

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Triton Emission Solutions Inc.

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

FORM 10-K

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

For the fiscal year ended December 31, 2016

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.)

c/o 1130 West Pender Street, Unit 820

Vancouver, BC

(Address of principal executive offices)

V6E 4A4

(Zip Code)

Registrant's telephone number, including area code: 1-800-648-4287

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

None

N/A

Securities registered pursuant to Section 12(g) of the Act:

Common Stock - \$0.001 par value

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 last 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 (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **[X] Yes [] No**

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. **[X]**

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.

Larger accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a smaller reporting company)

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

State the aggregate market value of the voting and non-voting common equity held by **non-affiliates** computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: **\$1,469,146 based on the closing price on June 30, 2016.**

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at April 12, 2017</u>
common stock - \$0.001 par value	88,195,005

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PART I

FORWARD LOOKING STATEMENTS

Unless the context otherwise requires, all references in this report to “Triton,” “the Company,” “we,” “us,” or “our” are to Triton Emission Solutions Inc., collectively with its subsidiaries Ecolutions, Inc. and Triton Emission Solutions International AB.

The information in this Annual Report contains forward-looking statements. These forward-looking statements involve risks and uncertainties, including statements regarding Triton’s capital needs, business strategy and expectations. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may”, “will”, “should”, “expect”, “plan”, “intend”, “anticipate”, “believe”, “estimate”, “predict”, “potential” or “continue”, the negative of such terms or other comparable terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined from time to time, in other reports Triton files with the Securities and Exchange Commission.

The forward-looking statements in this Form 10-K for the fiscal year ended December 31, 2016, are subject to risks and uncertainties that could cause actual results to differ materially from the results expressed in or implied by the statements contained in this report. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives requires the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and accordingly, no opinion is expressed on the achievability of those forward-looking statements. No assurance can be given that any of the assumptions relating to the forward-looking statements specified in the following information are accurate.

All forward-looking statements are made as of the date of the filing of this Form 10-K and Triton disclaims any obligation to publicly update these statements, or disclose any difference between its actual results and those reflected in these statements. Triton may, from time to time, make oral forward-looking statements. Triton strongly advises that the above paragraphs and the risk factors described in this Annual Report and in Triton’s other documents filed with the United States Securities and Exchange Commission should be read for a description of certain factors that could cause the actual results of Triton to materially differ from those in the oral forward-looking statements. Triton disclaims any intention or obligation to update or revise any oral or written forward-looking statements whether as a result of new information, future events or otherwise.

ITEM 1. BUSINESS.

GENERAL

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.

On July 11, 2012, we effected a consolidation of our issued and outstanding common stock on a one-for-three basis (the “Reverse Split”), without decreasing our authorized capital. Upon completion of the Reverse Split, we had an authorized capital of 205,000,000 shares, par value of \$0.001 per share, consisting of 200,000,000 shares of common stock and 5,000,000 shares of preferred stock, with 33,394,441 shares of common stock issued and outstanding. Neither Triton nor any of our subsidiaries, Ecolutions, Inc. and Triton Emission Solutions International AB., have been involved in any bankruptcy, receivership or similar proceedings. Except as described above, there have been no material reclassifications, mergers, consolidations, purchases or sales of a significant amount of assets not in the ordinary course of our business during the past three fiscal years.

BUSINESS OF TRITON EMISSION SOLUTIONS

We are in the business of developing and marketing emission abatement technologies for the marine industry worldwide.

A market for emission abatement technologies in the marine industry has emerged due to the introduction of more stringent regulations proposed by International Maritime Organization (“IMO”) in 2008, which came in force on July 1, 2010. These regulations govern sulfur and nitrogen emission levels in Emissions Control Areas (“ECA”). Currently there are two ECA’s in effect: a European ECA and a North-American ECA, with new control areas being established in ports in China. As of January 1, 2015, the sulfur emission limits for ships operating in both ECA’s were lowered to 0.1% by mass, as compared to 1.0% by mass limit, which was in effect prior to that date. Outside of the ECA’s, global sulfur fuel limits have been reduced from 4.50% to 3.50% in 2012, and are going to be further reduced to 0.50% in 2020.

In order to meet these regulations, vessels operating in the ECA zones can use any one of three different compliance options:

- Switch to low-sulfur fuels;
- Convert engines to run on cleaner liquefied natural gas (LNG); or
- Install an exhaust gas scrubber or fuel purification system directly on a ship to decrease the amount of sulfur in regular heavy fuels.

All three of these options currently have their own significant disadvantages. First, current low-sulfur fuels are more expensive than standard fuels, resulting in significantly higher operational costs. Second, most ships and ship engines are not currently equipped for LNG, requiring high capital costs to retrofit current ships and engines to use LNG. Finally, the majority of existing exhaust scrubbers are cost-ineffective due to the amount of space they require. In addition, the size and added weight of existing scrubbers can affect the stability of a ship. Also, existing exhaust scrubbers require the addition of certain chemicals to control pH and neutralize sulphur oxide, which adds significant cost.

Our DSOX Fuel Purification Systems (the “DSOX-20” or “DSOX System”), when fully commissioned and verified, will provide a low-cost alternative to using high cost, low-sulfur fuels by allowing ship operators to clean the sulphur content from standard fuels prior to the combustion process in the ships engine. The DSOX Systems also incorporate our Bio-Scrubber technology, removing alkali metals from existing fuels, decreasing maintenance costs and increasing the useful life of existing engines.

Our Njord Exhaust Gas Scrubber System (the “Njord Scrubber”) can be used in conjunction with our DSOX-20, which will allow to further reduce the sulfur content from exhaust gases, or installed as a standalone system, depending on the space allowed in a ship’s funnel.

Products and Technologies

Njord Exhaust Gas Scrubber System Overview

Currently our main efforts are directed towards research, development and marketing of our Njord Exhaust Gas Scrubber System. The main purpose and goal of the Njord System is to clean the exhaust gases from excess sulfur following the internal combustion process within ships engine.

Njord System is the latest addition to our emission control solutions, which can be used as a standalone system installed inside a ship’s funnel or in conjunction with our DSOX-20. Its fairly small size and capability of working in both, open and closed loop modes makes the system versatile for installation on new builds as well as for retrofitting existing vessels. Its unique design does not require addition of any chemicals and results in a minimal back pressure allowing for an extended longevity of a ships’ engine.

DSOX Pre-Combustion Fuel Purification System Overview

Our DSOX-20 System is a patent pending pre-combustion de-sulfurization technology which was designed to remove alkali metals, such as sulfur and sodium, from heavy marine fuel. The DSOX-20 is based on our patented Bio Scrubber platform, integrating it with additional new proprietary technologies that we acquired from Mr. Norling, our former President and former Chief Technical Officer (“CTO”), in March 2014. These additional technologies react with and release the sulfur in the heavy marine fuel, allowing for an even cleaner by-product.

DSOX-20 can be installed on a ship without disruption to the ship's operations as a completely independent fuel treatment system with its own fuel oil separators and fuel quality monitoring system.

Bio Scrubber Technology Overview

The Bio Scrubber is a patented system designed to significantly reduce the maintenance cost and premature failure of gas turbine engines by removing alkali metals that are usually present in fuel.

Salt, calcium and other alkali metal substances in the fuel stock result in high temperature corrosion and premature failure in gas turbine engine components. During combustion in a gas turbine, sodium from the fuel creates high temperature corrosion of the hot-section components of the gas turbine, such as nozzle, guide vanes and rotor blades, resulting in accelerated oxidation. In some cases, this accelerated oxidation can reduce the operational life of a gas turbine by more than 50%.

By removing alkali metals from the fuel, the Bio Scrubber not only prolongs the life of gas turbine engines, it also significantly reduces operating and maintenance costs.

We acquired our patent application rights to the Bio Scrubber technology directly from Mr. Norling. On January 10, 2017, the United States Patent and Trademark Office granted us a patent No. US 9,540,571 B2.

Key Product Markets

We mainly market our DSOX and Njord Systems (collectively, the “Emission Technologies”) to the marine industry, although they can be used in many other land-based non-marine applications. Due to the relatively small size and light weight of our Emission Technologies, they can be installed on almost any type of marine vessel and can be customized to fit any size engine. Our Emission Technologies can be installed on a ship at any time during the normal operation. However, dry dock would still be preferable for seawater intake and overboard installations. In cases where dry dock is not an option, these installations can be done during dive operations while a ship is in service.

There are approximately 65,000 ships worldwide, including bulk carriers, tankers, container ships, cargo ships and passenger/cruise ships. Of this worldwide fleet, approximately 21,000 ships operate in ECA waters on regular basis and 14,000 ships on a daily basis. According to the Exhaust Gas Cleaning System Association (“EGCSA”) there are currently 400 exhaust gas cleaning systems (the “EGCS”) installed or on order.

According to a presentation made by CE Delft and the UCL Energy Institute at the EGCSA Annual Meeting[1], a preliminary analysis shows that the most important constraints on exhaust scrubber use are the availability of repair yards and regulatory uncertainty. Scrubbers that can operate partly in no-discharge mode are expected to become more attractive. The presenters estimated that, at a fuel cost difference of \$100 per metric tonne, 2,000 to 5,000 ships may be equipped annually from 2018 onwards (provided that 2020 compliance requirements are maintained).

With stringent emission standards of 0.5% sulfur in fuel set to come into effect in Europe and worldwide in 2020, it is expected that the scrubber market will encompass all ships spending extensive time in international waters as currently it is the most cost-effective solution to complying with the regulations.

