

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## Triton Emission Solutions Inc.

**Form: 10-Q**

**Date Filed: 2014-11-14**

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 **September 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**

**TRITON EMISSION SOLUTIONS 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

Accelerated filer

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

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 November 14, 2014, the Issuer had 88,095,005 shares of common stock, issued and outstanding.**



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## PART I - FINANCIAL INFORMATION

### 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 nine month periods ended September 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 "Triton" mean Triton Emission Solutions 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.

**TRITON EMISSION SOLUTIONS INC.  
(FORMERLY POLY SHILED TECHNOLOGIES INC.)  
CONSOLIDATED BALANCE SHEETS**

	<b>September 30, 2014</b>	<b>December 31, 2013</b>
<b>Unaudited</b>		
<b>ASSETS</b>		
Current assets		
Cash	\$ 707,211	\$ 177,986
Accounts receivable	3,391	3,754
Prepays	65,321	266,448
Work in progress	889,903	-
Loan receivable	1,800,000	-
	3,465,826	448,188
Equipment	33,190	39,413
Investment in distribution and license rights	44,167	48,141
Investment in emission abatement technologies	49,542,750	-
	\$ 53,085,933	\$ 535,742
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities		
Accounts payable	\$ 268,080	\$ 147,600
Accrued liabilities	37,048	206,454
Unearned revenue	2,075,000	1,100,000
Notes and advances payable	643,751	1,070,898
Due to related parties	42,507	58,293
	3,066,386	2,583,245
Long-term loan	930,767	-
Total liabilities	3,997,153	2,583,245
Stockholders' equity (deficit)		
Common stock \$0.001 par value, 200,000,000 common shares authorized, 88,095,005 issued and outstanding at September 30, 2014 ( December 31, 2013 - 187,995,005)	88,095	187,995
Obligation to issue shares	46,410	-
Additional paid in capital	68,716,024	2,240,253
Accumulated deficit	(19,773,414)	(4,487,416)
Accumulated other comprehensive income	11,665	11,665
	49,088,780	(2,047,503)
	\$ 53,085,933	\$ 535,742

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



**TRITON EMISSION SOLUTIONS INC.**  
**(FORMERLY POLY SHIELD TECHNOLOGIES INC.)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(unaudited)**

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Survey income	\$ -	\$ 60,000	\$ 15,000	\$ 60,000
Royalty income	2,683	273,655	16,493	287,631
Total revenues	2,683	333,655	31,493	347,631
Amortization	1,312,899	73,450	2,847,448	219,409
General and administrative expenses	734,877	458,183	2,210,795	948,784
Royalty fee	-	25,000	(170,833)	75,000
Loss before other items	(2,045,093)	(222,978)	(4,855,917)	(895,562)
Other items				
Accretion expense	(191,692)	-	(328,005)	-
Forgiveness of debt	238,321	-	238,321	-
Impairment of loan	-	-	(150,000)	-
Interest expense	(104,444)	(51,524)	(259,504)	(141,852)
Non-cash consulting fees	-	-	(9,677,730)	-
Stock-based compensation	(253,163)	-	(253,163)	-
Net loss	\$ (2,356,071)	\$ (274,502)	\$ (15,285,998)	\$ (1,037,414)
Net loss per share - basic and diluted	\$ (0.03)	\$ (0.00)	\$ (0.13)	\$ (0.01)
Weighted average number of shares outstanding - basic and diluted	88,024,353	187,910,222	115,111,122	167,547,935

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





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

	Common shares		Obligation	Additional	Accumulated	Accumulated	Other	Total
	Number of	Amount	to Issue	Paid-in	Deficit	Comprehensive	Income	
	Shares		Shares	Capital				
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
Shares issued for services	150,000	150	(45,000)	46,350	-	-	-	1,500
Net loss for the nine months ended September 30, 2013	-	-	-	-	(1,037,414)	-	-	(1,037,414)
Balance at September 30, 2013	187,995,005	187,995	-	2,240,253	(3,332,427)		11,665	(892,514)
Net loss for the three months ended December 31, 2013	-	-	-	-	(1,154,989)	-	-	(1,154,989)
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	-	-	-	3,900,637	-	-	-	3,900,637
Fair value of warrants issued for consulting services	-	-	-	9,677,730	-	-	-	9,677,730
Fair value of stock-based compensation	-	-	-	253,163	-	-	-	253,163
Fair value of warrants issued for investor relations services	-	-	-	117,341	-	-	-	117,341
Shares issued for emission abatement technologies	54,000,000	54,000	-	52,326,000	-	-	-	52,380,000
Shares issued for investor relations services	100,000	100	-	46,900	-	-	-	47,000
Obligation to issue shares	-	-	46,410	-	-	-	-	46,410
Net loss for the nine months ended September 30, 2014	-	-	-	-	(15,285,998)	-	-	(15,285,998)
Balance at September 30, 2014	88,095,005	\$ 88,095	46,410	\$ 68,716,024	\$(19,773,414)		\$ 11,665	49,088,780

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

**TRITON EMISSION SOLUTIONS INC.**  
**(FORMERLY POLY SHIELD TECHNOLOGIES INC.)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**

	Nine months ended September 30,	
	2014	2013
<b>Cash flows used in operating activities</b>		
Net loss	\$ (15,285,998)	\$ (1,037,414)
Non cash items:		
Accretion expense	328,005	-
Amortization	2,847,448	219,409
Consulting services	9,677,730	-
Website design	46,410	46,500
Foreign exchange gain	(15,693)	(6,141)
Investor relations fees	164,341	-
Forgiveness of debt	(238,321)	-
Stock-based compensation	253,163	-
Changes in operating assets and liabilities:		
Accounts receivable	363	(287,902)
Prepays	198,844	(93,226)
Advances receivable	-	80,000
Work in progress	(889,903)	-
Accounts payable	135,480	39,887
Accrued liabilities	(157,931)	79,472
Unearned revenue	975,000	1,250,000
Due to related parties	(13,503)	(227,147)
Accrued interest	259,504	141,235
Net cash used in operating activities	(1,715,061)	204,673
<b>Cash flows from financing activities</b>		
Long-term loan	2,600,000	-
Notes and advances payable	48,286	272,835
Repayment of notes payable and accrued interest	(404,000)	(112,731)
Net cash provided by financing activities	2,244,286	160,104
<b>Cash flows from investing activities</b>		
Equipment	-	14,711
Net cash provided by investing activities	-	(14,711)
Net increase in cash	529,225	350,066
Cash, beginning	177,986	6,969
Cash, ending	\$ 707,211	\$ 357,035
Cash paid for:		
Income tax	\$ -	\$ -
Interest	\$ 250,159	\$ 92,731

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

**TRITON EMISSION SOLUTIONS INC.**  
**FORMERLY POLY SHIELD TECHNOLOGIES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

Triton Emission Solutions Inc. (the "Company") was incorporated in the state of Delaware on March 2, 2000 and is listed on the OTCQB under the symbol "DSOX". On August 25, 2014, the Company changed its name from Poly Shield Technologies Inc. to Triton Emission Solutions Inc. The Company is in the business of developing and marketing environmental and pollution emission control solutions.

Triton Emission Solutions Inc.'s main focus is the development and marketing of its proprietary DSOX Fuel Purification Systems, designed to remove sulfur from marine fuel. This technology is currently aimed at the maritime industry which includes vessels for cruise-line, freight shipping and tanker companies.

