our products and services may be adversely affected by several factors, some of which we cannot predict or control, that could adversely affect our financial position, results of operations or cash flows.**

The demand for our products and services could be affected by several factors, including:

- economic downturns in the markets in which we sell our products;
- competition from other products;
- changes in customer preferences;
- product obsolescence or technological changes that render our products less desirable to use or more expensive to produce;
- changes in environmental regulations that may make our products illegal to sell and distribute in their present form;
- inability of our supplier to obtain materials used in production due to factors such as work stoppages, shortages or supplier plant shutdowns; and
- inability to supply products due to factors such as work stoppages, plant shutdowns or regulatory changes and exogenous factors, like severe weather.

If any of these events occur, the demand for and supply of our products and services could suffer, which could have a material adverse effect on our financial position, results of operations and cash flows.

**Current and future disruptions in the global credit and financial markets could limit our access to financing, which could negatively impact our business.**

Domestic and foreign credit and financial markets have experienced extreme disruption in the past three years, including volatility in security prices, diminished liquidity and credit availability, declining valuations of certain investments and significant changes in the capital and organizational structures of certain financial institutions. We are unable to predict the likely duration and severity of the continuing disruption in the credit and financial markets or of any related adverse economic conditions. These market conditions may limit our ability to access the capital necessary to grow and maintain our business. Accordingly, we may be forced to delay raising capital, issue shorter tenors than we prefer or pay unattractive interest rates, which could increase our interest expense, decrease our profitability and significantly reduce our financial flexibility. Overall, our results of operations, financial condition and cash flows could be materially adversely affected by the disruptions in the global credit and financial markets.

**The global economic downturn may have a negative effect on our business and operations.**

The global economic downturn has caused a general tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, and lower business spending, all of which may have a negative effect on our business, results of operations, financial condition and liquidity. Potential customers may be unable to fund purchases or may determine to reduce purchases or inventories or may cease to continue in business. In addition, our supplier may not be able to supply us with needed raw materials on a timely basis, may increase prices or go out of business, which could result in our inability to meet customer demand or could affect our gross margins.

The timing, strength or duration of any recovery in the global economic markets remains uncertain, and there can be no assurance that market conditions will improve in the near future or that our results will not continue to be materially and adversely affected. Such conditions make it very difficult to forecast operating results, make business decisions and identify and address material business risks. There can be no assurance that the economy and our operating results will continue to improve, that the economy will not experience another significant downturn. In such an event, our operating results, financial condition and business could be adversely affected.

**The agreements governing our debt contain various covenants that limit our ability to take certain actions, failure to comply with which could have a material adverse effect on us.**

The agreements governing our senior secured term loan contain a number of covenants that, among other things, limit our ability to: transfer or sell all or substantially all of our assets or make certain other restricted payments. Any future refinancing of the term loan is likely to contain similar restrictive covenants.

**Our President the Chief Executive and Chief Technology Officer is the beneficial owner of approximately 57.9% of our common stock and will be able to exert considerable influence over our actions.**

Mr. Rasmus Norling beneficially owns approximately 57.9% of the outstanding shares of our common stock. As the President, Chief Executive and Chief Technical Officer and a significant stockholder, he has the power to exert considerable influence over our actions and the outcome of matters on which our stockholders are entitled to vote including the election of directors and other significant corporate actions. The interests of Mr. Norling may be different from the interests of our shareholders.

**The loss of key members of our senior management team could disrupt the management of our business.**

We believe that our success depends on the continued contributions of the members of our senior management team, including Mr. Rasmus Norling, our President, Chief Executive and Chief Technical Officer and a principal stockholder. The loss of the services of Mr. Norling could impair our ability to identify and secure new customer contracts, to maintain good customer relationships and to otherwise manage our business, which could have a material adverse effect on our financial performance and our ability to compete.

**We are subject to risks associated with selling our products internationally.**

Our non-domestic sales efforts are subject to varying degrees of regulation in each of the foreign jurisdictions in which we may seek to provide services. Local laws and regulations, and their interpretation and enforcement, differ significantly among those jurisdictions, and can change significantly over time. Future regulatory, judicial and legislative changes or interpretations may have a material adverse effect on our ability to deliver services in foreign jurisdictions.

**In addition to these international regulatory risks, some of the other risks inherent in conducting business internationally include:**

- economic, political and social instability;
- currency restrictions and exchange rate fluctuations;
- potential submission to the jurisdiction of a foreign court or arbitration panel;
- import and export quotas;
- longer payment cycles and problems collecting accounts receivable;
- potential vessel seizure, terrorist attacks, piracy, kidnapping, the expropriation of assets and other governmental acts;
- pandemics or epidemics that disrupt worldwide trade or the movement of vessels;
- additional U.S. and other regulation of non-domestic operations, including regulation under the Foreign Corrupt Practices Act as well as other anti-corruption laws; and
- the imposition of unanticipated or increased taxes, increased environmental and safety regulations or other forms of public and governmental regulation that increase our operating expenses.

Many of these risks are beyond our control, and we cannot predict the nature or the likelihood of the occurrence or corresponding effect of any such events, each of which could have an adverse effect on our financial condition and results of operations.

**To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.**

Our ability to pay interest on our debt and to satisfy our other debt obligations will depend in part upon our future financial and operating performance and upon our ability to renew or refinance borrowings. Prevailing economic conditions and financial, business, competitive, legislative, regulatory and other factors, many of which are beyond our control, will affect our ability to make these payments. While we believe that cash flow from our current level of operations, available cash and available borrowings will provide adequate sources of liquidity for at least the next twelve months, a significant drop in operating cash flow resulting from economic conditions, competition or other uncertainties beyond our control could create the need for alternative sources of liquidity. If we are unable to generate sufficient cash flow to meet our debt service obligations, we will have to pursue one or more alternatives, such as, reducing or delaying capital or other expenditures, refinancing debt, selling assets, or raising equity capital.

We cannot assure you, however, that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness, including our term loan and revolving credit facility, on commercially reasonable terms or at all.

**Because our stock is a penny stock, stockholders will be more limited in their ability to sell their stock.**

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or quotation system.