[1] Jasper Faber and Tristan Smith (February 25, 2016), Assessment of Fuel Oil Availability (Stakeholder Consultation), presented at the Exhaust Gas Cleaning Systems Association 2016 Annual Workshop and AGM. Retrieved from: http://www.egcsa.com/wp-content/uploads/Assessment-of-Fuel-Oil-Availability_EGCSA_StakeholderConsultation.pdf

Major Customers

We currently have purchase and sales agreements for a limited number of our DSOX Systems with LMS Ship Management Inc. ("LMS") and Magical Cruise Company, Limited ("DCL"). In addition, we have a binding term sheet agreement with Prestige Cruise Holdings, Inc. ("Prestige").

The loss of any of LMS, DCL or Prestige as customers would likely have a material adverse effect on our current business and our future business prospects.

LMS Ship Management Inc.

On or about June 19, 2014, we began the installation of our first DSOX System in Mobile, Alabama for LMS Ship Management Inc. ("LMS"), pursuant to our Sales and Purchase Agreement with LMS dated effective July 18, 2013 (the "LMS Agreement"). The DSOX System being installed for LMS represents a combination of two DSOX-15 Systems. Originally, the LMS Agreement called for installation of two separate DSOX-15 Systems onboard two cargo ships operated and managed by LMS. However, in discussions with LMS, it was agreed that we would combine the two DSOX Systems into one and install the combined unit as a stand-alone on-shore system.

Installation of the DSOX System for LMS is currently suspended. We have encountered several delays due to the unique design of the system, which required numerous additional engineering and mechanical changes. Once we resume and complete installation, we will work with LMS to obtain certification that the installed system meets current Marine Environmental Protection Committee (the "MEPC") sulfur oxide limits for marine fuel set out in MARPOL Annex VI (the "Current MEPC Standards"). If we are unable to obtain certification for the installed system, then LMS will have the option to apply the amounts paid by them towards the purchase price of our Njord Scrubbers.

LMS has the option to purchase up to 40 additional DSOX Systems on substantially same terms as the two original DSOX Systems contemplated under the LMS Agreement. This original option was set to expire on December 31, 2014. On January 20, 2015, we entered into an agreement with LMS dated as of January 12, 2015, extending the deadline for LMS to exercise its option to December 31, 2015; in November 2015, we extended the deadline to December 31, 2016, and on December 22, 2016, we extended the deadline to December 31, 2017. As of the date of this Annual Report on Form 10-K, LMS has not exercised its option to purchase additional DSOX Systems.

Magical Cruise Company, Limited

On April 15, 2014, we entered into a Purchase and Services Agreement (the "DCL Agreement") with Magical Cruise Company, Limited ("DCL") regarding the procurement and installation of our DSOX-15 System. Under the terms of the DCL Agreement, we agreed to sell to DCL, and install on one of DCL's vessels, one DSOX-15 System, with options for the purchase of up to ten additional DSOX-15 Systems.

Since our DSOX-15 model was superseded by the DSOX-20 model, we reached a verbal agreement with DCL to upgrade the installation to the DSOX-20 at no extra cost.

Under the terms of the DCL Agreement, DCL has options to purchase additional DSOX Systems as follows:

- (a) DCL has the option to purchase up to three additional DSOX Systems on the same price terms as the initial DSOX System, exercisable within the later of 90 days after certification is obtained (see below) for the initial DSOX System or 180 days after the expiration of the deadline for obtaining certification; and
- (b) DCL has a separate option to purchase up to seven additional DSOX Systems, again on the same price terms as the initial DSOX System. This separate option is exercisable by DCL at any time prior to December 31, 2020.

The installation of the DSOX System onboard the DCL vessel began during the third quarter of our fiscal 2014 and was completed on April 3, 2015. Immediately after the completion of installation we commenced commissioning and certification process of our DSOX System, which required additional optimization of various elements of the installation. In August 2015 the commissioning process was suspended due to the scheduled dry-dock maintenance of the DCL vessel.

As of the date of this Annual Report on Form 10-K the commissioning process remains suspended.

If we are unable to obtain certification for the installed system, then DCL will have the option of applying amounts paid by them for the initial DSOX System towards the purchase price of our Njord Scrubbers.

Prestige Cruise Holdings, Inc.

On August 19, 2013, we entered into a binding term sheet agreement (the "Term Sheet") with Prestige Cruise Holdings, Inc. ("Prestige") for the purchase and installation of two DSOX-15 Systems aboard ships operated and maintained by Prestige. In addition, the Term Sheet called for Prestige to be provided with options, exercisable by December 31, 2014, to purchase up to seven additional DSOX-15 Systems.

Prestige paid us the deposit for two DSOX-15 Systems in September of 2013. It was expected that the Term Sheet would be replaced by a formal definitive agreement by August 31, 2013. However, due to the acquisition of Prestige by Norwegian Cruise Line Holdings Ltd., we have not yet reached a definitive agreement with Prestige, and we have not begun the installation of any DSOX units on any ships managed by Prestige.

Competition

Even though the requirement for reduced SOx levels has been enacted since January 1, 2015, the market for emission abatement technologies, such as our DSOX-20 and Njord, is still in the early growing stage. There are approximately 20 various manufacturers of EGCS who provide technologies similar to ours. New competitors are also rapidly entering the industry in expectation of further reduction of SOx levels outside of ECA zones to 0.5% in 2020.

We are one of the smallest exhaust scrubber manufacturers and a relatively small participant in the emission abatement technologies sector; as such, we do not represent a competitive presence in the industry. Currently our main competitors in the industry are Ecospec, Wärtsilä, Alfa Laval, Ecospray and Clean Marine. LAB, Ionada, and Fuji Electric are some of the new competitors that have entered the industry recently. Many of our competitors are however limited to operating their closed loop with addition of various chemicals increasing operating costs and risks due to the nature and sensitivity of these chemicals. They also provide hybrid systems, which can operate both, closed and open loops, including open loop with chemical dosing.

Distribution and Supply Methods

We are using third party suppliers for production, as well as installation of our DSOX Systems and other Emission Technologies.

Patent Rights, License Agreements and Royalty Rights

DSOX Technology Rights

The technologies that form the basis of our DSOX Pre-Combustion Fuel Purification System are covered by certain patent applications that were either filed by us or filed by Mr. Norling and subsequently transferred to us.

In 2013, Mr. Norling, our former director, President and CTO, assigned US and European patent applications covering the Bio Scrubber technology to us under the terms of his previous employment agreement with us.

On March 10, 2014, pursuant to a Technology Transfer Agreement between us and Mr. Norling, Mr. Norling sold to us additional technology rights covering all technologies owned by him as of that date 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 "Norling Emission Technologies"). These included all of Mr. Norling's right in two patent applications filed by Mr. Norling that relate to the removal of sulfur from diesel fuel. In consideration for these technologies, we agreed to release to Mr. Norling 54,000,000 shares of our common stock that were issued to Mr. Norling under his prior employment agreement with us and subject to escrow restrictions.

Under the Technology Transfer Agreement, Mr. Norling acknowledged and agreed that he was not entitled to the release of any of these shares under his previous employment agreement and that the 54,000,000 shares were being released to Mr. Norling in consideration for the technology rights transferred to us. The remaining 100,000,000 shares of common stock previously issued to Mr. Norling under his prior employment agreement were subsequently surrendered and cancelled.

In July 2014, we filed an additional patent application covering the process of using our DSOX-20 System in combination with an exhaust gas scrubber.

On January 10, 2017, the United States Patent and Trademark Office granted us a patent No. US 9,540,571 B2 entitled In-Line System For De-Salting Diesel Oil Supplied To Gas Turbine Engines.

GTM Contracts

We hold rights to the GTM Exhaust Scrubber technology, which are governed by Collaboration, Master Distributor and License Agreements with Green Tech Marine, AS (now Yara Marine Technologies), a Norwegian corporation (“Green Tech Marine” or “Yara”). We acquired our rights under these agreements through our acquisition of Ecolutions.

Distribution Rights

Under the terms of our Collaboration Agreement and Master Distributor Agreement with Yara we have been granted exclusive distribution rights for the GTM Exhaust Scrubber for all of North America (the United States, Canada and Mexico) and Singapore. In addition, we have non-exclusive distribution rights for the rest of the world (excluding any existing Yara customers and customers not generated by us). Subject to certain early termination rights for non-compliance, our distribution rights to the GTM Exhaust Scrubber extend for a term ending on the earlier of:

- (a) November 15, 2022; and
- (b) The date that is three months after the Manufacturing Readiness Date.

License Rights

In addition to the distribution rights set out in the Collaboration Agreement and the Master Distributor Agreement, Yara has provided us with an exclusive license to manufacture, sell and distribute the GTM Exhaust Scrubber and the related technologies in North America and Singapore, and non-exclusive rights to the rest of the world (excluding any existing Yara customers and customers not generated by us.) Our license rights extend to November 15, 2022, subject to certain early termination rights for non-compliance. The License Agreement with Yara will automatically renew for successive ten year periods at no additional cost, unless either party gives written notice of termination at least 90 days prior to the then current term. We are not required to pay any consideration to Yara to maintain our license rights.

As of the date of this Annual Report on Form 10-K we have not used our rights under GTM Contracts.

Teak Shield License Agreement

Under the terms of the Teak Shield License acquired on March 12, 2012, we have a worldwide license to sell fluoropolymer coatings based on Teak Shield’s proprietary formulas (the “Shield Products”).