**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 nine months ended September 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 September 30, 2014 and December 31, 2013:

	<b>September 30, 2014</b>	<b>December 31, 2013</b>
Due to a company controlled by a Chief Financial Officer ("CFO")	\$ 703	\$ 5,405
Due to a Chief Technical Officer ("CTO"), Chief Executive Officer ("CEO") and a President	-	4,911
Due to a former President	294	294
Due to a former CEO	2,656	43,605
Due to a Vice President of Engineering	38,854	4,078
Due to related parties	\$ 42,507	\$ 58,293

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

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

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**September 30, September 30,  
2014 2013**

	September 30, 2014	September 30, 2013
Administrative fees incurred to a company controlled by the CFO	\$ 225,000	\$ 135,000
Management fees incurred to the CFO	45,000	-
Management fees incurred to the Senior Vice President of Business Development	180,000	25,000
Consulting and survey fees incurred to the Vice President of Engineering	105,003	10,000
Consulting and management fees incurred to the President, CEO and CTO	157,500	-
Fair value of warrants issued for consulting services (Notes 3 and 12)	9,677,730	-
Salary incurred to the President, CEO and CTO	31,644	192,514
Fair value of options issued to a Director and Chairman (Note 12)	253,163	-
Management fees incurred to a director of a former subsidiary	-	21,000
Management fees incurred to an officer of a former subsidiary	-	18,000
Survey fees incurred to a director	-	60,000
Consulting fees incurred to the former President	15,000	-
Consulting fees incurred to the former CEO	252,000	-
<b>Total transactions with related parties</b>	<b>\$ 10,942,040</b>	<b>\$ 461,514</b>

### **NOTE 3 - EMPLOYMENT, MANAGEMENT AND 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 "Executive"). This agreement became effective on February 5, 2013 ("Effective Date"). Under the terms of the Employment Agreement, the Executive was appointed the Company's CEO and received a signing bonus of \$180,000. Beginning on the first anniversary of the Effective Date, the Executive 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 Executive 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 Executive terminated the Employment Agreement and entered into a technology transfer agreement whereby the Executive 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 12).

On March 10, 2014, the Company entered into a management consulting agreement (the "Management Consulting Agreement") with the Executive whereby the Executive 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 12). The Executive 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 CFO 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.

#### **Consulting agreement for investor relations services**

On September 3, 2014, the Company entered into a Consulting Agreement (the "Consulting Agreement") with an unrelated party (the "Consultant") for investor relations services. The term of the Consulting Agreement is one year, expiring on



In consideration for the Consultant agreeing to provide the services to the Company, the Company issued 100,000 shares of its common stock with a fair value of \$0.47 per share for a total of \$47,000 and warrants to purchase up to 250,000 shares of its common stock at an exercise price of \$0.50 per share, expiring on August 1, 2018, subject to earlier termination in the event that the Consultant ceases to act as a consultant of the Company prior to September 3, 2015.

The fair value of the warrants issued for the Consulting Agreement was calculated to be \$117,341 and was expensed at the time of issuance. The fair value of the warrants granted was determined using the Black-Scholes option pricing model at the grant date using the following assumptions: expected life of 4 years, risk-free interest rate of 1.72%, expected dividend yield of 0% and expected stock price volatility of 324%.

#### **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 accrued royalty fees 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 a 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, Inc. ("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 nine months ended September 30, 2014, amortization expense of \$3,975 (September 30, 2013 - \$3,533) was recorded.

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

On March 10, 2014, the Company entered into a Technology Transfer Agreement with the Executive. Under the terms of the Technology Transfer Agreement, the Executive 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 Executive'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 Executive and held in escrow, subject to forfeiture or release upon the fulfillment of certain performance conditions as set out in the Employment Agreement. The remaining 100,000,000 shares were cancelled (Notes 3 and 12).

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 nine months ended September 30, 2014, amortization expense of \$2,837,250 (September 30, 2013 - \$Nil) was recorded.





## NOTE 7 - EQUIPMENT

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

	September 30, 2014	December 31, 2013
Book value	\$ 39,413	\$ 41,602
Amortization	(6,223)	(2,189)
Equipment	\$ 33,190	\$ 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 nine months ended September 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 nine months ended September 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 September 30, 2014, the Company recorded \$763,315 as work in progress associated with this installation, of which \$221,557 was represented by the cost of parts and equipment required to build DSOX System and \$541,758 consisted of fees charged by the external contractors for building the DSOX System.

In April of 2014, the Company started a manufacturing process of its DSOX-20 System pursuant to its April 15, 2014 agreement. As of September 30, 2014 the Company recorded \$126,588 as work in progress which was represented by the cost of parts and equipment required to build DSOX-20 System associated with this installation.

## NOTE 9 - NOTES AND ADVANCES PAYABLE

### Acamar Loan

On April 19, 2012, the Company signed a loan agreement with Acamar Investments, Inc. (the "Acamar") for \$260,000, repayable on June 30, 2014 (as amended) (the "Acamar Loan"). The Acamar Loan bore interest at 3.5% per month for an effective rate of 51% per annum and was secured by the Teak Shield License (Note 4). On September 18, 2014, the Company reached an agreement with Acamar to release the Company from its obligations under the Acamar Loan upon the payment of \$300,000 (the "Cash Consideration").

As at September 18, 2014, the total principle payable under the Acamar Loan was \$380,688 and accrued interest totaled \$146,159, the Company had also recorded \$11,474 as penalty on late repayments of interest. Upon the payment of the Cash Consideration, the Company recorded \$238,321 as forgiveness of debt under the Acamar Loan.

During the nine months ended September 30, 2014, the Company paid total of \$250,159 in interest (September 30, 2013 - \$90,000).

### Other Loans

During the nine months ended September 30, 2014, the Company received an advance of CAD\$50,000 (\$48,286). This advance does not bear interest, is unsecured and due on demand.



The tables below summarize the short-term loans outstanding as at September 30, 2014 and December 31, 2013:

**As at September 30, 2014**

	Interest rate per annum	Due date	Principal outstanding	Accrued interest	Total
Acamar Loan	51%	June 30, 2014	\$ -	\$ -	\$ -
Other Loans	8%	On demand	27,000	6,546	33,546
Other Loans	7%	On demand	49,500	15,718	65,218
Other Loans	6%	On demand	169,522	25,509	195,031
Other Loans	0%	On demand	349,956	-	349,956
			\$ 595,978	\$ 47,773	\$ 643,751

**As at December 31, 2013**

	Interest rate per annum	Due date	Principal outstanding	Accrued interest	Total
Acamar Loan	51%	June 30, 2014	\$ 377,500	\$ 108,059	\$ 485,559
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
			\$ 927,950	\$ 142,948	\$ 1,070,898

**NOTE 10 - LONG-TERM LOANS**

**First KF Business Ventures Loan Agreement**

On January 15, 2014, the Company entered into a binding 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 and September 8, 2014 (the "First KF Loan Agreement"). Under the First KF Loan Agreement the Lender agreed to lend to the Company up to \$2,000,000 in four equal installments of \$500,000 each (the "First KF Loan"). The First KF Loan accumulates interest at a rate of 10% per annum, compounded monthly. Pursuant to the First KF Loan Agreement (as amended on March 10, 2014) the principal and interest were to become payable in 18 equal monthly installments commencing on January 1, 2015, with the Company having the right to prepay the First KF Loan at any time in increments of not less than \$250,000.

In consideration for the First KF Loan Agreement, as amended on March 10, 2014, the Company issued 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 \$1.00 per share (Note 12). Warrants for 2,450,000 shares of the Company's common stock were to 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.