Because our securities constitute "penny stocks" within the meaning of the rules, the rules apply to us and to our securities. The rules may further affect the ability of owners of shares to sell our securities in any market that might develop for them. As long as the quotation price of our common stock is less than \$5.00 per share, the common stock will be subject to Rule 15g-9 under the Exchange Act. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that:

- contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading;
- contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation to such duties or other requirements of securities laws;
- contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price;
- contains a toll-free telephone number for inquiries on disciplinary actions;
- defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and
- contains such other information and is in such form, including language, type, size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with: (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that, prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our stock.



## **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

On March 10, 2014, we issued non-transferrable share purchase warrants for an aggregate of 10,000,000 shares of our common stock for an initial exercise price of \$1.00 per share for a period of three years to our President and Chief Technical Officer, Rasmus Norling. These warrants were issued pursuant to the exemptions from registration provided by Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), on the basis that Mr. Norling is a director and executive officer of the Company.

Between January 15, 2014 and March 10, 2014, we issued non-transferrable share purchase warrants for an aggregate of 6,904,546 shares of our common stock with an initial exercise price of \$1.00 per share to KF Business Ventures, LP. ("KFBV"). On July 28, 2014 we entered into the Second KF Loan Agreement with KFBV. As a condition precedent to the advance of funds under the Second KF Loan Agreement, we intend to enter into an agreement to amend the First KF Loan Agreement (the Second Amendment Agreement to the First KF Loan Agreement), pursuant to which, we will agree to (1) extend the expiry date for 2,450,000 of the warrants previously issued to KFBV under the First KF Loan Agreement from January 15, 2015 to January 15, 2016; (2) amend the exercise price for all 6,904,546 warrants previously issued to KFBV under the First KF Loan Agreement from \$1.00 per share to \$0.50 per share; and (3) issue to KFBV additional warrants for the purchase of up to 2,350,000 shares of our common stock at an initial exercise price of \$0.50 per share and expiring on January 15, 2019, with cashless exercise rights for up to 1,175,000 shares. We expect to enter into the Second Amendment Agreement to the First KF Loan Agreement on or before September 1, 2014 in connection with the advance of funds under the Second KF Loan Agreement. See "Recent Corporate Developments" in Item 2 of Part I of this Quarterly Report on Form 10-Q.

Under the Second KF Loan Agreement, we have also agreed to issue to KFBV additional warrants to purchase up to 9,600,000 shares of our common stock, exercisable at a price of \$0.50 per share for a period expiring September 1, 2019, with cashless exercise rights for up to 4,800,000 shares. These warrants are in addition to the warrants that we expect to issue to KFBV under the Second Amendment Agreement to the First KF Loan Agreement. See "Recent Corporate Developments" in Item 2 of Part I of this Quarterly Report on Form 10-Q.

The offer and sale of the above warrants to KFBV were made, and are expected to be made, pursuant to the exemptions from the registration requirements of the Securities Act of 1933 provided by Rule 506 of Regulation D on the basis of representations provided by KFBV that it is an "accredited investor" as defined in Regulation D.

Other than the sales mentioned above there were no other unregistered sales of securities during the six months period ended June 30, 2014 that would be required to be disclosed pursuant to Item 701 of Regulation S-K.

## **ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

## **ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

## **ITEM 5. OTHER INFORMATION.**

None.

## ITEM 6. EXHIBITS.

All Exhibits required to be filed with this Quarterly Report on Form 10-Q are included in this Quarterly Report or incorporated by reference to our previous filings with the SEC, which can be found in their entirety at the SEC website at [www.sec.gov](http://www.sec.gov) under SEC File Number 000-33309 and 333-66590.

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
3.1	Articles of Incorporation.(1) Certificate of Amendment to Certificate of Incorporation - Name Change to Artescope Inc.(1)
3.2	Certificate of Amendment to Certificate of Incorporation - Name Change to GlobeTrac Inc.(2)
3.3	Certificate of Amendment to Certificate of Incorporation – Name Change to Poly Shield Technologies Inc.(7)
3.4	Bylaws.(1)
10.1	Termination and Transfer Agreement dated for reference November 1, 2004, among the Company, Global Axxess Corporation Limited, WebTech Wireless International and WebTech Wireless Inc.(3)
10.2	Technology License Agreement with Option to Purchase dated March 12, 2012, between the Company, Teak Shield Corp., and Robert and Marion Diefendorf. (5)
10.3	Loan Agreement dated April 19, 2012, between GlobeTrac Inc. and Acamar Investments Inc.(6)
10.4	Acamar Promissory Note dated April 19, 2012, given the Company in favor of Acamar Investments, Inc.(6)
10.5	Security Agreement dated April 19, 2012, granted by GlobeTrac Inc. in favor of Acamar Investments Inc.(6)
10.6	Loan Agreement dated June 29, 2012, in respect of the principal sum of CDN \$40,000 between the Company and Quarry Bay Capital LLC.(7)
10.7	Loan Agreement dated June 29, 2012, in respect of the principal sum of CDN \$100,000 between the Company and Quarry Bay Capital LLC.(7)
10.8	Loan Agreement dated June 29, 2012, in respect of the principal sum of CDN \$50,000 between the Company and Quarry Bay Capital LLC.(7)
10.9	Extension letter dated October 17, 2012, from Acamar Investments, Inc. (8)
10.10	Amendment No. 1 to Loan Agreement and Promissory Note dated November 16, 2012, between the Company and Acamar Investments, Inc.(9)
10.11	Employment Agreement between Rasmus Norling and Poly Shield Technologies Inc. dated December 1, 2012. (10)
10.12	U.S. Patent Assignment Agreement dated January 12, 2013, between Rasmus Norling and Poly Shield Technologies Inc. (11)
10.13	European Patent Assignment Agreement dated January 12, 2013, between Rasmus Norling and Poly Shield Technologies Inc.(11)
10.14	Share Purchase Agreement dated January 31, 2013, between Rasmus Norling and Poly Shield Technologies Inc.(12)
10.15	Collaboration Agreement dated November 15, 2012, between Ecolutions, Inc. and Green Tech Marine AS.(12)
10.16	Master Distributor Agreement dated November 15, 2012, between Ecolutions, Inc. and Green Tech Marine AS.(12)
10.17	License Agreement dated November 15, 2012, between Ecolutions, Inc. and Green Tech Marine AS. (12)
10.18	Share Purchase Agreement dated April 8, 2013, between J. Douglas Faulkner and Poly Shield Technologies Inc.(13)
10.19	Sales and Purchase Agreement dated July 18, 2013 between LMS Shipmanagement, Inc. and Poly Shield Technologies Inc.(14)
10.20	Purchase and sale Agreement dated August 16, 2013 between Prestige Cruise Holdings, Inc., and Poly Shield Technologies Inc. (15)
10.21	Divestiture and Share Purchase Agreement amongst Octavio Viveros, New World Technologies Group, Inc., and Poly Shield Technologies Inc. dated effective as of December 2, 2013. (16)