Under the March 12, 2012 License Agreement to acquire the rights under the Teak Shield Agreement, we issued to the Teak Shield Licensors 1,666,667 shares of our common stock and agreed to pay Teak Shield a royalty equal to \$100,000 per year. In addition to our license rights, we also paid to the Teak Shield Licensors \$250,000 for the right to purchase all of their rights and interests in the Teak Shield fluoropolymer products and formulas (the “Teak Shield Option”) during the term of the Teak Shield Agreement.

To exercise the Teak Shield Option, we were required to pay to the Teak Shield Licensors an additional \$2,750,000. In addition, if we were to exercise the Teak Shield Option, the Teak Shield Licensors would have been entitled to a perpetual 5% royalty on Teak Shield fluoropolymer products sold by us, with a minimum \$100,000 yearly royalty payment.

On or about June 24, 2014, we completely amended and restated our license agreement for the Teak Shield fluoropolymer coatings (the "Amended Teak Shield License"). Under the terms of the Amended Teak Shield License, we were granted a non-exclusive right to resell the fluoropolymer coating products, which will be sold to us by Teak Shield at the lowest price charged by Teak Shield to third party purchasers. Under the terms of the Amended Teak Shield License our option to purchase all of Teak Shield's rights to its fluoropolymer products as well as the requirement for the payment of royalties were terminated. The Amended Teak Shield License extends for an initial period of six years.

As of the date of this Annual Report on Form 10-K we have not made any sales of the Teak Shield fluoropolymer coatings, and have no intention to exercise our rights available to us under the Amended Teak Shield License.

Expenditures on Research and Development During the Last Two Fiscal Years

During the year ended December 31, 2016, we incurred \$38,338 (2015 - \$71,874) in expenses associated with the research and further development of our DSOX and Njord Systems.

Number of Total Employees and Number of Full Time Employees

As of the date of this Annual Report, we do not have any employees. Our subsidiary, Triton Emission Solutions International AB., has one full time employee, who is also an officer and director of our subsidiary.

During the year ended December 31, 2016, we had five full time employees. Due to the financial situation, we were required to lay off these employees as of July 1, 2016.

We expect to continue to outsource consulting, legal and accounting services to third parties, as well as use services of external manufacturers, installers, marketing and distribution consultants, as we believe that the use of third party services is most cost-effective for the current level of operations.

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 Annual Report on Form 10-K 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 Annual Report.

Risk Factors Associated with our Emission Abatement Technologies Line of Business

The recent resignation of Mr. Norling, our former director and Chief Technical officer, could significantly impair our ability to identify and secure new customer contracts, as well as complete the current LMS and DCL Project.

The recent resignation of Mr. Rasmus Norling, our former Chief Technical Officer, a director, and an inventor of our emission abatement technologies, could severely impair our ability to finalize our current LMS and DCL Projects, as well as 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 currently in the process of identifying a new team of engineers to replace Mr. Norling and other team members who have resigned or were laid off during our fiscal 2016; however, there is no assurance that we will be successful in identifying such a team in a timely manner and on terms favourable to us.

We have earned only limited revenues from the sale of products or services related to our Emission Technologies.

Our current principal business focus is on the research, development and marketing of products and services related to our Emission Technologies. However, our efforts in this area are in the development stage and we have earned only limited revenues related to this technology. 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 Emission Technologies, we have not yet obtained certification that our DSOX and Njord Systems meet current MEPC standards.

Although we have entered into sales contracts with LMS and DCL, and have a term sheet agreement with Prestige, for the installation of our DSOX Systems, and we have completed installation of our DSOX System on board a DCL vessel, we have not yet obtained certification that our DSOX System installed on board the DCL vessel meets current MEPC standards. We have temporarily suspended our efforts on the LMS and DCL Projects until such time that we can identify a team of engineers who can succeed Mr. Norling and other team members who have resigned or were laid off during our fiscal 2016. As a result, we have not yet recorded revenue from the LMS or DCL Projects, and there is no assurance that our DSOX Systems as well as future installations of the Njord Systems 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. We cannot guarantee that our DSOX Systems and future installations of the exhaust scrubbers will receive type approval. 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-20 Fuel Purification System, and our newly developed Njord System, 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 have been reduced to the expected 0.1% by mass limit on January 1, 2015, and are scheduled to be further reduced in 2020 globally, there can be no assurance that this and other reductions in limits will be implemented as planned. A change in the current and upcoming IMO regulations may have a significant material impact on our financial results.

Reduction in the price of marine fuel could adversely affect our financial results.

The need for emission control systems is directly associated with the difference (spread) in price between regular marine fuel and more refined marine fuel. If the price of refined marine fuel continues to decrease, as seen by current market trends, the ship owners and operators may chose to use more refined fuels such as marine gas oil (MGO) that have a lower sulfur content than heavy marine fuel, without any need for costly installation of additional emission control systems.

Unforeseen complications during the installation of our DSOX Systems 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 Fuel Purification System as well as our exhaust gas scrubber, Njord, can be installed on a ship without disruption to the ship's operations. The DSOX-20 can also be bypassed if needed, reducing the potential operational impact in case of any technical issues. However, if the planning and/or execution of the installation process have flaws, we can face a situation where the ship's operation may have to be halted in order to complete installation. Depending on the type of 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, or if bypassing our DSOX System is not possible, we will have no choice but to stop the operation of the ship.

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.

Resignations of Mr. Norling, our former President and CTO, and Mr. Aasen, our former CEO, have left our current Board of Directors and Executive Officers with no relevant expertise in the emission abatement industry. Many of our competitors have top management with relevant experience and have greater financial resources than we do at this time. We intend to seek experienced management and engineers, as well as sales and consulting teams to continue development of our business and our products. However, since we have no history of earning revenue in this business line, there is no assurance that our business efforts 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 suppliers 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.

Disruptions in the global credit and financial markets could limit our access to financing, which could negatively impact our business.

Disruptions to credit and financial markets, 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 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 disruptions in the global credit and financial markets.

Global economic downturns may have a negative effect on our business and operations.

Global economic downturns cause 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, may decide 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.

Such conditions may make it very difficult to forecast operating results, make business decisions and identify and address material business risks and 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 debt obligations 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 former Chief Technical Officer, former Senior Vice President of Business Development and Chairman of our Board each hold a significant amount of our outstanding common stock. Together, they hold approximately 56.6% of our common stock and are able to exert considerable influence over our actions.

Rasmus Norling, a former director, Chief Technical Officer and President, and Mitchell Miller, a former director and Senior Vice President of Business Development, each own approximately 23.1% of our outstanding common stock. Robert C. Kopple, Chairman of our Board of Directors, owns approximately 10.4% of our outstanding common stock. Mr. Kopple also owns a significant number of warrants and options to purchase additional shares of our common stock, further increasing the number of shares beneficially owned by our current and former executive officers and members of our Board of Directors (See "*Security Ownership of Certain Beneficial Holders and Management*"). In addition, Mr. Kopple is the principal of KF Business Ventures, LP, our principal creditor, which has loaned to us a total of \$5,900,000 under the First KF Loan, the Second KF Loan, and the Third KF Loan.

Our current and former executive officers and directors, as identified above, have 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, Mr. Miller and Mr. Kopple 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 former Chief Technical Officer and one of our principal stockholders. In February of 2017, Mr. Norling tendered to us his resignation from all positions he had held with the Company. His resignation 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.

As of December 31, 2016, we owed approximately \$7,213,475 under the terms of the KFBV Loans. In addition to these amounts, we have other significant short term liabilities. There is no assurance that we will be able to service our debt obligations when due.

We have generated only limited cash from our operations to date. The amount of cash that we have generated from our operations to date is significantly less than our current debt obligations. There is no assurance that we will be able to generate sufficient cash from our operations to repay the amounts owing under the KFBV Loans, or to service our other debt obligations. If we are unable to generate sufficient cash flow from our operations to repay the amounts owing, we may be required to raise additional financing from other sources or re-negotiate the terms of our debt obligations.

We have not raised significant financing from any sources other than the KFBV Loans, and there is no assurance that we will be able to raise additional financing in the future in amounts sufficient to repay our obligations under these loans or on commercially reasonable terms. In addition, our ability to raise financing from other sources is restricted under the terms of the KFBV Loan Agreements. Under the terms of those agreements, we may not incur additional debt financing (other than trade payables incurred in the ordinary course of business), sell any material assets, sell any of our equity securities, which could potentially result in a change in control, or engage in any corporate reorganization while any amounts remain outstanding under those agreements without KFBV's prior written consent.

As of December 31, 2016, we owed a total of \$7,213,475 to KFBV under the terms of the KFBV Loans, consisting of the full principal amount of all advances made to that date plus accrued interest thereon. Outstanding principal plus interest under the KFBV Loans was due on January 15, 2017. As of the date of this Annual Report on Form 10-K, the loans are in default, however, we have not been served with a default notice by KFBV.

Since we are not in position to pay our debt obligations, we will most likely seek to re-negotiate the terms of our debt obligations. Although Robert C. Kopple, the Chairman of our Board of Directors, is the principal of KFBV, there is no assurance that we will be able to re-negotiate the terms of the KFBV Loans. If we are unable to re-negotiate the terms of our debt obligations, our business could fail and our investors could lose their investment.

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 15c-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 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Our business and mailing office is located at c/o 1130 West Pender Street, Unit 820, Vancouver, BC V6E 4A4. Our Chief Financial Officer ("CFO"), Joao (John) da Costa, provides this space free of charge although he is under no obligation to do so.

ITEM 3. LEGAL PROCEEDINGS.