Under the guidance provided by ASC 470-20-25-2, proceeds from the sale of debt instrument with stock purchase warrants are 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 allocated to the warrants must be accounted for as paid-in capital. The remainder of the proceeds is to be allocated to the debt instrument portion of the transaction.

Management has determined that the warrants issued as consideration for the First KF Loan Agreement 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 original 6,904,546 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 64.4%.

On September 8, 2014, the Company entered into a Second Amendment Agreement (the "September Amendment") with

the Lender to extend the maturity of the First KF Loan to January 15, 2016 and replace 18 equal monthly installments with a one time payment of principle and accrued interest. Furthermore, the Company has an option to further extend the repayment of the First KF Loan to January 15, 2017.

The extension to January 15, 2017, may be granted upon the Company issuing to the Lender additional share purchase warrants (the "Extension Warrants") that will equal to one-half of the outstanding principal and unpaid interest as at January 15, 2016. The Extension Warrants will have an initial exercise price of \$0.50 per share and expiring on September 1, 2021.

As consideration for the September Amendment, the Company issued to the Lender additional warrants for the purchase of up to 2,350,000 shares of the Company's common stock (the "September Warrants"), with 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. In addition, the Company agreed to decrease the exercise price for all warrants previously issued to the Lender under the First KF Loan (the "Amended Warrants") from \$1.00 per share to \$0.50 per share and extend the expiration date of warrants for up to 2,450,000 shares of the Company's common stock from January 15, 2015 to January 15, 2016.

Under the guidance provided by ASC 470-50-40-17(b) - *Fees Between Debtor and Creditor* - the fees incurred to replace or modify the existing debt instrument shall be associated with any existing unamortized premium or discount and amortized as an adjustment of interest expense over the remaining term of the replacement or modified debt instrument.

The Amended Warrants and September Warrants were accounted for as fees incurred to replace or modify the existing debt. The fair value of the Additional Warrants and September Warrants was determined to be \$1,519,807. As at the time of the September Amendment the recorded book value of the First KF Loan was \$676,761, the cost of Amended Warrants and September Warrants was deemed to be \$676,761, which amount will be amortized over the term of the loan, at the rate of \$39,804 per month.

The fair values of the warrants and adjustments were determined using the Black-Scholes option pricing model at the grant date using the following assumptions:

Expected Warrant Life (in years)	0.35-4.36 yrs.
Risk-Free Interest Rate	0.02%-1.24%
Expected Dividend Yield	Nil
Expected Stock Price Volatility	43%-362%

During the nine months ended September 30, 2014, the Company recognized accretion expense of \$276,050. At September 30, 2014, the Company accrued \$100,025 in interest payable under the First KF Loan (December 31, 2013 – \$Nil).

First KF Loan at September 30, 2014:

	Long-term Loan	Original Warrants	September Warrants	Total
First KF Loan	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000
Fair Value of Warrants	-	(1,536,353)	(676,761)	(2,213,114)
Accretion Expense Recognized	-	246,856	29,194	276,050
Interest Expense Recorded	100,025	-	-	100,025
Balance at September 30, 2014	\$ 2,100,025	\$(1,289,497)	\$ ( 647,567)	\$ 162,961

## Second KF Business Ventures Loan Agreement

On July 28, 2014, the Company entered into a second loan agreement with KF Business Ventures LP (the "Second KF Loan Agreement"). Under the Second KF Loan Agreement, the Lender agreed to lend to the Company \$2,400,000 (the "Second KF Loan"), to be advanced in eight equal installments of \$300,000 each, commencing on September 1, 2014 and on the first day of each consecutive calendar month thereafter until fully advanced.

As of September 30, 2014, the Company received \$600,000 under the Second KF Loan Agreement, which represented September and October installments. The remaining \$1,800,000 was recorded as a loan receivable.

The Second KF Loan accumulates interest at a rate of 10% per annum, compounded monthly. The initial maturity date under the Second KF Loan Agreement is January 15, 2016, which can be extended to January 15, 2017.

The extension may be granted upon the Company issuing to the Lender additional share purchase warrants (the "Extension Warrants") that will equal to one-half of the outstanding principal and unpaid interest as at January 15, 2016. The Extension Warrants will have an initial exercise price of \$0.50 per share and expiring on September 1, 2021.



In consideration for the Second KF Loan Agreement, the Company issued 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 (Note 12). The Lender may choose to exercise the warrants for up to 4,800,000 shares of common stock by way of a cashless exercise.

The fair value of all the warrants issued under the Second KF Loan Agreement, was calculated to be \$6,334,966 using the Black-Scholes option pricing model at the grant date using the following assumptions:

Expected Warrant Life (in years)	5.1 yrs.
Risk-Free Interest Rate	1.73%
Expected Dividend Yield	Nil
Expected Stock Price Volatility	330%

The relative fair value of the warrants and debt was determined following the guidance provided by ASC 470-20-25-2. The warrants were assigned the relative fair value of \$1,687,523 and the value allocated to the debt portion of the instrument was determined to be \$712,477 at the time of issuance using an effective interest rate of 91.8%. During the nine months ended September 30, 2014, the Company recognized accretion expense of \$51,955 and recorded \$3,374 in interest expense payable under the Second KF Loan (December 31, 2013 – \$Nil).

Second KF Loan at September 30, 2014:

	Long-term Loan	Original Warrants	Total
Second KF Loan	\$ 2,400,000*	\$ -	\$ 2,400,000
Fair Value of Warrants	-	(1,687,523)	(1,687,523)
Accretion Expense Recognized	-	51,955	51,955
Interest Expense Recorded	3,374	-	3,374
Balance at September 30, 2014	\$ 2,403,374	\$ 1,635,568	\$ 767,806

\* At September 30, 2014, the Company had a receivable of \$1,800,000 under the Second KF Loan Agreement.

#### NOTE 11 - NOTES AND LOANS RECEIVABLE

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

#### NOTE 12 - SHARE CAPITAL

On March 10, 2014, in consideration for the Technology transferred by the Executive 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 Executive 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 (Note 3).

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 September 30, 2014, these shares remained unissued.

On September 3, 2014, pursuant to the Consulting Agreement with an unrelated party for investor relations services the Company issued 100,000 shares of its common stock with a fair value of \$47,000 (Note 3).

#### Warrants

On January 15, 2014, in consideration for the First KF Loan (Note 10) the Company issued to KF Business Ventures LP non-transferrable share purchase warrants for a total of 6,200,000 shares of the Company's common stock, exercisable at a price of \$1.00 per share (collectively, the "Warrants"). Warrants for 2,200,000 shares of the Company's common stock were expiring on January 15, 2015, and Warrants for 4,000,000 shares of the Company's common stock expire on January 15, 2018.





On March 10, 2014, the Company signed a first amendment to the KF Loan Agreement (the "First Amendment") (Note 10). Under the terms of the First Amendment, the Company issued to the Lender additional non-transferrable share purchase warrants for a total of 704,546 shares of the Company's common stock with an initial exercise price of \$1.00 per share (collectively, the "Additional Warrants"). The Additional Warrants to purchase a total of 250,000 shares of the Company's common stock were expiring 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 September 8, 2014, the Company entered into a Second Amendment Agreement (the "September Amendment") with the Lender to extend the maturity of the First KF Loan Agreement to January 15, 2016. As consideration for the September Amendment, the Company agreed to extend the expiration date for 2,450,000 warrants previously issued to the Lender under the First KF Loan Agreement and the First Amendment from January 15, 2015 to January 15, 2016, and decrease the exercise price for all warrants previously issued to the Lender from \$1.00 per share to \$0.50 per share (Note 10).