**Exhibit****Number Description of Exhibit**

10.22	Addendum to December 1, 2012 Employment Agreement, dated effective as of December 30, 2013. (17)
10.23	Letter Agreement dated January 15, 2014 between Poly Shield Technologies Inc. and KF Business Ventures, LP. (18)
10.24	Loan Agreement dated as of January 15, 2014 between Poly Shield Technologies Inc. and KF Business Ventures, LP. (19)
10.25	Addendum No. 2 to December 1, 2012 Employment Agreement, dated effective as of February 28, 2014. (20)
10.26	Technology Transfer Agreement between Paer Tomas Rasmus Norling and Poly Shield Technologies Inc. dated effective as of March 10, 2014. (21)
10.27	Management Consulting Agreement between Paer Tomas Rasmus Norling and Poly Shield Technologies Inc. dated effective as of March 10, 2014. (21)
10.28	Amendment No. 1 to Loan Agreement between Poly Shield Technologies Inc. and KF Business Ventures, LP dated effective as of March 10, 2014. (21)
10.29	Purchase and Services Agreement between Magical Cruise Company, Limited and Poly Shield Technologies Inc. dated effective as of April 15, 2014. (22)
10.30	Loan Agreement and Promissory Note dated April 17, 2014 between Poly Shield Technologies Inc. and New World Technologies Group Inc. (25)
10.31	Loan Agreement and Promissory Note dated May 22, 2014 between Poly Shield Technologies Inc. and New World Technologies Group Inc. (25)
10.32	Loan Agreement and Promissory Note dated June 30, 2014 between Poly Shield Technologies Inc. and New World Technologies Group Inc. (25)
10.33	Amended and Restated Technology License Agreement among Poly Shield Technologies Inc., Teak Shield Corp., Marion Diefendorf and the Estate of Robert Diefendorf entered into on June 24, 2014. (25)
10.34	Management Consulting Agreement between Joao da Costa and Poly Shield Technologies Inc. dated effective as of June 25, 2014. (23)
10.35	Management Consulting Agreement between Mitchell Reed Miller and Poly Shield Technologies Inc. dated effective as of June 25, 2014. (23)
10.36	Loan Agreement between Poly Shield Technologies Inc. and KF Business Ventures, LP dated July 28, 2014. (24)
14.1	Code of Ethics (2)
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (25)
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (25)
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (25)
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (25)
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

- (1) Filed as an exhibit to our Registration statement on Form SB-2 filed on August 2, 2001.
- (2) Filed as an exhibit to our Annual Report on Form 10-KSB filed on April 15, 2003.
- (3) Filed as an exhibit to our Current Report on Form 8-K filed on November 14, 2005.
- (4) Filed as an exhibit to our Current Report on Form 8-K filed on June 10, 2011.
- (5) Filed as an exhibit to our Current Report on Form 8-K filed on March 16, 2012.
- (6) Filed as an exhibit to our Current Report on Form 8-K filed on April 25, 2012.
- (7) Filed as an exhibit to our Current Report on Form 8-K filed on July 13, 2012.
- (8) Filed as an exhibit to our Current Report on Form 8-K filed on November 6, 2012.

- (9) Filed as an exhibit to our Current Report on Form 8-K filed on December 7, 2012.
- (10) Filed as an exhibit to our Current Report on Form 8-K filed on December 11, 2012.
- (11) Filed as an exhibit to our Current Report on Form 8-K filed on January 17, 2013.
- (12) Filed as an exhibit to our Current Report on Form 8-K filed on February 6, 2013.
- (13) Filed as an exhibit to our Quarterly Report on Form 10-Q filed on May 14, 2013
- (14) Filed as an exhibit to our Current Report on Form 8-K filed on July 24, 2013
- (15) Filed as an exhibit to our Current Report on Form 8-K filed on August 22, 2013
- (16) Filed as an exhibit to our Current Report on Form 8-K filed on December 9, 2013.
- (17) Filed as an exhibit to our Current Report on Form 8-K filed on January 3, 2014.
- (18) Filed as an exhibit to our Current Report on Form 8-K filed on January 17, 2014.
- (19) Filed as an exhibit to our Current Report on Form 8-K filed on February 18, 2014.
- (20) Filed as an exhibit to our Current Report on Form 8-K filed on March 3, 2014.
- (21) Filed as an exhibit to our Current Report on Form 8-K filed on March 12, 2014.
- (22) Filed as an exhibit to our Current Report on Form 8-K filed on April 17, 2014.
- (23) Filed as an exhibit to our Current Report on Form 8-K filed on July 1, 2014.
- (24) Filed as an exhibit to our Current Report on Form 8-K filed on August 1, 2014.
- (25) Filed herewith.

## SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, Poly Shield Technologies Inc. has caused this report to be signed on their behalf by the undersigned duly authorized persons.

### POLY SHIELD TECHNOLOGIES INC.

By: /s/ Rasmus Norling

Name: Rasmus Norling

Title: Chief Executive Officer, President and Chief Technical Officer  
(Principal Executive Officer)

Dated: August 14, 2014

By: /s/ John da Costa

Name: John da Costa

Title: Chief Financial Officer, Treasurer and Secretary  
(Principal Financial Officer and Principal Accounting Officer)

Dated: August 14, 2014

**LOAN AGREEMENT**

April 17, 2014

**Poly Shield Technologies Inc.** (the "Lender") of 888 S Andrews Ave, Suite 201, Fort Lauderdale, Florida 33316, advanced **US\$50,000** (the "Principal Sum") to New World Technologies Group Inc. (the "Borrower") of 888 S Andrews Ave, Suite 201, Fort Lauderdale, Florida 33316,. The Lender advanced the funds on April 17, 2014.