We are not a party to any pending legal proceedings and, to the best of our knowledge, none of our properties or assets are the subject of any pending legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

MARKET INFORMATION

Quotations for our common stock are entered on the OTC Link alternative trading system on the OTCQB marketplace under the symbol "DSOX." The table below gives the high and low bid information for each fiscal quarter for the last two fiscal years. The bid information was obtained from OTC Markets Group Inc. and reflects inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

High & Low Bids

Period ended	High	Low	Source
December 31, 2016	\$0.04	\$0.012	OTC Markets Group Inc.
September 30, 2016	\$0.043	\$0.02	OTC Markets Group Inc.
June 30, 2016	\$0.04	\$0.02	OTC Markets Group Inc.
March 31, 2016	\$0.066	\$0.03	OTC Markets Group Inc.
December 31, 2015	\$0.091	\$0.055	OTC Markets Group Inc.
September 30, 2015	\$0.145	\$0.062	OTC Markets Group Inc.
June 30, 2015	\$0.22	\$0.10	OTC Markets Group Inc.
March 31, 2015	\$0.25	\$0.14	OTC Markets Group Inc.

HOLDERS OF RECORD

As of March 30, 2017, we had approximately 55 holders of record, according to a shareholders' list provided by our transfer agent as of that date. The number of registered shareholders does not include the beneficial owners of common stock held in street name. The transfer agent for Triton's common stock is Pacific Stock Transfer Company with an address at 6725 Via Austi Pkwy, Suite 300, Las Vegas, NV 89119 and their telephone number is 702-361-3033.

DIVIDENDS

We have not declared any dividends on our common stock during the past two fiscal years or at any time in our history other than stock dividends. Under the provisions of the Delaware General Corporation Law (the "DGCL"), we may only declare dividends:

- (1) Out of our "surplus" as calculated in accordance with the provisions of the DGCL; or
- (2) If there is no "surplus" then out of our net profits for the fiscal year in which the dividend is declared or the preceding fiscal year.

"Surplus" is calculated under the DGCL as the excess of our net assets over our statutory capital, generally meaning the par value of our outstanding common stock. Dividends may not be declared out of net profits if our statutory capital has been diminished by depreciation in the value of our property or by losses or otherwise to an amount less than the aggregate amount of the statutory capital represented the outstanding shares of any class of stock having a preference on the distribution of our assets. We do not currently have any outstanding class of capital stock other than our common stock.

Except as provided for under the DGCL, dividends are declared at the sole discretion of our Board of Directors. We do not expect to declare any dividends in the foreseeable future as we expect to spend any funds legally available for the payment of dividends on the development of our business.

RECENT SALES OF UNREGISTERED SECURITIES

On September 4, 2015, we entered into a consulting agreement with an independent consultant. As consideration for the consultant's agreement to provide us with investor relations services we agreed to issue to the consultant a total of 100,000 shares in four equal quarterly installments of 25,000 shares each beginning on September 4, 2015, 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 consultant ceases to act for the Company prior to September 4, 2016.

During our fiscal 2016 we issued 50,000 shares of our common stock under the terms of the consulting agreement. The shares and warrants were issued 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 the consultant that he is an accredited investor, as that term is defined in Regulation D.

PENNY STOCK RULES

The SEC has adopted regulations that regulate broker-dealer practices in connection with transactions in "penny stocks." "Penny stocks" are generally defined as being any equity security that has a market price of less than \$5.00 per share, subject to certain exceptions. These rules require that any broker-dealer who recommends our common stock to persons other than prior customers and accredited investors, must, prior to the sale, make a special written suitability determination for the purchaser and receive the purchaser's written agreement to execute the transaction. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated with trading in the penny stock market. In addition, broker-dealers must disclose commissions payable to both the broker-dealer and the registered representative and current quotations for the securities they offer. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from effecting transactions in our securities, which could severely limit their market price and liquidity of our securities. The application of the "penny stock" rules may affect your ability to resell our securities.

ITEM 6. SELECTED FINANCIAL DATA.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and Item 10(f) of Regulation SK and are not required to provide the information required under this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this Annual Report on Form 10-K 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 Form 10-K. 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").

General

The inclusion of supplementary analytical and related information herein may require us to make estimates and assumptions to enable us to fairly present, in all material respects, our analysis of trends and expectations with respect to our results of operations and financial position taken as a whole. Actual results may vary from the estimates and assumptions we make.

Results of Operation

	Years Ended		Percentage Increase / (Decrease)
	December 31, 2016	December 31, 2015	
Revenue	\$ 89,563	\$ 88,199	1.5%
Operating expenses	(1,661,323)	(2,145,952)	(22.6)%
Accretion expense	(4,179,474)	(2,016,764)	107.2%
Financing costs	(13,755)	(292,741)	(95.3)%
Gain on change in fair value of derivative liability	1,510,789	1,461,084	3.4%
Impairment of work in progress	(529,221)	-	n/a
Impairment of equipment	(21,957)	-	n/a
Interest expense	(58,604)	(29,383)	99.4%
Stock-based compensation	(298,081)	(704,540)	(57.7)%
Net loss	\$ (5,162,063)	\$ (3,640,097)	41.8%

Revenues

Our revenue during the year ended December 31, 2016, stayed relatively consistent with December 31, 2015 results. During our fiscal 2016 we generated \$89,563 from consulting fees charged by our wholly owned subsidiary, Triton International, on the use and installation of emission abatement technologies, up from \$72,029 we generated during our fiscal 2015. During the year ended December 31, 2015, we generated additional \$16,170, from royalties we received pursuant to our agreement with WebTech Wireless ("WebTech"), which terminated on October 31, 2015.

We did not record any revenue from our main operations, being installation and servicing of our Emission Technologies, as at December 31, 2016 and 2015 as the installations of our DSOX Systems for LMS and DCL projects were not completed.

Operating Expenses

During the year ended December 31, 2016, our operating expenses decreased by \$484,629 or 22.6% from \$2,145,952 for the year ended December 31, 2015, to \$1,661,323 for the year ended December 31, 2016. The change was mainly associated with our efforts to control our overall operating costs, suspension of our LMS Project, and completion of the installation phase of the DSOX System on board a vessel operated by DCL.

The most significant year-to-date changes in our operating expenses were as follows:

- As part of our ongoing efforts to control our overhead costs Messrs. Aasen, Norling and Miller released the Company from its obligation to pay their payroll from July through October 2016. In addition, as of July 1, 2016, we had to furlough our other 2 employees. This resulted in a \$480,960 decrease to our salaries and wages, which were reduced from \$1,347,234 incurred during the year ended December 31, 2015, to \$866,274 incurred during the year ended December 31, 2016.
- Our research and development costs during the year ended December 31, 2016, decreased by \$33,536 to \$38,338 incurred during this period. The decrease was associated with the suspension of our LMS and DCM Projects.
- We recorded \$135,000 in consulting fees associated with November and December fees we accrued for services performed by Messrs. Norling, Miller and Aasen. We did not have similar expenses during the year ended December 31, 2015.
- During the year ended December 31, 2016, our advertising and promotion expenses decreased by \$47,126 from \$93,089 we incurred during the year ended December 31, 2015 to \$45,963 we incurred during the year ended December 31, 2016.
- During the year ended December 31, 2016, our travel and entertainment expenses decreased by \$75,597 to \$36,525 incurred during the year then ended. This decrease was mainly associated with our efforts to control our operating costs while our LMS and DCL Projects remained suspended.

Other Items

During the year ended December 31, 2016, we recorded \$4,179,474 (2015 - \$2,016,764) in 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 KF Loans.

During the year ended December 31, 2015, we recorded \$292,741 in financing costs, of which \$251,360 were associated with the fair value of the warrants we issued to KFBV pursuant to the Third KF Loan Agreement, repricing and extension of the original warrants issued under the First and the Second KF Loan Agreements, and the fair value of the extension warrants we issued to KFBV when we exercised our option to extend the maturity of the First and the Second KF Loans. Additional \$31,381 in financing costs were associated with the legal fees we incurred to secure the KF Loans, and \$10,000 we paid Quarry Bay Capital LLC and Tradex Capital Corp. in consideration for an extension on repayment of their loans. During the year ended December 31, 2016, we recorded \$13,755 in financing costs, which were associated with the legal fees we incurred to secure the KF Loans.

Our interest expense associated with obligations other than the KF Loans increased by \$29,221, or 99.4% from \$29,383 for the year ended December 31, 2015, to \$58,604 for the year ended December 31, 2016. The increase was associated with increased debt load we incurred to support our ongoing operations.

During the year ended December 31, 2016, we recorded \$298,081 in stock-based compensation in respect of vested portion of options to acquire up to 3,100,000 shares of our common stock we granted to our directors, officers and employees under the 2014 Plan. During the year ended December 31, 2015, our stock-based compensation amounted to \$704,540 and was associated with the options to acquire up to 6,400,000 shares of our common stock (subject to certain vesting conditions) we granted to directors, officers and employees.

The above items were offset by a gain of \$1,510,789 on a change in the fair value of the derivative liability associated with the fair value of the warrants we issued to KF Business Ventures LP pursuant to the First KF Loan, the Second KF Loan and the Third KF Loan. The change in the fair value of the derivative liability was a result of the decrease in the market price of our common stock at December 31, 2016, as compared to the market price of the stock at December 31, 2015. During the year ended December 31, 2015, we recorded a gain on change in the fair value of derivative liability of \$1,461,084, which also resulted from the decrease in the market value of our common stock at December 31, 2015, as compared to the value of the stock at the time of issuance of the warrants or as at December 31, 2014.