In addition, the Company issued to the Lender additional warrants for the purchase of up to 2,350,000 shares of the Company's common stock, with 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.

On March 10, 2014, in consideration for the Management Consulting Agreement with the Executive (Note 3), 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 \$1.00 per share. The warrants expire on March 10, 2017. The Executive may choose to exercise the warrants for up to 5,000,000 shares of common stock by way of a cashless exercise.

On September 3, 2014, pursuant to the Consulting Agreement with an unrelated party for investor relations services the Company issued non-transferrable warrants to purchase up to 250,000 shares of its common stock at an exercise price of \$0.50 per share, expiring on August 1, 2018. The warrants are subject to earlier termination in the event that the Consulting Agreement is terminated prior to September 3, 2015.

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

<b>Exercise price</b>	<b>Expiry date</b>	<b>Number of warrants outstanding</b>
\$0.50	January 15, 2016	2,450,000
\$1.00	March 10, 2017	10,000,000
\$0.50	January 15, 2018	4,454,546
\$0.50	August 1, 2018	250,000
\$0.50	January 15, 2019	2,350,000
\$0.50	September 1, 2019	9,600,000
		<b>29,104,546</b>

At September 30, 2014, the weighted-average exercise price and remaining contractual life of the outstanding share purchase warrants were \$0.67 and 3.46 years, respectively.

## **Options**

Effective September 8, 2014, the Company adopted the 2014 Stock Option Plan (the "2014 Plan"). The 2014 Plan allows the Company to grant awards to its officers, directors and employees. In addition, the Company may grant awards to individuals who act as consultants to the Company, so long as those consultants do not provide services connected to the offer or sale of the Company's securities in capital raising transactions and do not directly or indirectly promote or maintain a market for the Company's securities.

The Company reserved the total of 13,200,000 shares of its common stock for issuance under the 2014 Plan. However, under the terms of the 2014 Plan, at any time after January 1, 2015, the Company can increase the number of authorized shares available under the 2014 Plan up to 15% of the total number of shares of common stock then outstanding.

On September 8, 2014, the Company granted options to acquire up to 2,500,000 shares of the Company's common stock to a Director (the "Options"). These Options were issued under the 2014 Plan. The Options vest at a rate of 500,000 shares per year, beginning September 1, 2014 and have initial exercise price of \$0.50 per share. The Options will expire 5 years after the vesting date thereof (Note 2). During the nine months ended September 30, 2014, the Company expensed stock based compensation of \$253,163.



## 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., on July 11, 2012, we changed our name to Poly Shield Technologies Inc. and on August 25, 2014, we changed our name to Triton Emission Solutions Inc.

### Recent Corporate Developments

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

#### Patent Application

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.

#### 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 (the "Lender") for an additional \$2,400,000, to be advanced in eight equal installments of \$300,000 each on the first day of each consecutive calendar month, with the first installment being September 1, 2014. Advance of the loan was conditional upon (1) our agreeing to amend the terms of the First KF Loan Agreement (see "*Second Amendment to First KF Loan Agreement*"); (2) our issuing to the Lender additional 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 Lender on a monthly operating budget for our Company.

The Second KF Loan Agreement accumulates interest at a rate of 10% per annum, compounded monthly and will become payable in full on January 15, 2016. We may extend the maturity date of the loan to January 15, 2017 by issuing to the Lender 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, we agreed to appoint Robert C. Kopple, the principal of the Lender, as Chairman of our Board of Directors (see "*Change in Executive Officers and Directors*").

Additional details of the Second KF Loan Agreement are provided in our Current Report on Form 8-K, filed on August 1, 2014.

## Name Change

Effective August 25, 2014, we changed our name to "Triton Emission Solutions Inc." (the "Name Change"). The Name Change was approved by our Board of Directors on June 26, 2014, and by shareholders owning approximately 57.6% of our outstanding common stock on July 1, 2014. As a result of the Name Change, our stock symbol was changed to DSOX effective on the open of business on August 25, 2014.

## Consulting Agreement

On September 3, 2014, we entered into a Consulting Agreement (the "Consulting Agreement") with Robert Lipp. Under the terms of the Consulting Agreement, Mr. Lipp has agreed to provide us with investor relations services for a term of one year, expiring on September 3, 2015.

In consideration for Mr. Lipp's services, we issued to Mr. Lipp 100,000 shares of our common stock with a fair value of \$0.47 per share for a total of \$47,000, and non-transferrable warrants to purchase up to 250,000 shares of our common stock at an exercise price of \$0.50 per share, expiring on August 1, 2018, subject to earlier termination in the event that Mr. Lipp ceases to act as a consultant prior to September 3, 2015.

## Adoption of 2014 Stock Option Plan

On September 8, 2014, our Board of Directors adopted our 2014 Stock Option Plan (the "2014 Plan"). The purpose of the 2014 Plan is to enhance the long-term stockholder value of our Company by offering opportunities to our directors, officers, employees and eligible consultants to acquire and maintain stock ownership in the Company in order to give these persons the opportunity to participate in our growth and success, and to encourage them to remain in the service of the Company.

We reserved 13,200,000 shares of our common stock for issuance under the 2014 Plan. However, under the terms of the 2014 Plan, at any time after January 1, 2015, our Board of Directors can increase the authorized number of shares available under the 2014 Plan, provided that the total number of shares issuable under the 2014 Plan cannot exceed 15% of the total number of shares of common stock then outstanding.

Additional details of the 2014 Plan are provided in our Current Report on Form 8-K filed on September 12, 2014.

## Change in Executive Officers and Directors

On September 8, 2014, we appointed Robert C. Kopple as our director and Chairman of the Board.

Mr. Kopple is the principal of KF Business Ventures LP (the "Lender") and was appointed as a director and Chairman as contemplated under the terms of the Second KF Loan Agreement. Upon his appointment, we issued to Mr. Kopple options to purchase up to 2,500,000 shares of our common stock under the 2014 Plan (the "Kopple Options"). The Kopple Options vest at a rate of 500,000 shares per year, beginning September 1, 2014, provided that any unvested options will immediately vest and become exercisable upon Mr. Kopple's death, incapacity, resignation or failure to serve as a director and Chairman of the Board of Directors other than as a result of a removal for cause or a failure to be re-elected resulting from Mr. Kopple's refusal to stand for re-election or if Mr. Kopple or his affiliates fail to vote their respective shares in favor of Mr. Kopple's re-election or re-appointment. The initial exercise price of the Kopple Options is \$0.50 per share, but is subject to adjustment in the event that we subsequently issue any shares of our common stock or any options, warrants, convertible instruments or similar instruments at a purchase, exercise or conversion price less than \$0.50 per share. The Kopple Options will expire 5 years after the vesting date thereof.

## Second Amendment to First KF Loan Agreement

On September 8, 2014, we entered into an agreement (the "Second Amendment Agreement") with the "Lender" to amend the terms of the \$2,000,000 loan agreement between us and the Lender dated as of January 15, 2014 and previously amended on March 10, 2014 (as previously amended, the "First KF Loan Agreement").