The Borrower agrees to repay the Principal Sum on demand, together with interest calculated and compounded monthly at the rate of 6% per year (the "Interest") from April 17, 2014. The Borrower is liable for repayment for the Principal Sum and accrued Interest and any costs that the Lender incurs in trying to collect the Principal Sum and the Interest.

The Borrower will evidence the debt and its repayment of the Principal Sum and the Interest with a promissory note in the attached form.

LENDER

**Poly Shield Technologies Inc.**

Per:

BORROWER

**New World Technologies Group Inc.**

Per:

/s/ Brad Eckenweiler

Authorized Signatory

/s/ Kevin Sieveres

Authorized Signatory



**PROMISSORY NOTE**

Principal Amount: **US\$50,000**

April 17, 2014

FOR VALUE RECEIVED New World Technologies Group Inc., (the "Borrower") promises to pay on demand to the order of Poly Shield Technologies Inc. (the "Lender") the sum of \$50,000 lawful money of United States of America (the "Principal Sum") together with interest on the Principal Sum from April 17, 2014 ("Effective Date") both before and after maturity, default and judgment at the Interest Rate as defined below.

For the purposes of this promissory note, Interest Rate means 6 per cent per year. Interest at the Interest Rate must be calculated and compounded monthly not in advance from and including the Effective Date (for an effective rate of 6.168% per annum calculated monthly), and is payable together with the Principal Sum when the Principal Sum is repaid.

The Borrower may repay the Principal Sum and the Interest in whole or in part at any time.

The Borrower waives presentment, protest, notice of protest and notice of dishonour of this promissory note.

**BORROWER**

**New World Technologies Group Inc.**

Per:

**/s/ Kevin Sieveres**  
**Authorized signatory**

**LOAN AGREEMENT**

May 22, 2014

**Poly Shield Technologies Inc.** (the "Lender") of 888 S Andrews Ave, Suite 201, Fort Lauderdale, Florida 33316, advanced **US\$50,000** (the "Principal Sum") to New World Technologies Group Inc. (the "Borrower") of 888 S Andrews Ave, Suite 201, Fort Lauderdale, Florida 33316,. The Lender advanced the funds on May 22, 2014.

The Borrower agrees to repay the Principal Sum on demand, together with interest calculated and compounded monthly at the rate of 6% per year (the "Interest") from May 22, 2014. The Borrower is liable for repayment for the Principal Sum and accrued Interest and any costs that the Lender incurs in trying to collect the Principal Sum and the Interest.

The Borrower will evidence the debt and its repayment of the Principal Sum and the Interest with a promissory note in the attached form.

LENDER

**Poly Shield Technologies Inc.**

Per:

BORROWER

**New World Technologies Group Inc.**

Per:

/s/ Rasmus Norling

Authorized Signatory

/s/ Kevin Sieveres

Authorized Signatory





**PROMISSORY NOTE**

Principal Amount: **US\$50,000**

May 22, 2014

FOR VALUE RECEIVED New World Technologies Group Inc., (the "Borrower") promises to pay on demand to the order of Poly Shield Technologies Inc. (the "Lender") the sum of \$50,000 lawful money of United States of America (the "Principal Sum") together with interest on the Principal Sum from May 22, 2014 ("Effective Date") both before and after maturity, default and judgment at the Interest Rate as defined below.

For the purposes of this promissory note, Interest Rate means 6 per cent per year. Interest at the Interest Rate must be calculated and compounded monthly not in advance from and including the Effective Date (for an effective rate of 6.168% per annum calculated monthly), and is payable together with the Principal Sum when the Principal Sum is repaid.

The Borrower may repay the Principal Sum and the Interest in whole or in part at any time.

The Borrower waives presentment, protest, notice of protest and notice of dishonour of this promissory note.

**BORROWER**

**New World Technologies Group Inc.**

Per:

**/s/ Kevin Sieveres**

**Authorized signatory**

**LOAN AGREEMENT**

June 30, 2014

**Poly Shield Technologies Inc.** (the "Lender") of 888 S Andrews Ave, Suite 201, Fort Lauderdale, Florida 33316, advanced **US\$50,000** (the "Principal Sum") to New World Technologies Group Inc. (the "Borrower") of 888 S Andrews Ave, Suite 201, Fort Lauderdale, Florida 33316,. The Lender advanced the funds on June 30, 2014.

The Borrower agrees to repay the Principal Sum on demand, together with interest calculated and compounded monthly at the rate of 6% per year (the "Interest") from June 30, 2014. The Borrower is liable for repayment for the Principal Sum and accrued Interest and any costs that the Lender incurs in trying to collect the Principal Sum and the Interest.

The Borrower will evidence the debt and its repayment of the Principal Sum and the Interest with a promissory note in the attached form.

LENDER

**Poly Shield Technologies Inc.**

Per:

BORROWER

**New World Technologies Group Inc.**

Per:

/s/ Rasmus Norling

Authorized Signatory

/s/ Kevin Sieveres

Authorized Signatory



**PROMISSORY NOTE**

Principal Amount: **US\$50,000**

June 30, 2014

FOR VALUE RECEIVED New World Technologies Group Inc., (the "Borrower") promises to pay on demand to the order of Poly Shield Technologies Inc. (the "Lender") the sum of \$50,000 lawful money of United States of America (the "Principal Sum") together with interest on the Principal Sum from June 30, 2014 ("Effective Date") both before and after maturity, default and judgment at the Interest Rate as defined below.

For the purposes of this promissory note, Interest Rate means 6 per cent per year. Interest at the Interest Rate must be calculated and compounded monthly not in advance from and including the Effective Date (for an effective rate of 6.168% per annum calculated monthly), and is payable together with the Principal Sum when the Principal Sum is repaid.

The Borrower may repay the Principal Sum and the Interest in whole or in part at any time.

The Borrower waives presentment, protest, notice of protest and notice of dishonour of this promissory note.