During the year ended December 31, 2016, we determined that it was unlikely that we will be able to realize a future benefit from our LMS and DCL Projects. As such, we reduced the carrying value of the work in progress to \$nil by recording an impairment expense of \$529,221. In addition, we decided to write off the full value of testing and laboratory tools and machinery we acquired for the purposes of installation of our Fuel Purification Systems, as it was unlikely that we will be able to realize any future benefit from the equipment.

Liquidity and Capital Resources

Working Capital

Working capital	December 31, 2016	December 31, 2015
Current assets	\$ 19,587	\$ 1,945,814
Current liabilities	11,585,439	6,678,586
Working capital deficit	\$ (11,565,852)	\$ (4,732,772)

As of December 31, 2016, we had a cash balance of \$3,794, a working capital deficit of \$11,565,852, of which \$194,344 was attributed to the fair value of the derivative liability associated with the warrants we issued to KF Business Ventures LP. as partial consideration for the KF Loans, and \$1,576,327 was attributed to the conversion feature included in the Third KF Loan Agreement, and cash flows used in operations of \$1,214,751 for the year then ended. During the year ended December 31, 2016, we funded our operations with \$1,200,000 we received pursuant to the Third KF Loan; \$110,000 we advanced from KF Business Ventures LP., and, to a minor extent, with the cash we received from the consulting fees.

Our balance sheets for the years ended December 31, 2016 and 2015 do not reflect the full amount payable on account of principal and interest under the KF Loans. Since the warrants issued as partial consideration for the KF Loans and conversion feature available under the Third KF Loan Agreement were determined to be a derivative liability, pursuant to the guidance provided by ASC 815, the proceeds were allocated to the warrants and conversion feature, with amount over and above cash proceeds recorded as financing costs. The principals of the First KF Loan, the Second KF Loan and the Third KF Loan were assigned a \$Nil value, and are being accreted over the life of the loans using an implied interest rate of 1,130% on the First KF Loan, 1,729% on the Second KF Loan, and 2,339% on the Third KF Loan.

As of December 31, 2016, we owed a total of \$7,213,475 to KFBV under the terms of the First KF Loan, the Second KF Loan and the Third KF Loan, consisting of \$5,900,000 in principal amount of all advances made to that date plus accrued interest thereon calculated using the stated interest rate of 10% per annum compounded monthly. The KF Loans were due and payable on January 15, 2017, when the value of the loans amounted to \$7,021,659. As of the date of the filing of this Annual Report on Form 10-K, the KF Loans are in default, however, we have not been served with a default notice by KFBV. A description of the KF Loans is provided under "Net Cash Provided by Financing Activities".

During the year ended December 31, 2016, we arranged for an additional financing for \$110,000 with KFBV (the "KF Note"). The KF Note accrues interest at a rate of 10% per annum, and was payable on January 15, 2017. As part of the terms of the KFBV Note we agreed to grant KFBV the right to offset the cash payable by KFBV to exercise the warrants to purchase shares of our common stock against the corresponding amount we would have to pay for outstanding indebtedness under the KFBV Note.

We did not generate sufficient cash flows from our operating activities to satisfy our cash requirements for fiscal 2016. Our only significant source of financing during the year ended December 31, 2016, came from our Third KF Loan, and KF Note. The amount of cash that we have generated from our operations to date is significantly less than our current debt obligations, including our debt obligations under the First KF Loan, the Second KF Loan and the Third KF Loan, which became due and payable on January 15, 2017.

There is no assurance that we will be able to generate sufficient cash from our operations to repay the amounts owing under the KF Loans and Notes, or to service our other debt obligations. If we are unable to generate sufficient cash flow from our operations to repay the amounts owing when due, we may be required to raise additional financing from other sources, or re-negotiate the terms of our debt obligations. Our ability to raise financing is restricted under the terms of the KF Loan Agreements. Under the terms of those agreements, we may not incur additional debt financing (other than trade payables incurred in the ordinary course of business), sell any material assets, sell any of our equity securities as part of any transaction that would result in a change in control, or engage in any corporate reorganization while any amounts remain outstanding under those agreements without KFBV's prior written consent.

Although Robert C. Kopple, the Chairman of our Board of Directors, is the principal of KFBV, there is no assurance that we will be able to obtain additional financing from KFBV, re-negotiate the terms of the First KF Loan, the Second KF Loan, or the Third KF Loan, or obtain KFBV's consent to other financing alternatives, if needed.

Cash Flows

	Years Ended	
	December 31,	
	2016	2015
Cash flows used in operating activities	\$ (1,214,751)	\$ (2,381,386)
Cash flows provided by financing activities	1,110,000	1,950,000
Cash flows used in investing activities	--	(11,354)
Effects of foreign currency exchange	(3,593)	(5,266)
Net decrease in cash during the year	\$ (108,344)	\$ (448,006)

Net Cash Used in Operating Activities

Net cash used in operating activities during the year ended December 31, 2016, was \$1,214,751. This cash was primarily used to cover our cash operating expenses of \$2,078,542 and to decrease our accrued liabilities by \$31,846. These uses of cash were offset by \$43,097 and \$13,926 decreases in our prepaid expenses and accounts receivable, respectively, \$203,968 increase in amounts due to related parties associated with the services provided by our officers during the second part of our fiscal 2016, and \$55,902 and \$19,327 increases in accounts payable and wages payable, respectively. In addition, our use of cash was offset by \$559,416 reduction in our work in progress, as we decided to impair the full amounts associated with LMS and DCL Projects.

Net cash used in operating activities during the year ended December 31, 2015, was \$2,381,386. This cash was primarily used to cover our cash operating expenses of \$2,094,397, increase our work in progress by \$222,364, which was associated with payments we made to our contractors for the manufacturing of the DSOX Systems, to acquire necessary parts and equipment, and to build the prototype of our Njord Scrubber. We also decreased our wages payable and accounts payable by \$24,862 and \$60,857, respectively. In addition, increases in our accounts receivable of \$23,189 further increased the cash we used in operations. These uses of cash were offset by a \$15,777 decrease in our prepaid expenses, \$6,394 increase in accrued liabilities, and \$22,112 increase in amounts due to related parties.

Non-cash transactions

During the year ended December 31, 2016, our net loss was further increased by the following expenses that did not have any impact on cash used in operations:

- \$298,081 (2015 - \$704,540) in stock-based compensation associated with the fair value of options to purchase shares of our common stock which we granted to our directors, officers and employees under our 2014 Stock Option Plan;
- \$13,755 (2015 - \$282,741) in financing costs associated with the legal fees we paid to secure the KF Loans as well as the difference between the fair value of the warrants issued as consideration for the Third KF Loan, which resulted from the difference between the fair value of the warrants issued as consideration for the Third KF Loan and repricing and extension of the warrants issued as consideration for the First KF Loan and the Second KF Loan;
- \$4,179,474 (2015 - \$2,016,764) in accretion expense that resulted from the difference between the stated interest rate and implied interest rate we used to determine the fair value of the proceeds we received pursuant to the KF loans;
- \$10,621 (2015 - \$9,869) in amortization expense we recorded on our testing and laboratory equipment;
- \$2,248 (2015 - \$16,663) in stock-based compensation for investor relation services pursuant to the Consulting Agreement we entered into on September 4, 2015 with Robert Lipp; and
- \$20,880 (2015 - \$29,383) in interest accrued on short-term notes and advances payable.

The negative effects of the above non-cash transactions were offset by \$1,510,789 (2015 - \$1,461,084) gain we recorded on the revaluation of the derivative liability associated with the warrants we issued to KF Business Ventures LP as consideration for the First KF Loan, the Second KF Loan, and the Third KF Loan. Pursuant to the guidance provided by ASC 815, the derivative liability must be revalued at each reporting period based on the value of the underlying variable on the specific date; since the price of our common stock at December 31, 2016 was significantly lower compared to the price at December 31, 2015 this resulted in gain on revaluation.

During the year ended December 31, 2016 our net loss was reduced by \$9,570 in non-cash foreign exchange fluctuations on Canadian Dollar denominated transactions. During the year ended December 31, 2015, our net loss was further increased by \$53,176 in non-cash foreign exchange fluctuations on Canadian Dollar denominated transactions.

Net Cash Provided by Financing Activities

During the year ended December 31, 2016, we received \$1,200,000 from KF Business Ventures LP (“KFBV”) pursuant to our Third KF Loan Agreement. Robert C. Kopple, Chairman of our Board of Directors, is the principal of KFBV. In addition, we received an additional \$110,000 advance from KFBV, evidenced by the KF Note. These financing activities were reduced by \$200,000 we paid to Quarry Bay Capital LLC and Tradex Capital Corp as partial repayment of loans and advances we received from these lenders during our fiscal 2012 through 2014.

During the year ended December 31, 2015, we received \$1,200,000 from KF Business Ventures LP (“KFBV”) pursuant to our Second KF Loan Agreement and \$300,000 pursuant to our Third KF Loan Agreement. Robert C. Kopple, Chairman of our Board of Directors, is the principal of KFBV. In addition, we received \$200,000 bridge loan from KFBV and \$400,000 bridge loans from Rasmus Norling, our former CTO and President. These financing activities were reduced by \$150,000 we paid to Quarry Bay Capital LLC and Tradex Capital Corp as partial repayment of loans and advances we received from these lenders during our fiscal 2012 through 2014.