The Second Amendment Agreement was a condition precedent to the advance of funds under the Second KF Loan Agreement. The Second Amendment Agreement extends the maturity date for the outstanding amounts payable under the First KF Loan Agreement to January 15, 2016, and replaces 18 equal payments of principle and accrued interest contemplated under the First KF Loan Agreement, as amended on March 10, 2014, with a one time payment of the full balance and accrued interest. As consideration for this extension, we agreed to (1) extend the expiry date for 2,450,000 of the warrants previously issued to the Lender 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 the Lender under the First KF Loan Agreement from \$1.00 per share to \$0.50 per share; and (3) issue to the Lender 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 of the First KF Loan Agreement and its amendments are provided in our Current Reports on Forms 8-K, filed on September 12, 2014, August 1, 2014, March 12, 2014, and on February 18, 2014.

#### Repayment of Acamar Loan

On September 18, 2014, we reached an agreement with Acamar Investments, Inc. (the “Acamar”) to settle the amounts owing under our loan agreement with Acamar dated for reference April 19, 2012 and amended on November 16, 2012 (as amended, the “Acamar Loan”). Pursuant to the Release and Satisfaction Agreement (the “Release and Satisfaction”), Acamar agreed to accept \$300,000 payment (the “Cash Consideration”) as satisfaction in full of the \$538,321 due and payable under the Acamar Loan at the time of the signing of the Release and Satisfaction.

We paid the Cash Consideration on September 19, 2014, when KF Business Ventures agreed to accelerate the payment of the second advance under the Second KF Loan Agreement originally scheduled for October 1, 2014.

#### **RESULTS OF OPERATIONS**

	<b>Three Months Ended</b>		<b>Percentage</b>
	<b>September 30,</b>		
	<b>2014</b>	<b>2013</b>	<b>Change</b>
Survey revenue	\$ -	\$ 60,000	n/a
Royalty revenue	2,683	273,655	(99.0)%
Total revenues	2,683	333,655	(99.2)%
Amortization	1,312,899	73,450	1687.5%
General and administrative	734,877	458,183	60.4%
Royalty fee	-	25,000	n/a
Operating expenses	2,047,776	556,633	267.9%
Loss before interest expense	(2,045,093)	(222,978)	817.2%
Accretion expense	(191,692)	-	n/a
Forgiveness of debt	238,321	-	n/a
Interest	(104,444)	(51,524)	102.7%
Stock-based compensation	(253,163)	-	n/a
Net loss	\$ (2,356,071)	\$ (274,502)	758.3%

	Nine Months Ended September 30,		Percentage Change
	2014	2013	
Survey revenue	\$ 15,000	\$ 60,000	(75.0)%
Royalty revenue	16,493	287,631	(94.3)%
Total revenues	31,493	347,631	(90.9)%
Amortization	2,847,448	219,409	1197.8%
General and administrative	2,210,795	948,784	133.0%
Royalty fee	(170,833)	75,000	(327.8)%
Operating expenses	4,887,410	1,243,193	293.1%
Loss before interest expense	(4,855,917)	(895,562)	442.2%
Accretion expense	(328,005)	-	n/a
Forgiveness of debt	238,321	-	n/a
Impairment of loan	(150,000)	-	n/a
Interest	(259,504)	(141,852)	82.9%
Non-cash consulting fees	(9,677,730)	-	n/a
Stock-based compensation	(253,163)	-	n/a
Net loss	\$ (15,285,998)	\$ (1,037,414)	1373.5%

## Revenues

During the three months ended September 30, 2014, our revenue consisted solely from the royalties paid to us by WebTech Wireless (“WebTech”) pursuant to our agreement with WebTech, which is scheduled to terminate on October 31, 2015. During the nine months ended September 30, 2014, our revenue decreased by \$316,138 from \$347,631 for the nine months ended September 30, 2013, to \$31,493 for the nine months ended September 30, 2014. The significant decrease in revenue was a result of a \$270,502 payment made to us by WebTech during the period ended September 30, 2013 following a discovery of discrepancy in calculation of royalty.

We did not earn any surveying revenue during the three month period ended September 30, 2014. Revenue from ship surveys during the nine month period ended September 30, 2014 decreased by \$45,000 compared to the nine months period ended September 30, 2013. This decrease was due to the fact that we have conducted less ship surveys during 2014. Survey revenue represents amounts earned for services provided for conducting surveys on ships for the potential installation of our emission abatement technologies.

## Operating Expenses

During the three months ended September 30, 2014, our operating expenses increased by \$1,491,143 or 267.9% from \$556,633 for the three months ended September 30, 2013, to \$2,047,776 for the three months ended September 30, 2014.

During the nine months ended September 30, 2014, our operating expenses increased by \$3,644,217 or 293.1% from \$1,243,193 for the nine months ended September 30, 2013, to \$4,887,410 for the nine months ended September 30, 2014.

The increases in our operating expenses for the three and nine month periods ended September 30, 2014, as compared to our operating expenses for the same period in 2013 relate primarily to the continuous development of our business infrastructure to support our day-to-day operations and development and marketing of the DSOX Systems. The most significant year-to-date changes were as follows:

- Our amortization expense for the nine months ended September 30, 2014, increased by 1197.8% or \$2,628,039 relative to the nine months period ended September 30, 2013. The increase resulted from amortization of the technology rights that we acquired from our Chief Executive Officer and President, Rasmus Norling, on March 10, 2014. The technology rights acquired from Mr. Norling were valued at \$52,380,000 and are amortized over ten year useful life on a straight line basis.

- Due to our 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 \$77,372, which we incurred during the nine months period ended September 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 \$22,201 during the same period.
- During the nine months ended September 30, 2014, our travel and entertainment, advertising and marketing expenses increased by \$29,387, \$295,838, and \$122,675, 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 \$50,848, as compared to the nine months period ended September 30, 2013.
- During the nine months ended September 30, 2014, our administrative, consulting and management fees increased by \$85,100, \$394,193 and \$ 296,000, 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 paid 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 \$104,216, which grew from \$102,431 incurred during the nine months ended September 30, 2013 to \$206,647 incurred during the nine months ended September 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 Fort Lauderdale, Florida. These leases were terminated on July 31, 2014 and replaced with a new lease agreement for the office space in San Juan, Puerto Rico. In connection with these lease agreements we paid \$45,507 in rent fees during the nine months ended September 30, 2014, compared to \$11,230 we paid during the nine months ended September 30, 2013.
- The above increases in operating expenses were partially offset by a decrease in salary and wage expenses, as during the nine months ended September 30, 2014, we incurred \$31,644 in salary and wage expenses as opposed to \$207,793 in salary and wage expenses incurred during the nine months ended September 30, 2013. Salaries and expenses for the nine months ended September 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, 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 acted under the terms of a Management Consulting Agreement, and received \$22,500 per month which was recorded as part of management fees. As of October 1, 2014, we began treating Mr. Norling as an employee rather than an independent consultant. Mr. Norling is employed on substantially the same terms as set out in his Management Consulting Agreement, including his gross salary of \$22,500 per month.
- During the nine months period ended September 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 License 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 accrued royalty fees payable of \$170,833.



## Other Items

During the three months ended September 30, 2014, we recorded a \$191,692 accretion expense that resulted from the difference between the stated interest rate and the implied interest rate we used to determine the fair value of the proceeds we received pursuant to the First and Second KF Loan Agreements. Our net loss was further increased by \$253,163 in stock-based compensation we recorded on issuance of options to acquire up to 2,500,000 shares of our common stock to Robert C. Kopple, when we appointed Mr. Kopple our director and Chairman.

Our interest expense increased by \$52,920, or 102.7% from \$ 51,524 for the three months ended September 30, 2013, to \$104,444 for the three months ended September 30, 2014. This increase resulted from the additional debt load associated with our current business activities.