**BORROWER**

**New World Technologies Group Inc.**

Per:

**/s/ Kevin Sieveres**  
**Authorized signatory**

**THIS AMENDED AND RESTATED TECHNOLOGY LICENSE AGREEMENT** (this “**Amendment**”) originally dated the 12th day of March 2012 in the form of a Technology License Agreement with Option to Purchase (the “**Original License Agreement**”), is entered into among the Estate of Robert Diefendorf (“**RDiefendorf**”) (the “**Estate**”), Marion Diefendorf, a Florida resident (“**MDiefendorf**”) and Teak Shield Corp., a Florida corporation (“**Teak**”) (the Estate, M. Diefendorf and Teak collectively are referred to as the “**Licensor**”) and Poly Shield Technologies, Inc., f/k/a GlobeTrac, Inc., a Delaware corporation (the “**Licensee**”).

### **BACKGROUND**

Pursuant to the Original License Agreement attached hereto as **Exhibit “A,”** RDiefendorf, MDiefendorf, and Teak licensed to GlobeTrac, Inc. the right to utilize certain products set forth in Exhibit A to the Original License Agreement. RDiefendorf, MDiefendorf and Teak received on a pre-consolidated basis 5,000,000 shares of common stock in GlobeTrac, Inc. and a one time payment of \$250,000. Accordingly, the parties have agreed to amend and restate the Original License Agreement in its entirety, effective as of June \_\_, 2014, to provide that neither the Licensor nor the Licensee shall have any liability for any payment or performance of any obligation through the date of this Amendment and to restructure the terms of their business relationship on a going-forward basis.

**NOW THEREFORE,** in consideration of the premises and the mutual promises, covenants, conditions, representations and warranties hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

### **ARTICLE 1.**

#### **Definitions**

**1.01 “Affiliates”** means any person who directly or indirectly controls or is controlled by or is under common control of the Licensee, or a person who beneficially owns, directly or indirectly, 10% or more of the equity of the Licensee.

**1.02 “Licensor Affiliate”** means any person who directly or indirectly controls or is controlled by or is under common control of the Licensor, or a person who beneficially owns, directly or indirectly, 10% or more of the equity of the Licensor.

**1.03 “Licensed Assets”** includes the Licensor’s assets more particularly described in Exhibit “A” attached to and forming part of this agreement and any revisions, modifications, enhancements and other developments of derivative works of the assets or other products developed by Licensor.

**1.04 “Licensed Products”** includes the Licensor’s products more particularly described in Exhibit “B” attached to and forming part of this agreement and any products developed by Licensor using the Licensed Assets during the term of this agreement.

**1.05 “Selling Price”** means Licensor’s lowest charges to third parties for the Licensed Products.

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## ARTICLE 2.

### Non-Exclusive License

**2.01** The Licensor grants to the Licensee for the consideration and on the terms and conditions contained in this Amendment, a non-exclusive license to sell the Licensed Products. All Licensed Products shall be sold to Licensee at the Selling Price.

## ARTICLE 3.

### Term

**3.01** This agreement will commence on the Effective Date and will continue in full force and effect for a period of six years ("**Initial Term**") unless earlier terminated as provided below in Article 10. Thereafter, this agreement will automatically renew for successive terms of two years each ("**Renewal Terms**"). Either party may terminate this agreement without cause at the end of the Initial Term or any Renewal Term by providing written notice to the other party at least one month before the end of the Term. Notwithstanding the foregoing, the provisions of Article 4 shall survive the termination of this Amendment.

## ARTICLE 4.

### Mutual Releases

**4.01** The Licensor, on behalf of the Estate, MDiefendorf and Teak, any other affiliated, related, or subsidiary entities of any of them, and any individuals or entities acting by, for, or on behalf of any of them, in exchange for good and valuable consideration, the receipt of which is hereby acknowledged, release Poly Shield and, any other affiliated, related, or subsidiary entities of Poly Shield, and any individuals or entities acting by, for, or on behalf of Poly Shield, from any and all claims, whether they are known or unknown, matured or unmatured, liquidated or unliquidated, that in any way relate to the Original License Agreement, and any other written or oral agreements between the Estate, MDiefendorf and/or Teak and Poly Shield, the business relationship between or among the parties, from the beginning of time up to and including this Agreement's effective date, which is the date the Agreement is fully executed by all parties. Further, the Licensor, on behalf of the Estate, MDiefendorf and Teak, agrees that Poly Shield has no monetary liability to Licensor as of the date of this Amendment.

**4.02** Poly Shield, on behalf of any other affiliated, related, or subsidiary entity and any individuals or entities acting by, for or on behalf of it, in exchange for good and valuable consideration, the receipt of which is hereby acknowledged, releases the Estate, MDiefendorf and Teak, any other affiliated, related, or subsidiary entities of any of them, and any individuals or entities acting by, for, or on behalf of any of them, from any and all claims, whether they are known or unknown, matured or unmatured, liquidated or unliquidated, that in any way relate to the License Agreement, from the beginning of time up to and including this Agreement's effective date, which is the date the Agreement is fully executed by all parties.

## ARTICLE 5.

### **Proprietary Rights and Confidentiality**

**5.01 Ownership and Protection.** Each party agrees that it has no interest in or right to use the Proprietary Information of the other except in accordance with the terms of this agreement. All rights, title and interest in and to the original and all copies of, in any and all forms, the Licensed Assets, and all parts thereof, whether made by the Licensor or the Licensee, belong to the Licensor. Each party acknowledges that it may disclose Proprietary Information to the other in the performance of this agreement. The party receiving the Proprietary Information will (i) maintain it in strict confidence and take all reasonable steps to prevent its disclosure to third parties, except to the extent necessary to carry out the purposes of this agreement, in which case these confidentiality restrictions will be imposed upon the third parties to whom the disclosures are made, (ii) use at least the same degree of care as it uses in maintaining the secrecy of its own Proprietary Information (but no less than a reasonable degree of care) and (iii) prevent the removal of any proprietary, confidential or copyright notices placed on the Proprietary Information.

**5.02 Limitation.** Neither party will have any obligation concerning any portion of the Proprietary Information of the other that (i) is publicly known prior to or after disclosure hereunder other than through acts or omissions attributable to the recipient or its employees or representatives; (ii) is disclosed in good faith to the recipient by a third party having a lawful right to do so; (iii) is the subject of written consent of the party that supplied such information authorizing disclosure; or (iv) is required to be disclosed by the receiving party by applicable law or legal process, provided that the receiving party will immediately notify the other party so that it can take steps to prevent its disclosure.