First Loan Agreement with KF Business Ventures LP

On January 15, 2014, we entered into a binding letter agreement (the “Letter Agreement”) with KFBV, which was superseded by a formal definitive Loan Agreement signed on February 11, 2014, and further amended by that Amendment No. 1 to Loan Agreement dated March 10, 2014, by that Amendment No. 2 to Loan Agreement dated September 8, 2014, and by that Amendment to First KF Loan Agreement, Second KF Loan Agreement and KF Bridge Loan Agreement dated January 8, 2016, which was earlier contemplated under that Binding Letter Agreement between the Company and the Lender dated December 17, 2015 (as amended, the “First KF Loan Agreement”). Under the First KF Loan Agreement, KFBV agreed to lend to us up to \$2,000,000 (the “First KF Loan”). The First KF Loan was advanced in four equal installments of \$500,000 each, the first installment of which was advanced on execution of the Letter Agreement. Subsequent advances were subject to the condition precedent that we enter into satisfactory arrangements with Mr. Norling to amend the terms and conditions associated with the release and forfeiture of the Custodial Stock issued to Mr. Norling under his previous employment agreement with us. This condition precedent was satisfied on March 10, 2014. As such, on March 31, 2014, we received a second installment of \$500,000, and on May 1, 2014 and June 3, 2014 - the third and fourth installments. Under the terms of the First KF Loan Agreement, we may not incur additional debt financing (other than trade payables incurred in the ordinary course of business), sell any material assets, sell any of our equity securities, which may result in a change in control, or engage in any corporate reorganization while any amounts remain outstanding under those agreements without KFBV’s prior written consent.

Amounts payable under the First KF Loan Agreement, as amended, accumulate interest at a rate of 10% per annum, compounded monthly.

On December 17, 2015, we exercised our right to extend the maturity date of the First KF Loan to January 15, 2017, by issuing to KFBV warrants to acquire up to additional 1,194,332 shares of our common stock with an initial exercise price of \$0.10 per share expiring on September 1, 2021 (the “First Loan Extension Warrants”).

As additional consideration for KFBV agreeing to loan us the funds and certain amendments made to the First KF Loan Agreement we issued to KFBV non-transferrable warrants for the purchase of up to 10,448,878 shares of our common stock, including the First Loan Extension Warrants, as follows:

No. of Shares	Ex. Price	Expiration Date
2,450,000	\$0.10 per share	Jan. 15, 2021
4,454,546	\$0.10 per share	Jan. 15, 2021
2,350,000	\$0.10 per share	Jan. 15, 2021
1,194,332	\$0.10 per share	Sep. 1, 2021
10,448,878	Total	

The warrants issued to KFBV in connection with the First KF Loan may be exercised by way of a cashless exercise for a total of up to 5,224,439 shares of our common stock. If, at any time prior to the expiration date of these warrants, we issue additional shares of common stock, or options, warrants, convertible notes or similar rights to acquire shares of our common stock for a purchase, exercise or conversion price per share less than the exercise price of these warrants, the exercise price will be adjusted to equal such lower price.

Second Loan Agreement with KF Business Ventures LP

On July 28, 2014, we entered into a second loan agreement (the “*Second Loan Agreement*”) with KFBV, which was amended by that Amendment to First KF Loan Agreement, Second KF Loan Agreement and KF Bridge Loan Agreement dated January 8, 2016, which was earlier contemplated under that Binding Letter Agreement between the Company and the Lender dated December 17, 2015. Under the Second KF Loan Agreement KFBV agreed to lend to us up to \$2,400,000, to be advanced in eight equal installments of \$300,000 each, beginning on September 1, 2014, with the remaining installments advanced on the first day of each consecutive calendar month thereafter (the “*Second KF Loan*”). Advances under the Second KF Loan were conditional upon (1) our agreeing to amend the First KF Loan Agreement (see “*First Loan Agreement with KF Business Ventures LP*”); (2) our issuing to KFBV non-transferrable share purchase warrants for a total of 9,600,000 shares of our common stock, exercisable at a price of \$0.50 per share for a period expiring September 1, 2019, with cashless exercise rights for up to 4,800,000 shares; and (3) our agreeing with KFBV on a monthly budget for our Company. In addition, we agreed to appoint Robert C. Kopple, the principal of KFBV as Chairman of our Board of Directors (see “*Changes in Executive Officers and Directors*”). Under the terms of the Second KF Loan Agreement, we may not incur additional debt financing (other than trade payables incurred in the ordinary course of business), sell any material assets, sell any of our equity securities, which may result in a change in control, or engage in any corporate reorganization while any amounts remain outstanding under those agreements without KFBV’s prior written consent.

Amounts payable under the Second KF Loan Agreement, as amended, accumulate interest at a rate of 10% per annum, compounded monthly.

On December 17, 2015, we exercised our right to extend the maturity date of the Second KF Loan to January 15, 2017, by issuing to KFBV warrants to acquire up to additional 1,337,320 shares of our common stock with an initial exercise price of \$0.10 per share expiring on September 1, 2021 (the “*Second KF Loan Extension Warrants*”).

Following are the warrants we granted to KFBV in connection with the Second KF Loan, including the Second Loan Extension Warrants:

No. of Shares	Ex. Price	Expiration Date
9,600,000	\$0.10 per share	Jan. 15, 2021
1,337,320	\$0.10 per share	Sep. 1, 2021
10,937,320	Total	

The warrants issued to KFBV in connection with the Second KF Loan may be exercised by way of a cashless exercise for a total of up to 5,468,660 shares of our common stock. If, at any time prior to the expiration date of these warrants, we issue additional shares of common stock, or options, warrants, convertible notes or similar rights to acquire shares of our common stock for a purchase, exercise or conversion price per share less than the exercise price of these warrants, the exercise price will be adjusted to equal such lower price.

Third Loan Agreement with KF Business Ventures LP

On December 17, 2015, we entered into a binding letter agreement with KFBV, which was superseded by a formal definitive Loan Agreement signed on January 8, 2016 (the “*Third KF Loan Agreement*”). Under the Third KF Loan Agreement KFBV agreed to lend to us up to \$1,500,000, to be advanced in five equal installments of \$300,000 each, beginning on December 17, 2015, with the remaining installments advanced on the first day of each consecutive calendar month thereafter (the “*Third KF Loan*”). Advances under the Third KF Loan were conditional upon (1) our agreeing to amend the terms of the 9,254,546 warrants previously issued to KFBV under the terms of the First KF Loan Agreement, as amended, and 9,600,000 warrants previously issued to the Lender under the terms of the Second KF Loan Agreement, (the “*Existing Warrants*”) such that the exercise price for the Existing Warrants was reduced to \$0.10 per share and the expiration date for the Existing Warrants was extended to January 15, 2021; and (2) our issuing to KFBV additional non-transferrable share purchase warrants for a total of 8,000,000 shares of our common stock, exercisable at a price of \$0.10 per share expiring on January 15, 2021.

The warrants issued to KFBV in connection with the Third KF Loan may be exercised by way of a cashless exercise for a total of up to 4,000,000 shares of our common stock. If, at any time prior to the expiration date of these warrants, we issue additional shares of common stock, or options, warrants, convertible notes or similar rights to acquire shares of our common stock for a purchase, exercise or conversion price per share less than the exercise price of these warrants, the exercise price will be adjusted to equal such lower price.

At the discretion of KFBV, the principal and accrued but unpaid interest under the Third KF Loan may be converted into shares of the Company's common stock at a conversion price of \$0.10 per share, in minimum increments of \$250,000 (the "Third KF Loan Conversion Feature").

As of December 31, 2016, we owed a total of \$7,213,475 to KFBV under the terms of the First KF Loan, the Second KF Loan and the Third KF Loan (cumulatively referred in this Form 10-K as "KF Loans") consisting of the full principal amount of all advances made to that date plus accrued interest thereon.

As of the date of the filing of this Annual Report on Form 10-K the KF Loans are in default, however, we have not been served with a default notice by KFBV as the Company and Mr. Kopple are discussing a possibility to re-negotiate the terms of the KF Loan. However, there is no assurance that these negotiations will be successful.

Net Cash Used in Investing Activities

During the year ended December 31, 2015, we paid \$11,354 acquiring necessary equipment for testing our DSOX Fuel Purification Systems. We did not have similar transactions during the fiscal 2016.

Going Concern

The notes to our financial statements at December 31, 2016, 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 ended on October 31, 2015, which ended the revenue from this source. Our Teak Shield contract has not generated any revenue. Our emission abatement technologies have generated only limited revenue.

We have accumulated a deficit of \$75,052,646 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 Annual Report we have been contracted to install a land-based DSOX Fuel Purification System for LMS Ship Management Inc. ("LMS"), install DSOX System on board of a vessel operated by Magical Cruise Company, Limited ("DCL"), and entered into a Term Sheet Agreement for installation of two DSOX Systems for Prestige Cruise Holding Inc. Despite these contracts we cannot provide assurance that we will be successful in generating additional sales. In addition, we have yet to record revenue from our LMS and DCL contracts, since the projects have not been completed; we also have no assurance that we will be able to record revenues from subsequent installations 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.

Principles of Consolidation

The consolidated financial statements include the accounts of Triton Emission Solutions Inc. and our wholly-owned subsidiaries, Ecolutions, Inc., and Triton Emission Solutions International AB. On consolidation, we eliminate all significant intercompany balances and transactions.

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 and consulting 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 DSOX and Njord Systems

Revenue is recognized using the completed contract method whereby revenue is only recognized when all the following conditions have been met: pervasive evidence of an agreement exists, when delivery of the product has occurred and title has transferred or services have been provided, and when collectability is reasonably assured.

Deposits received prior to the delivery of goods and services are recorded as unearned revenue.

Accounts Receivable

Receivables represent valid claims against debtors for 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 December 31, 2016 and 2015, our allowance for doubtful accounts was \$0.

Long-lived Assets

In accordance with ASC 360, "Property, Plant, and Equipment", the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life. Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount exceeds fair value.