During the nine months ended September 30, 2014, we recorded \$328,005 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 and Second KF Loan Agreements. 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. We also recorded \$253,163 in stock-based compensation on issuance of options to acquire up to 2,500,000 shares of our common stock to Mr. Kopple, when we appointed Mr. Kopple our director and Chairman.

Our interest expense increased by \$117,652, or 82.9% from \$141,852 for the nine months ended September 30, 2013, to \$259,504 for the nine months ended September 30, 2014. This increase resulted from the additional debt load associated with our current business activities. In addition, we recorded a \$150,000 impairment charge on the loans to our former subsidiary, New World Technologies Group, Inc.

The above expenses were offset by forgiveness of debt of \$238,321, which we recorded when we settled \$538,321 due and payable to Acamar for a one-time payment of \$300,000.

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 lack an extensive operating history with our emission abatement business, it may be difficult for us to predict future operating expenses and capital requirements related to this business and our historical results are not expected to be reflective of future expenses and capital requirements.

## LIQUIDITY AND CAPITAL RESOURCES

### Working Capital

	September 30, 2014	December 31, 2013	Percentage Change
Current assets	\$ 3,465,826	\$ 448,188	673.3%
Current liabilities	\$ (3,066,386)	\$ (2,583,245)	18.7%
Working capital/(deficit)	\$ 399,440	\$ (2,135,057)	118.7%

As of September 30, 2014, we had a cash balance of \$707,211, a working capital of \$399,440 and cash flows used in operations of \$1,715,061 for the nine months then ended. During the nine months ended September 30, 2014, we funded our operations with \$2,648,286 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 a minor extent, with the cash we received from royalties and ship survey fees.

## Cash Flows

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2014</b>	<b>2013</b>
Cash flows (used in) provided by operating activities	\$ (1,715,061)	\$ 204,673
Cash flows provided by financing activities	2,244,286	160,104
Cash flows used in investing activities	-	(14,711)
Net increase in cash during the period	<u>\$ 529,225</u>	<u>\$ 350,066</u>

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

Net cash used in operating activities during the nine months ended September 30, 2014, was \$1,715,061. This cash was primarily used to cover our cash operating expenses of \$2,222,915 and increase our work in progress by \$889,903, which was associated with payments we made to our contractors for the manufacturing of the first DSOX System as well as to acquire necessary parts and equipment. In addition we used \$13,503 to reduce the amounts due to related parties and \$157,931 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 under the Purchase and Services Agreement with DCL. The uses of cash were further offset by decreases in prepaid expenses of \$198,844, increases in our accounts payable of \$135,480 and increases in interest accrued on the notes and advances payable of \$259,504.

Net cash provided by operating activities during the nine months ended September 30, 2013, was \$204,673. This cash was used to cover our cash operating expenses of \$777,646, increase our accounts receivable and prepaids by \$287,902 and \$93,226, respectively, and decrease the amounts due to related parties by \$227,147. These uses of cash were offset by deposits for an aggregate of \$1,100,000 paid for the installation of our DSOX systems, and \$150,000 received by our former subsidiary, New World Technologies Inc., as advance for installation of the purification and energy recovery systems. The uses of cash were further offset by a decrease in advances receivable of \$80,000, increases in accounts payable and accrued liabilities of \$39,887 and \$79,472, respectively, and increases in interest accrued on the notes and advances payable of \$141,235.

### Non-cash transactions

During the nine months ended September 30, 2014, our net loss was affected by the following items that did not have any impact on cash used in operations:

- \$328,005 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 and Second KF Loan Agreements;
- \$2,847,448 in amortization expense we recorded on our intangible assets as well as testing and laboratory equipment;
- \$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;
- \$164,341 in stock-based compensation for investor relation services pursuant to the Consulting Agreement we entered into on September 3, 2014 with Robert Lipp, which comprised of \$47,000 being a market value of 100,000 shares of our common stock and \$117,341 being a fair market value of warrants to purchase up to 250,000 shares of our common stock;
- \$46,410 in compensation for web design services being fair value of 51,000 shares of our common stock;
- \$253,163 in stock-based compensation associated with the fair value of the options to purchase up to 2,500,000 shares of our common stock we issued to Mr. Kopple as compensation for his appointment as our Director and Chairman.
- These non-cash expenses were offset by \$238,321 gain we recorded as forgiveness of debt when we reached an agreement with Acamar Investments, Inc. to release us of our obligations under the Acamar Loan for a one-time payment of \$300,000, which we made on September 19, 2014.

During the nine months ended September 30, 2013 we recorded a non-cash item of \$219,409 for amortization of equipment and the Teak Shield License; and \$46,500 for web site design services.



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

During the nine months ended September 30, 2014, we received \$2,000,000 from KF Business Ventures LP pursuant to our First KF Loan Agreement and \$600,000 pursuant to our Second 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 \$404,000 we paid under the Acamar Loan.

During the nine months ended September 30, 2013, we received \$272,835 in loans from unrelated parties, repaid \$90,000 in interest accrued under Acamar Loan Agreement, and repaid \$22,731 in other loans to former related parties.

## **Going Concern**

The notes to our interim consolidated financial statements at September 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 generating revenue only recently. To date revenue related to these technologies has been limited to conducting surveys on ships for the potential installation of our emission abatement systems.

We have accumulated a deficit of \$19,773,414 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 Quarterly Report we signed contracts to install five DSOX Fuel Purification Systems. The agreements provide for the potential installation of up to 57 additional DSOX System. Despite our current contracts we cannot provide assurance that we will be successful in generating additional sales. In addition, the installation of our first DSOX System in Mobile, Alabama for LMS Ship Management Inc. ("LMS") is currently ongoing and we have yet to record revenue from this installation; we also have no assurance that we will be able to record revenues from subsequent installation 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.

### Revenue from the installation and servicing of the Fuel Purification Systems

Revenue is recognized when pervasive evidence of an agreement exists, when delivery of the product has occurred or services have been provided, when title transferred to the customer, and when 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 September 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 September 30, 2014, we had \$707,211 in cash on deposit with a large chartered Canadian bank and a large US bank; \$457,766 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 September 30, 2014, we had \$3,391 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 September 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 September 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 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. In September 2014, we announced that we had shipped the primary components of a DSOX system for DCL, the installation of which is currently ongoing. We have not yet completed the delivery or installation of any DSOX Systems to Prestige. 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 emission abatement technologies 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 DSOX System have received a full Type Approval (EPA, USCG, MEPC) for operation on commercial vessels. The emission abatement systems used by these competitors are limited to exhaust scrubbers 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 DSOX Systems.

## **General Risk Factors**

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

Although our Board of Directors and Executive Officers have extensive business experience, aside from our President, CEO and CTO and our VP of Engineering, they do not have 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 55.8% of our common stock and will be able to exert considerable influence over our actions.**

Mr. Rasmus Norling beneficially owns approximately 55.8% 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. Additional details regarding the issuance of these warrants are provided under Item 2. of Part I of this Quarterly Report on Form 10-Q.

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. These warrants were issued pursuant to the exemptions from registration provided by Rule 506 of Regulation D of the Securities Act on the basis of representations provided by KF Business Ventures that it is an "accredited investor" as defined in Rule 501 of Regulation D. Additional details regarding the issuance of these warrants are provided under Item 2 of Part I of this Quarterly Report on Form 10-Q. On September 8, 2014, we amended the exercise price for the above mentioned 6,904,546 warrants from \$1.00 per share to \$0.50 per share.