**5.03 Remedies for Breach.** In the event of a breach of this Article 5, the parties agree that the non-breaching party may suffer irreparable harm and the total amount of monetary damages for any injury to the non-breaching party may be impossible to calculate and would therefore be an inadequate remedy. Accordingly, the parties agree that the non-breaching party may be entitled to temporary, preliminary and permanent injunctive relief against the breaching party, its officers or employees, in addition to such other rights and remedies to which it may be entitled at law or in equity.

**5.04 No Implied Assignment.** Nothing contained in this agreement will directly or indirectly be construed as an assignment or grant to the Licensee of any right, title or interest in and to the original and all copies in any and all forms of the Licensed Assets except for the limited license rights granted to the Licensee as expressly provided in this agreement.

## **ARTICLE 6.**

### **Restrictions**

**6.01** The Licensee will not remove or alter any copyright or proprietary notice from copies of the Licensed Products. Except in accordance with the terms of this agreement or any other express written agreement between the parties, the Licensee agrees to use reasonable care and protection to prevent the unauthorized use, copying, publication or dissemination of the Licensed Products. The Licensor has the right to obtain injunctive relief against any actual or threatened violation of these restrictions, in addition to any other available remedies.

## **ARTICLE 7.**

Teak shall defend all warranty claims to the extent that those claims are represented in the Licensed Assets information and descriptions supplied to Licensee. The Estate and MDiefendorf will use their best efforts to cause Teak to defend such claims, but this agreement shall not impose any personal liability for such claims on either of them.

## **ARTICLE 8.**

### **Termination**

**8.01** In the event of a material breach or default by either party in the performance of its obligations assumed hereunder, the non-defaulting party may, at its discretion, terminate this agreement by giving 15 days written notice to the defaulting party specifying the material breach or default, requesting the discontinuance of such material breach or default, and/or stating what action is necessary to cure the material breach or default. If such breach or default is not discontinued or corrected, or correction commenced for any breach that by its nature would take more than 15 days to cure, by the end of the 15 day period, this agreement will, at the discretion of the non-defaulting party, be terminated. Such right of termination will not be exclusive of any other remedies to which the non-defaulting party may be lawfully entitled, it being intended that all such remedies will be cumulative.

**8.02** The Licensor may terminate this agreement immediately upon written notice to the Licensee, and without allowing the Licensee 15 days to correct the breach, if:

- (a) the Licensee discontinues sales of the Licensed Assets for more than 12 consecutive months; or
- (b) the Licensee has had proceedings by or against it in bankruptcy or under insolvency laws or for reorganization, administration, receivership, dissolution or liquidation; or
- (c) the Licensee has had an assignment for the benefit of creditors;
- (d) the Licensee has become insolvent.;

- (e) more than 50% of the stock of the Licensor is transferred to any person other than a Licensor Affiliate, and the transferor does not agree to assume this agreement, or the Licensee does not consent to such assumption on terms and conditions which include the termination of any further indemnity obligation on the part of the Licensor;
- (f) substantially all of the assets of the Licensor are transferred to any person other than a Licensor Affiliate; or
- (g) the shareholders of the Licensor determine to discontinue the business of the Licensor.

**8.03** Upon termination of this agreement for any reason, the licenses granted herein will terminate. The Licensee, its Affiliates, and/or its agents, will immediately discontinue the exercise of the licenses and the use of the Licensed Products or services, trademarks, know-how and technical information related to the Licensed Assets. Not later than seven days after the termination or expiration of this agreement, the Licensee will return to the Licensor or destroy, as specified by the Licensor, all forms and materials relating to the Licensed Products.

## **ARTICLE 9.**

### **Representations and Warranties**

**9.01** Licensor represents and warrants to Licensee as follows and acknowledges that Licensee is relying upon such representations and warranties in connection with this agreement and option to purchase and that Licensee would not have entered into this agreement without such representations and warranties:

- (a) Licensor maintains all rights, title, ownership and interest in the Licensed Assets with good and marketable title, and there are no liens or encumbrances registered or pending to be registered against the Licensed Assets.
- (b) Licensor has the necessary authority to enter into and deliver this agreement on the terms and conditions set forth in this agreement and to do all such acts and things as may be necessary to give effect to the transactions contemplated herein.
- (c) To the best of Licensor's knowledge, the use or assignment of the Licensed Assets does not infringe in any respect upon the technology or intellectual property rights of any other person or entity and no other person or entity has claimed or threatened to claim the right to use any Licensed Assets or to deny the right of Licensor to use the same.
- (d) The Licensor's execution and delivery of this agreement, the consummation of the transactions contemplated in this agreement, the performance of its obligations hereunder and its compliance with this agreement do not violate, contravene or breach, or constitute a default under any contract, agreement, or commitment to which Licensor is a party to or subject or by which Licensor is bound or affected.



(e) There are no legal actions, claims, demands, judgments, injunctions, or other pending proceedings affecting in any manner the Licensed Assets.

**9.02** Licensee represents and warrants to Licensor as follows and acknowledges that Licensor is relying upon such representations and warranties in connection with this agreement and option to purchase and that Licensor would not have entered into this agreement without such representations and warranties:

(a) Licensee has the necessary authority to enter into and deliver this agreement on the terms and conditions set forth in this agreement and to do all such acts and things as may be necessary to give effect to the transactions contemplated herein.

(b) The Licensee's execution and delivery of this agreement, the consummation of the transactions contemplated in this agreement, the performance of its obligations hereunder and its compliance with this agreement do not violate, contravene or breach, or constitute a default under any contract, agreement, or commitment to which Licensee is a party to or subject or by which Licensee is bound or affected.

**9.03** Survival of Representations and Warranties. The representations and warranties contained in this section will survive the completion of the transactions contemplated by this agreement and, notwithstanding such completion, will continue in full force and effect for a period of five years from the Effective Date, except any representation and warranty in respect of which a claim based on fraud is made, which in each case will be unlimited as to duration.