Equipment

Equipment is stated at cost and is amortized over its estimated useful life on a straight-line basis over 5 years.

Foreign Exchange Risk

We are subject to foreign exchange risk on our royalty revenue, some purchases which are denominated in Canadian dollars and/or Swedish kronor. 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.

Stock Options and other Share-based Compensation

For equity awards, such as stock options, total compensation cost is based on the grant date fair value and for liability awards, such as stock appreciation rights, total compensation cost is based on the settlement value. We recognize the stock-based compensation expense for all awards over the service period required to earn the award, which is the shorter of the vesting period or the time period an employee becomes eligible to retain the award at retirement.

Work in Progress

Work in progress consists of cost of parts and equipment, as well as fees charged by external consultants required to build the Fuel Purification Systems and has been recorded at the lower of cost and net realizable value.

Fair Value of Financial Instruments

Our financial instruments include cash, accounts receivable, loan receivable, accounts payable, notes and advances payable, amounts due to related parties, long-term loan and derivative liability. 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 December 31, 2016, we had \$1,270 in cash on deposit with a large chartered Canadian bank, \$2,524 on deposit with Swedish bank. Of these deposits approximately \$2,566 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 consists of income from our consulting services and is not collateralized. We continually monitor the financial condition of our customers to reduce the risk of loss. We routinely assess the financial strength of our source of revenue income and as a consequence, concentration of credit risk is limited. At December 31, 2016, we had \$12,126 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 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and in Item 10(f) of Regulation SK and are not required to provide the information required under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Triton Emission Solutions Inc.

We have audited the accompanying consolidated balance sheets of Triton Emission Solutions Inc. (the "Company") as at December 31, 2016 and 2015 and the related consolidated statements of operations, stockholders' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, to date the Company has reported losses since inception from operations and requires additional funds to meet its obligations and fund the costs of its operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in this regard are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 11, 2017

TRITON EMISSION SOLUTIONS INC.
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN US DOLLARS)

	December 31, 2016	December 31, 2015
ASSETS		
Current assets		
Cash	\$ 3,794	\$ 112,138
Accounts receivable	12,126	27,111
Prepays	3,667	46,776
Loan receivable	--	1,200,000
Work in progress	--	559,789
	19,587	1,945,814
Equipment	-	32,578
	\$ 19,587	\$ 1,978,392
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	\$ 167,768	\$ 112,449
Accrued liabilities	43,423	75,304
Wages payable	46,808	30,467
Unearned revenue	2,075,000	2,075,000
Notes and advances payable	1,041,416	1,063,420
Due to related parties	244,075	40,486
Derivative liabilities - warrants	194,344	945,962
Derivative liability - conversion feature	1,576,327	2,335,498
Loans payable	6,196,278	--
	11,585,439	6,678,586
Long-term loans	--	2,003,049
Total liabilities	11,585,439	8,681,635
Stockholders' deficit		
Common stock \$0.001 par value, 200,000,000 common shares authorized, 88,195,005 issued and outstanding at December 31, 2016 (December 31, 2015 - 88,145,005)	88,195	88,145
Obligation to issue shares	46,410	46,410
Additional paid in capital	63,345,881	63,045,602
Accumulated deficit	(75,052,646)	(69,890,583)
Accumulated other comprehensive income	6,308	7,183
	(11,565,852)	(6,703,243)
	\$ 19,587	\$ 1,978,392

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

TRITON EMISSION SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(EXPRESSED IN US DOLLARS)

	Year Ended December 31,	
	2016	2015
Consulting revenue	\$ 89,563	\$ 72,029
Royalty revenue	-	16,170
Total revenues	89,563	88,199
Amortization	10,621	9,869
General and administrative expenses	1,612,364	2,064,209
Research and development	38,338	71,874
Loss before other items	(1,571,760)	(2,057,753)
Other items		
Accretion expense	(4,179,474)	(2,016,764)
Change in fair value of derivative liabilities	1,510,789	1,461,084
Financing costs	(13,755)	(292,741)
Impairment of work in progress	(529,221)	--
Impairment of equipment	(21,957)	--
Interest	(58,604)	(29,383)
Stock-based compensation	(298,081)	(704,540)
Net loss	(5,162,063)	(3,640,097)
Foreign exchange translation	(875)	(4,263)
Comprehensive loss	\$ (5,162,938)	\$ (3,644,360)
Net loss per share - basic and diluted	\$ (0.06)	\$ (0.04)
Weighted average number of shares outstanding - basic and diluted	88,164,511	88,104,936

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

TRITON EMISSION SOLUTIONS INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
(EXPRESSED IN US DOLLARS)

	Common shares		Obligation to Issue Shares	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income / (Loss)	Total
	Shares	Amount					
Balance at December 31, 2014	88,095,005	\$ 88,095	\$ 46,410	\$ 62,324,449	\$ (66,250,486)	\$ 11,446	\$ (3,780,086)
Stock-based compensation	--	--	--	704,540	--	--	704,540
Fair value of warrants issued for investor relation services	--	--	--	12,163	--	--	12,163
Shares issued for investor relation services	50,000	50	--	4,450	--	--	4,500
Net loss for the year	--	--	--	--	(3,640,097)	--	(3,640,097)
Translation to reporting currency	--	--	--	--	--	(4,263)	(4,263)
Balance at December 31, 2015	88,145,005	88,145	46,410	63,045,602	(69,890,583)	7,183	(6,703,243)
Stock-based compensation	--	--	--	298,081	--	--	298,081
Shares issued for investor relation services	50,000	50	--	2,198	--	--	2,248
Net loss for the year	--	--	--	-	(5,162,063)	--	(5,162,063)
Translation to reporting currency	--	--	--	-	--	(875)	(875)
Balance at December 31, 2016	88,195,005	\$ 88,195	\$ 46,410	\$ 63,345,881	\$ (75,052,646)	\$ 6,308	\$ (11,565,852)

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

TRITON EMISSION SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN US DOLLARS)

	Year Ended December 31,	
	2016	2015
Cash flows used in operating activities		
Net loss	\$ (5,162,063)	\$ (3,640,097)
Non-cash items		
Accretion expense	4,179,474	2,016,764
Accrued interest	58,604	29,383
Amortization	10,621	9,869
Financing costs	13,755	282,741
Foreign exchange (gain) loss	9,570	(53,176)
Change in fair value of derivative liability	(1,510,789)	(1,461,084)
Impairment of equipment	21,957	--
Investor relations fees, non-cash	2,248	16,663
Stock-based compensation	298,081	704,540
Changes in operating assets and liabilities		
Accounts receivable	13,926	(23,189)
Prepays	43,097	15,777
Work in progress	559,416	(222,364)
Accounts payable	55,902	(60,857)
Accrued liabilities	(31,846)	6,394
Wages payable	19,327	(24,862)
Due to related parties	203,968	22,112
Net cash used in operating activities	(1,214,751)	(2,381,386)
Cash flows from financing activities		
Long-term loan	1,200,000	1,500,000
Notes and advances payable	110,000	600,000
Repayment of notes payable	(200,000)	(150,000)
Net cash provided by financing activities	1,110,000	1,950,000
Cash flows used in investing activities		
Acquisition of equipment	--	(11,354)
Net cash used in investing activities	--	(11,354)
Effects of foreign currency exchange	(3,593)	(5,266)
Net increase in cash	(108,344)	(448,006)
Cash, beginning	112,138	560,144
Cash, ending	\$ 3,794	\$ 112,138
Cash paid for:		
Income tax	\$ --	\$ --
Interest	\$ 37,724	\$ --

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

TRITON EMISSION SOLUTIONS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

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. On November 13, 2014, the Company established a wholly owned subsidiary in Sweden, Triton Emission Solutions International AB (the "Subsidiary").

The Company's main focus is the development and marketing of its proprietary DSOX Fuel Purification (the "DSOX") and Njord Exhaust Gas Scrubber (the "Njord") Systems, designed to remove sulfur from marine fuel and exhaust gases. The technology is currently aimed at the maritime industry which includes vessels for cruise-line, freight shipping and tanker companies.

Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As of December 31, 2016, the Company has not achieved profitable operations, has a working capital deficit of \$11,565,852 and accumulated a deficit of \$75,052,646. Subsequent to December 31, 2016, majority of the Company's notes payable became due, and as of the date of the filing of these financial statements are in default. Continuation as a going concern is dependent upon the ability of the Company to obtain the necessary financing to meet 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 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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America and are presented in US dollars.

Principles of consolidation

The consolidated financial statements include the accounts of Triton Emission Solutions Inc. and its wholly-owned subsidiaries, Ecolutions Inc., and the Subsidiary. On consolidation, all intercompany balances and transactions are eliminated.

Accounting estimates

The preparation of these consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company regularly evaluates estimates and assumptions related to the fair value of intangible assets, fair value of the derivative liability, useful life and recoverability of equipment, fair value of stock-based compensation, fair value of financial instruments and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

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 and consulting 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 DSOX and Njord Systems

Revenue is recognized using the completed contract method whereby revenue is only recognized when all the following conditions have been met: pervasive evidence of an agreement exists, when delivery of the product has occurred and title has transferred or services have been provided, and when collectability is reasonably assured.

Deposits received prior to the delivery of goods and services are recorded as unearned revenue.

Income taxes

Income tax expense is based on pre-tax financial accounting income. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carry forwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Loss per share

Basic loss per share is computed by dividing the net loss attributable to the common stockholders by the weighted average number of common shares outstanding during the reporting period. Diluted net income per common share includes the potential dilution that could occur upon exercise of the options and warrants to acquire common stock computed using the treasury stock method which assumes that the increase in the number of shares is reduced by the number of shares which could have been repurchased by the Company with the proceeds from the exercise of the options and warrants.