On July 28, 2014, we agreed to issue non-transferrable share purchase warrants for an aggregate of 11,950,000 shares of the Company's common stock with an initial exercise price of \$0.50 per share to KF Business Ventures, LP. The offer and sale of these warrants to the Lender was 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 the Lender that it is an "accredited investor" as defined in Regulation D.

On September 3, 2014, we issued to Robert Lipp 100,000 shares of our common stock and non-transferrable warrants to purchase up to 250,000 shares of our common stock in consideration for Mr. Lipp's agreement to provide the Company with investor relations services. The shares and warrants were issued to Mr. Lipp pursuant to the exemption from the registration requirements of the Securities Act of 1933 provided by Rule 506 of Regulation D on the basis of representations provided by Mr. Lipp that he is an accredited investor, as that term is defined in Regulation D.

On September 9, 2014, we issued to Mr. Kopple options to purchase up to 2,500,000 shares of our common stock under the 2014 Plan (the "Kopple Options"). The Kopple Options vest at a rate of 500,000 shares per year, beginning September 1, 2014, provided that any unvested options will immediately vest and become exercisable upon Mr. Kopple resigning, death, incapacity or failure to serve as a director and Chairman of the Board other than as a result of a removal for cause or a failure to be re-elected resulting from Mr. Kopple's refusal to stand for re-election or if Mr. Kopple or his affiliates fail to vote their respective shares in favor of Mr. Kopple's re-election or re-appointment. The offer and sale of these options to Mr. Kopple was 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 Mr. Kopple that he 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 nine months period ended September 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.

Exhibit Number	Description of Exhibit
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	Certificate of Amendment to Certificate of Incorporation – Name Change to Triton Emission Solutions Inc.(24).
3.5	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. (4)
10.3	Loan Agreement dated April 19, 2012, between GlobeTrac Inc. and Acamar Investments Inc.(5)
10.4	Acamar Promissory Note dated April 19, 2012, given the Company in favor of Acamar Investments, Inc.(5)



Exhibit Number	Description of Exhibit
10.5	Security Agreement dated April 19, 2012, granted by GlobeTrac Inc. in favor of Acamar Investments Inc.(5)
10.6	Extension letter dated October 17, 2012, from Acamar Investments, Inc. (6)
10.7	Amendment No. 1 to Loan Agreement and Promissory Note dated November 16, 2012, between the Company and Acamar Investments, Inc.(7)
10.8	Employment Agreement between Rasmus Norling and Poly Shield Technologies Inc. dated December 1, 2012. (8)
10.9	U.S. Patent Assignment Agreement dated January 12, 2013, between Rasmus Norling and Poly Shield Technologies Inc.(9)
10.10	European Patent Assignment Agreement dated January 12, 2013, between Rasmus Norling and Poly Shield Technologies Inc.(9)
10.11	Share Purchase Agreement dated January 31, 2013, between Rasmus Norling and Poly Shield Technologies Inc.(10)
10.12	Collaboration Agreement dated November 15, 2012, between Ecolutions, Inc. and Green Tech Marine AS.(10)
10.13	Master Distributor Agreement dated November 15, 2012, between Ecolutions, Inc. and Green Tech Marine AS.(10)
10.14	License Agreement dated November 15, 2012, between Ecolutions, Inc. and Green Tech Marine AS. (10)
10.15	Share Purchase Agreement dated April 8, 2013, between J. Douglas Faulkner and Poly Shield Technologies Inc.(11)
10.16	Sales and Purchase Agreement dated July 18, 2013 between LMS Shipmanagement, Inc. and Poly Shield Technologies Inc.(12)
10.17	Purchase and sale Agreement dated August 16, 2013 between Prestige Cruise Holdings, Inc., and Poly Shield Technologies Inc. (13)
10.18	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. (14)
10.19	Addendum to December 1, 2012 Employment Agreement, dated effective as of December 30, 2013. (15)
10.20	Letter Agreement dated January 15, 2014 between Poly Shield Technologies Inc. and KF Business Ventures, LP. (16)
10.21	Loan Agreement dated as of January 15, 2014 between Poly Shield Technologies Inc. and KF Business Ventures, LP. (17)
10.22	Addendum No. 2 to December 1, 2012 Employment Agreement, dated effective as of February 28, 2014. (18)
10.23	Technology Transfer Agreement between Paer Tomas Rasmus Norling and Poly Shield Technologies Inc. dated effective as of March 10, 2014. (19)
10.24	Management Consulting Agreement between Paer Tomas Rasmus Norling and Poly Shield Technologies Inc. dated effective as of March 10, 2014. (19)
10.25	Amendment No. 1 to Loan Agreement between Poly Shield Technologies Inc. and KF Business Ventures, LP dated effective as of March 10, 2014. (19)
10.26	Purchase and Services Agreement between Magical Cruise Company, Limited and Poly Shield Technologies Inc. dated effective as of April 15, 2014. (20)
10.28	Loan Agreement and Promissory Note dated April 17, 2014 between Poly Shield Technologies Inc. and New World Technologies Group Inc. (23)
10.29	Loan Agreement and Promissory Note dated May 22, 2014 between Poly Shield Technologies Inc. and New World Technologies Group Inc. (23)
10.30	Loan Agreement and Promissory Note dated June 30, 2014 between Poly Shield Technologies Inc. and New World Technologies Group Inc. (23)
10.31	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. (23)
10.32	Management Consulting Agreement between Joao da Costa and Poly Shield Technologies Inc. dated effective as of June 25, 2014. (21)
10.33	Management Consulting Agreement between Mitchell Reed Miller and Poly Shield Technologies Inc. dated effective as of June 25, 2014. (21)
10.34	Loan Agreement between Poly Shield Technologies Inc. and KF Business Ventures, LP dated July 28, 2014. (22)



Exhibit Number	Description of Exhibit
10.35	Management Consulting Agreement between Robert Lipp and Triton Emission Solutions Inc. dated effective as of September 3, 2014. (25)
10.36	Amendment No. 2 to that Loan Agreement dated January 15, 2014 between the Company and KF Business Ventures LP dated effective July 29, 2014.(26)
10.37	2014 Stock Option Plan. (26)
10.38	Non-Qualified Stock Option Agreement for Robert C. Kopple. (26)
10.39	Release and Satisfaction dated as of September 18, 2014 between the Company and Acamar Investments, Inc.
14.1	Code of Ethics (2)
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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.
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.
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 March 16, 2012.
- (5) Filed as an exhibit to our Current Report on Form 8-K filed on April 25, 2012.
- (6) Filed as an exhibit to our Current Report on Form 8-K filed on November 6, 2012.
- (7) Filed as an exhibit to our Current Report on Form 8-K filed on December 7, 2012.
- (8) Filed as an exhibit to our Current Report on Form 8-K filed on December 11, 2012.
- (9) Filed as an exhibit to our Current Report on Form 8-K filed on January 17, 2013.
- (10) Filed as an exhibit to our Current Report on Form 8-K filed on February 6, 2013.
- (11) Filed as an exhibit to our Quarterly Report on Form 10-Q filed on May 14, 2013
- (12) Filed as an exhibit to our Current Report on Form 8-K filed on July 24, 2013
- (13) Filed as an exhibit to our Current Report on Form 8-K filed on August 22, 2013
- (14) Filed as an exhibit to our Current Report on Form 8-K filed on December 9, 2013.
- (15) Filed as an exhibit to our Current Report on Form 8-K filed on January 3, 2014.
- (16) Filed as an exhibit to our Current Report on Form 8-K filed on January 17, 2014.
- (17) Filed as an exhibit to our Current Report on Form 8-K filed on February 18, 2014.
- (18) Filed as an exhibit to our Current Report on Form 8-K filed on March 3, 2014.
- (19) Filed as an exhibit to our Current Report on Form 8-K filed on March 12, 2014.
- (20) Filed as an exhibit to our Current Report on Form 8-K filed on April 17, 2014.
- (21) Filed as an exhibit to our Current Report on Form 8-K filed on July 1, 2014.
- (22) Filed as an exhibit to our Current Report on Form 8-K filed on August 1, 2014.
- (23) Filed as an exhibit to our Quarterly Report on Form 10-Q filed on August 14, 2014.
- (24) Filed as an exhibit to our Current Report on Form 8-K filed on August 27, 2014.
- (25) Filed as an exhibit to our Current Report on Form 8-K filed on September 9, 2014.
- (26) Filed as an exhibit to our Current Report on Form 8-K filed on September 12, 2014.