## **ARTICLE 10.**

### **Indemnification**

**10.01** The Licensor will indemnify, defend and hold harmless the Licensee, its Affiliates and any distributors, and the customers of the Licensee, and their respective officers, directors, employees agents and affiliates (collectively, for purposes of this Section 9, the "**Licensee Persons**") from all damages, liabilities and expenses (and all legal costs including attorneys' fees, court costs, expenses and settlements resulting from any action or claim) arising out of, connected with or resulting in any way from: (i) any allegation that the Licensee Persons' possession, distribution or use of the Licensed Assets infringes a patent, trademark, copyright, trade secret or other intellectual property right of a third party, provided that the Licensor will have no indemnity obligations with regard to any such damages, liabilities or expenses arising from the negligence or misconduct of any Licensee Person or any failure by any Licensee Person to comply with the terms of this agreement. If any such claim or proceeding arises, the Licensee Persons seeking indemnification hereunder will give timely notice of the claim to the Licensor after they receive actual notice of the existence of the claim. The Licensor will have the option, at its expense, to employ counsel reasonably acceptable to the Licensee Persons to defend against such claim and to compromise, settle or otherwise dispose of the claim; provided, however, that no compromise or settlement of any claim admitting liability of or imposing any obligations upon the Licensee Persons may be affected without the prior written consent of such the Licensee Persons. In addition, and at its option and expense, the Licensor may, at any time after any such claim has been

asserted, and will, in the event any Licensed Asset is held to constitute an infringement, either procure for the Licensee Persons the right to continue using that Licensed Asset, or replace or modify Licensed Asset so that it becomes non-infringing, provided that such replacement or modified Licensed Asset has the same functional characteristics as the infringing the Licensed Asset, or, if the prior two remedies are commercially impractical, refund to the Licensee all fees, costs, and charges paid by the Licensee to the Licensor for that Licensed Asset and any other Licensed Asset reasonably rendered ineffective as the result of said infringement. The Licensee will cooperate fully in such actions, making available books or records reasonably necessary for the defense of such claim. If the Licensor refuses to defend or does not make known to the Licensee Persons its willingness to defend against such claim within 10 days after it receives notice thereof, then the Licensee Persons will be free to investigate, defend, compromise, settle or otherwise dispose of such claim in its best interest and incur other costs in connection therewith, all at the expense of the Licensor.

## **ARTICLE 11.**

### **Dispute Resolution**

**11.01** Any claim or controversy arising out of, governed by or pertaining to this agreement or the breach thereof ("**Dispute**"), whether such claim or controversy is based on common law, case law, statute, rule or regulation of any nation or territory, or political subdivision of a nation or territory, shall be resolved as provided in this section.

**11.02** The parties agree that no party shall have the right to sue any other party regarding a Dispute except a party may seek injunctive or other provisional or equitable relief in order to preserve the status quo of the parties pending resolution of the Dispute, and the filing of, or response to, an action seeking injunctive or other provisional relief shall not be construed as a waiver of that party's rights under this section.

**11.03** If a Dispute arises between the parties, the parties shall initially use their best efforts to resolve the Dispute by negotiation. To commence the Dispute resolution process and time periods, any party may serve written notice on the other party specifically identifying the Dispute and requesting that efforts at resolving the Dispute begin.

**11.04** If the parties are unable in good faith to resolve the Dispute by negotiation within 30 days after the initial notice, the Dispute, as well as any counterclaims or cross-claims made, shall be submitted to binding arbitration, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Except as otherwise provided in this section, the arbitration shall be conducted in accordance with, and governed by, the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall proceed with due dispatch and a decision shall be rendered within 60 days after the appointment of the final arbitrator. Such decision shall be in such written form that a judgment may be entered on it in any court of competent jurisdiction, and all awards may if necessary be enforced by any court having jurisdiction in the same manner as a judgment in such court. In no event shall the arbitrators' award include any component for punitive or exemplary damages whether based on the common law, case law or statute. The parties shall bear equally all costs; provided, however, that the prevailing party

shall be entitled to an award for actual damages, attorneys' fees, and accountants' and other experts' fees it incurred in the arbitration proceeding.

## **ARTICLE 12.**

### **Successors and Assigns**

This agreement will be binding upon and inure to the benefit of each of the parties and their respective successors and assigns; provided, however, that the Licensee may not assign or sublicense this agreement in whole or in part to any person or entity not an Affiliate of the Licensee without the prior written consent of the Licensor, and any assignment or sublicense attempted without such consent will be void and be cause for termination.

## **ARTICLE 13.**

### **Severability**

If any one or more of the provisions contained herein should be found invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provisions will not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby.

## **ARTICLE 14.**

### **Further Assurances**

Each of the parties covenants and agrees, from time to time and at all times, to do all such further acts and execute and deliver all such further deeds and documents as will be reasonably required in order to fully perform and carry out the terms and intent of this agreement.

## **ARTICLE 15.**

### **Governing Law**

The validity and construction of this agreement will be governed by, subject to and construed in accordance with the laws of the State of Florida, excluding its conflicts of law rules, and will be treated in all respects as a State of Florida contract. If either party employs attorneys to enforce any right arising out of or relating to this agreement, the prevailing party will be entitled to recover its reasonable attorneys' fees and costs. Any claim arising out of or relating to this agreement will be subject to the Dispute resolution provisions of Article 16 herein. This agreement is subject to the Securities Exchange Commission and its rules and regulations.

**ARTICLE 16.****Independent Contractors**

It is expressly agreed that the Licensor and the Licensee are acting under this agreement as independent contractors, and the relationship established under this agreement will not be construed as a partnership, joint venture or other form of joint enterprise, nor will one party be considered an agent of the other. Neither party is authorized to make any representations or create any obligation or liability, expressed or implied, on behalf of the other party, except as may be expressly provided for in this agreement.

**ARTICLE 17.****Entire Agreement**

This document constitutes the entire agreement between the parties, all oral agreements being merged herein, and supersedes all prior representations. There are no representations, agreements, arrangements or understandings, oral or written, between or among the parties relating to the subject matter of this agreement that are not fully expressed herein

**ARTICLE 18.****Amendment**

The provisions of this agreement may be modified at any time by agreement of the parties. Any such agreement hereafter made shall be ineffective to modify this agreement in any respect unless in writing and signed by the parties against whom enforcement of the modification or discharge is sought.

**ARTICLE 19.****Notice, Performance and Time**

**19.01** Any notice that must be given to a party under this agreement must be delivered to the party by hand, fax or email at the address, fax number or email address given for the party on page 1 of this agreement unless otherwise specified in this agreement or in writing by the party and is deemed to be received by the party to whom the notice is addressed when it is delivered by any of the means provided in this section.