## SIGNATURES

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

TRITON EMISSION SOLUTIONS INC.

By: /s/ Rasmus Norling  
Name: Rasmus Norling  
Title: CEO, President  
Dated: November 14, 2014

By: /s/ John da Costa  
Name: John da Costa  
Title: CFO  
Dated: November 14, 2014

## RELEASE AND SATISFACTION

This **RELEASE AND SATISFACTION**, dated as of September 18, 2014 (the "Release"), is between **TRITON EMISSION SOLUTIONS INC.**, a corporation incorporated in the State of Delaware (the "**Borrower**") (formerly known as **POLYSHIELD TECHNOLOGIES INC. FKA GLOBETRAC INC.**), and **ACAMAR INVESTMENTS, INC.** (the "**Lender**"), a corporation incorporated in the State of Washington.

Whereas, Borrower and Lender executed that certain Loan Agreement dated as of April 19, 2012, as amended by Amendment No. 1 to Loan Agreement and Promissory Note dated as of November 16, 2012 (together the "**Loan Agreement**"), and that certain Security Agreement dated as of April 19, 2012 (the "**Security Agreement**"), and Borrower executed in favor of Lender that certain Promissory Note dated as of April 19, 2012 in the original principal amount of Two Hundred and Sixty Thousand U.S. Dollars (US \$260,000) and that certain Promissory Note dated as of November 16, 2012 in the original principal amount of Twenty Five Thousand U.S. Dollars (US \$25,000) (together the "**Notes**" and, together with the Loan Agreement and Security Agreement, the "**Loan Documents**"), that set forth the terms and conditions of loans made to Borrower by Lender.

Whereas, Lender has made additional loans to Borrower as follows:

- 1) \$ 40,000 on Feb 5, 2013
- 2) \$7,500 on Apr 5, 2013
- 3) \$7,000 on May 13, 2013
- 4) \$38,000 on Aug 30, 2013
- 5) \$3,187.5 on Jan 1, 2014

Whereas, a UCC Financing Statement was filed in Delaware under Filing No. 2012 1517996 ("**Financing Statement**"), which secured Lender's position as to the Collateral (as defined in the Security Agreement).

Whereas, Borrower has indicated to Lender that no later than September 19, 2014, Borrower will pay to Lender the sum of Three Hundred Thousand U.S. Dollars (US \$300,000) ("**Funds**") and Borrower wishes to be released from its obligations under the Loan Documents and with respect to all of the foregoing loans described above from Lender to Borrower ("**Loans**").

Whereas, Lender is willing to release Borrower from its obligations under the Loan Documents and for all of the Loans upon satisfaction in full of Borrower's obligations as set forth herein.

Therefore, Lender and Borrower hereby agree as follows:

- 1) On or before September 19, 2014, Borrower shall pay to Lender's counsel in trust, via wire transfer in accordance with Lender's instructions, the Funds, receipt of which shall be acknowledged by Lender's counsel.
  - 2) Upon (a) execution and delivery of this Release by all parties and (b) receipt of the Funds by Lender's counsel in accordance with Paragraph (1), Lender's counsel shall be authorized to pay over and deliver the Funds to Lender.
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- 3) In consideration of the payment described, Lender and its successors and assigns shall hereby release, remise, and forever discharge Borrower and its successors and assigns, and Borrower and its successors and assigns shall hereby release, remise, and forever discharge Lender and its successors and assigns, of and from any and every obligation, duty, responsibility, action, cause, claims or demands of any kind, nature or description, at law or equity or created by agreement or statute which it now has or which its successors and assigns hereafter can, shall, or may have arising under or relating to the Loans and the Loan Documents and the transactions reflected therein.
- 4) Within ten (10) days of Paragraph (2) of this Release having being satisfied, Lender shall file a UCC-3 amendment to effectuate termination of the Financing Statement.
- 5) If Paragraphs (1) and (2) of this Release are not fully satisfied as required herein by September 19, 2014, this Release shall be deemed ineffective, notwithstanding whether it has been partially or fully executed by the parties hereto, and the Loans and the Loan Documents shall remain in full force and effect, and the Funds shall be returned to Borrower in accordance with Borrower's instructions.

Each party hereby represents and warrants that this Release is within its powers, has been duly authorized, and does not conflict with any of its organizational papers.

Lender hereby represents and warrants that Borrower has no other indebtedness or obligations to it or to any of its affiliates, officers, directors, or shareholders and, for the avoidance of doubt, hereby grants a release of any such indebtedness or obligations. This does not include nor affect (a) any stock or equity interests of Lender or any of its affiliates in Borrower which may be held by Lender or its affiliates, nor (b) obligations of any officers, directors, or shareholders of Borrower, all of which are and shall be unaffected by this Release.

This Release may be executed in as many counterparts as necessary or convenient, and by the parties on separate counterparts, each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement. Signatures of the parties may be transmitted by facsimile (or other electronic transmission including email of a PDF signature) and shall be deemed to be original signatures for all purposes. At the request of a party, the parties will confirm facsimile transmitted (or other electronic transmission including email of a PDF signature) signatures by signing an original document.

STATUTE OF FRAUDS DISCLOSURE. ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

*[signature page follows]*

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This Release and Satisfaction is dated as of the date first written above.

**BORROWER:**  
**TRITON EMISSION SOLUTIONS INC.**

**LENDER:**  
**ACAMAR INVESTMENTS, INC.**

Per: /s/ Rasmus Norling  
Rasmus Norling - C.E.O.

Per: /s/ Bernie Van Maren  
Bernie Van Maren - Secretary

Address where notices to the Borrower are to be sent:

Triton Emission Solutions Inc.  
610 – 1100 Melville Street  
Vancouver, British Columbia  
CANADA V6E 4A6

Address where notices to the Lender are to be sent:

Acamar Investments, Inc.  
45793 Luckakuck Way, Suite 202  
Chilliwack, British Columbia  
CANADA V2R 5S3

**TRITON EMISSION SOLUTIONS 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 September 30, 2014 of Triton Emission Solutions 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: November 14, 2014

/s/ Rasmus Norling  
Rasmus Norling  
Chief Executive Officer

**TRITON EMISSION SOLUTIONS 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 September 30, 2014 of Triton Emission Solutions 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: November 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 Triton Emission Solutions Inc. (the "Company") on Form 10-Q for the period ending September 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: November 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 Triton Emission Solutions Inc. (the "Company") on Form 10-Q for the period ending September 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: November 14, 2014

/s/ John da Costa

John da Costa

Chief Financial Officer