**19.02** Any act that must be performed under this agreement must be performed during business hours where it is to be performed unless the day specified for performance is a non-business day, in which case it must be performed on the next business day.

**19.03** Time is of the essence of this agreement and any amendments to it.

**ARTICLE 20.****Sections and Headings**

The division of this agreement into sections and the insertion of headings are for convenience and reference only and will not affect the construction or interpretation of this agreement.

**ARTICLE 21.****Counterparts, Facsimile or Email Signatures**

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. The parties may sign this Agreement in their respective cities and exchange signature pages by facsimile or email. Such facsimile or email signatures shall be deemed originals and shall have the same effect as original signatures.

IN WITNESS WHEREOF this agreement was executed by the parties hereto as of the Effective Date.

**[Signatures on Following Page]**

**The Licensor:**

**Teak Shield Corp.**

Signature: /s/ Marion Johnson

By: Marion Johnson

Title: V. President

Date:         June 23

, 2014 **Poly Shield Technologies, Inc., f/k/a  
GlobeTrac Inc.**

Signed, sealed and delivered by the **Estate  
of Robert Diefendorf** on         June 23, 2014

Signature: /s/ Marion Diefendorf

By: Marion Diefendorf

Title: Personal Representative

Date:         June 23, 2014

**The Licensee:**

The Common Seal of  
**Poly Shield Technologies, Inc., f/k/a  
GlobeTrac Inc.**

affixed was hereunto in the presence of: C/S

Signature: /s/ Joao da Costa

By: Joao (John) da Costa

Title:         C.F.O.

Date:         June 24, 2014

Signed, sealed and delivered by **Marion  
Diefendorf** on         June 23, 2014  
before

        /s/ Sharon L Palmer

Signature of witness

        Sharon L Palmer

Name of witness

        /s/ Marion Diefendorf

Marion Diefendorf

**EXHIBIT "A"**

To that certain Amended and Restated Technology License Agreement Between the Estate of Robert Diefendorf and Marion Diefendorf and Teak Shield Corp (Licensor) And Poly Shield Technologies, Inc. f/k/a GlobeTrac Inc. (Licensee)

**LICENSED ASSETS**

Subject to the terms and conditions set forth in the foregoing agreement (the "License Agreement"), the parties agree that the following are the Licensed Assets, free of encumbrances, liens, assignments or any third party claims:

1. All Licensed Products as defined in the License Agreement, together with any improvements or developments
2. All technology, Proprietary Information and intellectual property developed by Licensor, or jointly with others, in relation to the Licensed Assets
3. All patents, patents pending, provisional patents, and patentable property related to the Licensed Assets
4. All inventions, discoveries, research or developments, know-how, show-how, information on techniques and trade secrets, whether or not patentable or copyrightable, related to the Licensed Assets
5. All trademarks, service marks, industrial designs, trade names, service names, logos, brands, and copyrights used in connection with the Licensed Assets
6. All methods of product development, formulas, formulations, manufacturing techniques, processes, specifications, components and suppliers in connection with the Licensed Assets
7. All proprietary software and data, including but not limited to: concepts, designs, documentation, reports, specifications, source code, object code, flow charts, file record layouts and databases related to the Licensed Assets
8. All customer lists and records, customer billing information and other information and materials related to Existing Customers (as defined in the License Agreement)
9. All supplier identities, characteristics and agreements
10. All marketing plans, business plans, strategies, and revenue forecasts

11. All rights of Licensor, express or implied, related to the Licensed Assets, and any claims of Licensor against third parties relating to the Licensed Assets prior to and after the Effective Date of the agreement
12. All goodwill or going-concern value of the Licensor, that by law may be transferred



**EXHIBIT "B"**

To that certain Amended and Restated Technology License Agreement  
 Between the Estate of Robert Diefendorf and Marion Diefendorf and Teak Shield  
 Corp (Licensor)  
 And Poly Shield Technologies, Inc. f/k/a GlobeTrac Inc. (Licensee)

**LICENSED PRODUCTS****The formulas and vendors will not be available until after the sale is completed**

The following products available in gallons, 5 gallons, drums and totes:

20043 Super Shield  
 20059VCF Superior Shield (0 VOC)  
 20062VC Super Shield (water base)  
 20050R20 Superior Shield Radiant Barrier  
 66070 Fluoroblend (water base)  
 66071 Fluoroblend (solvent base)  
 40081 Teak Shield (wood coating)  
 50804 Mastishield (mastic clear)  
 50809 Mastishield (white-color available)  
 20900 Epoxy (clear)  
 20200 Epoxy (white-color available)  
 40003 Metal Prep (most metals-rust proofing)  
 50800 Super Cleaner (anti microbial)  
 50801 Tile Prep (required for most tile)  
 50803 Adhesion Promoter  
 50806 Primer (fluoroseal solvent base)  
 50802 Primer (fluoroseal water base)  
 20076 Super Shield High Heat 800F  
 20077 Super Shield High Heat 1400F  
 20071 Microshield Plus (antimicrobial)

The following are available in aerosols:

20063  
 20071

Fluoropolymer VOC solvent base 120Z  
 Microshield Plus 12 & 160Z (antimicrobial)

Available in #.5 OZ tubes:

20066 Polish (non silicone)  
 20068 Silver Polish (non silicone)

Available in Qts & gallons:

ATS101 Flattner (solvent or water base)

Available by the pound:

20041 Whisper grit (non slip in white or dark)  
 Colors available with charges for standard



**POLY SHIELD TECHNOLOGIES INC.  
CERTIFICATIONS PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rasmus Norling, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ending June 30, 2014 of Poly Shield Technologies Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2014

/s/ Rasmus Norling  
Rasmus Norling  
Chief Executive Officer

**POLY SHIELD TECHNOLOGIES INC.  
CERTIFICATIONS PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John da Costa, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ending June 30, 2014 of Poly Shield Technologies Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2014

/s/ John da Costa

John da Costa

Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Poly Shield Technologies Inc. (the "Company") on Form 10-Q for the period ending June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rasmus Norling, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2014

/s/ Rasmus Norling  
Rasmus Norling  
Chief Executive Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Poly Shield Technologies Inc. (the "Company") on Form 10-Q for the period ending June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John da Costa, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2014

/s/ John da Costa

John da Costa

Chief Financial Officer