Long-lived assets

In accordance with ASC 360, "Property, Plant, and Equipment", the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life. Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount exceeds fair value.

Equipment

Equipment is stated at cost. The Company amortizes the cost of equipment over their estimated useful lives on a straight-line basis over 5 years.

Foreign currency translations

Foreign denominated monetary assets and liabilities are translated into their United States dollar equivalents using foreign exchange rates which prevailed at the balance sheet date. Revenues and expenses are translated at average rates of exchange during the period. Related translation adjustments as well as gains or losses resulting from foreign currency transactions are reported as a component of general and administrative expenses on a statement of operations.

Financial instruments

The Company's financial instruments include cash, accounts receivable, accounts payable, notes and advances payable, and amounts due to related parties. The fair values of these financial instruments approximate their carrying values. The loans payable to KF Business Ventures, LP (the "KFBV Loans") were recorded at a discount on initial recognition and subsequently at amortized cost. The fair value of the KFBV Loans is equivalent to their face value plus accrued interest which is disclosed in Note 6.

Derivative financial instruments

Derivative financial instruments that are not classified as equity and are not used in hedging relationships are measured at fair value. These include derivative warrant liabilities and derivative conversion options liabilities. Subsequent changes to the estimated fair values are recorded in the statement of operations.

Stock options and other stock-based compensation

For equity awards, such as stock options, total compensation cost is based on the grant date fair value and for liability awards, such as stock appreciation rights, total compensation cost is based on the settlement value. The company recognizes stock-based compensation expense for all awards over the service period required to earn the award, which is the shorter of the vesting period or the time period an employee becomes eligible to retain the award at retirement.

Work in progress

Work in progress consists of cost of parts and equipment, as well as fees charged by external consultants required to build the Fuel Purification Systems and has been recorded at the lower of cost and net realizable value.

Recent accounting 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 the financial statements of the Company.

NOTE 3 - RELATED PARTY TRANSACTIONS

Amounts due to related parties, other than notes payable to related parties and KF Business Ventures loans (Notes 5 and 6), at December 31, 2016 and 2015:

	December 31, 2016	December 31, 2015
Due to a company controlled by the Chief Financial Officer ("CFO")	\$ 92,803	\$ 703
Due to the former Chief Executive Officer ("CEO")	46,860	10,490
Due to the former President and Chief Technical Officer ("CTO")	59,798	14,798
Due to the former Senior Vice President ("VP") of Business Development	41,117	--
Due to the former VP of Engineering	195	195
Due to the CEO and President of Subsidiary	3,302	14,300
Due to related parties	\$ 244,075	\$ 40,486

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

The Company incurred the following expenses with related parties:

	December 31, 2016	December 31, 2015
Salary paid to the former CEO	\$ 135,000	\$ 209,659
Consulting fees paid to the former CEO	45,000	--
Fair value of options issued to the former CEO (Note 8)	88,936	268,103
Administrative fees incurred to a company controlled by the CFO	180,000	157,500
Management fees incurred to the CFO	--	22,500
Salary paid to the former President and CTO	135,000	270,000
Consulting fees paid to the former President and CTO	45,000	--
Fair value of options issued to a Director and Chairman (Note 8)	204,816	326,898
Salary paid to the former Senior VP of Business Development	135,000	270,000
Consulting fees paid to the former Senior VP of Business Development	45,000	--
Salary paid to the former VP of Engineering	42,000	102,668
Fair value of options issued to the former Vice President of Engineering (Note 8)	4,328	63,660
Salary paid to the President and CEO of the Subsidiary	105,526	120,732
Fair value of options issued to the President and CEO of the Subsidiary	--	19,119
Total transactions with related parties	\$ 1,165,607	\$ 1,830,839

NOTE 4 - EQUIPMENT

Amortization schedule for the equipment:

	December 31, 2016	December 31, 2015
Beginning of year	\$ 32,578	\$ 31,093
Additions	--	11,354
Amortization	(10,621)	(9,869)
Impairment	(21,957)	--
End of year	\$ --	\$ 32,578

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

NOTE 5 - NOTES AND ADVANCES PAYABLE

The tables below summarize the short-term loans outstanding as at December 31, 2016 and 2015:

As at December 31, 2016				
Principal Outstanding	Interest Rate per Annum	Accrued Interest	Total	
\$ 27,000	8%	\$ 13,145	\$	40,145
49,500	7%	26,819		76,319
141,506*	6%	6,623		148,129
15,000	0%	--		15,000
600,000	6%	48,723		648,723
110,000	10%	3,100		113,100
\$ 943,006		\$ 98,410	\$	1,041,416

*The carrying value of this loan is denoted in Canadian dollars and is translated into US dollars at the end of each reporting period.

As at December 31, 2015

	Principal Outstanding	Interest Rate per Annum	Accrued Interest	Total
\$	27,000	8%	\$ 10,068	\$ 37,068
	49,500	7%	21,674	71,174
	137,283*	6%	32,948	170,231
	173,911	0%	--	173,911
	600,000	6%	11,036	611,036
\$	987,694		\$ 75,726	\$ 1,063,420

*The carrying value of this loan is denoted in Canadian dollars and is translated into US dollars at the end of each reporting period.

Quarry Bay and Tradex Loans and Advances

On April 7, 2015, the Company received a demand notice to repay outstanding notes payable issued to Quarry Bay Capital LLC. ("Quarry Bay") and Tradex Capital Corp ("Tradex").

On April 17, 2015, the Company made a payment of \$100,000. On August 4, 2015, the Company reached an agreement with the lenders to extend the repayment of the outstanding loans in consideration for a \$10,000 extension fee. The lenders agreed to extend the repayment term of 50% of the amount outstanding to September 26, 2015, and the repayment term of the remaining 50% balance to November 25, 2015. As at December 31, 2015, the Company repaid a total of \$150,000.

During the year ended December 31, 2016, the Company repaid an additional \$200,000, of which \$37,724 was applied toward interest accrued on the Quarry Bay Capital Loan, which accrues interest at a rate of 6% per annum.

As at December 31, 2016

	Principal Outstanding	Interest Rate per Annum	Accrued Interest	Total
Quarry Bay Loan*	\$ 141,506	6%	\$ 6,623	\$ 148,129
	\$ 141,506		\$ 6,623	\$ 148,129

*The carrying value of this loan is denoted in Canadian dollars and is translated into US dollars at the end of each reporting period.

As at December 31, 2015

	Principal Outstanding	Interest Rate per Annum	Accrued Interest	Total
Quarry Bay Loan	\$ 33,000	0%	\$ -	\$ 33,000
Quarry Bay Loan*	137,283	6%	32,948	170,231
Tradex Loan	15,000	0%	-	15,000
Tradex Loan*	110,910	0%	-	110,910
	\$ 296,193		\$ 32,948	\$ 329,141

*The carrying values of these loans are denoted in Canadian dollars and are translated into US dollars at the end of each reporting period.

Norling Bridge Loans

On July 28, 2015 and November 6, 2015, the Company entered into two separate bridge loan agreements (the "Norling Loans") with its former President and CTO, Rasmus Norling. Pursuant to the Norling Loans, Mr. Norling agreed to lend to the Company total of \$400,000 in exchange for unsecured promissory notes.

The Norling Loans have an interest rate of 6% and were due December 31, 2016. During the year ended December 31, 2016, the Company recorded \$25,102 in interest expense associated with the Norling Loans (2015 - \$6,995). As at December 31, 2016, the Company owed \$432,097 (2015 - \$406,994) under the Norling Loans.

As of December 31, 2016, the Norling Loans are in default, however, the Company has not been served with a default notice by Mr. Norling.

KF Business Ventures Bridge Loan and Note Payable

On August 31, 2015, the Company entered into a bridge loan agreement with KF Business Ventures, LP ("KFBV"), a company controlled by a director of the Company, whereby KFBV agreed to lend to the Company \$200,000 in exchange for an unsecured promissory note (the "KFBV Bridge Loan").

The KFBV Bridge Loan has an interest rate of 6%, and was due December 31, 2016. During the year ended December 31, 2016, the Company recorded \$12,585 in interest expense associated with the KFBV Bridge Loan (2015 - \$4,041). As at December 31, 2016, the Company owed \$216,626 (2015 - \$204,041) under the KFBV Bridge Loan.

As of December 31, 2016, the KFBV Bridge Loan is in default, however, the Company has not been served with a default notice by KFBV.

During September 2016, the Company issued an unsecured promissory note to KFBV for gross proceeds of \$110,000 (the "KFBV Note"). As part of the terms of the KFBV Note the Company agreed to grant KFBV the right to offset the cash payable by KFBV to exercise the warrants to purchase shares of the Company's common stock against the corresponding amount the Company would have to pay for outstanding indebtedness under this KFBV Note.

The KFBV Note has an interest rate of 10% and was due January 15, 2017. During the year ended December 31, 2016, the Company recorded \$3,100 in interest expense associated with the KFBV Note (2015 - \$Nil). As at December 31, 2016, the Company owed \$113,100 (2015 - \$Nil) under the KFBV Note.

As of the date of the filing of these consolidated financial statements the KFBV Note is in default, however, the Company has not been served with a default notice by KFBV.

Other Loans

In September and October of its Fiscal 2010, the Company entered into a number of loan agreements with a third party creditor, whereby the third party creditor agreed to lend to the Company a total of \$34,500 in exchange for unsecured promissory notes. On November 9, 2010, the Company entered into a loan agreement with another third party creditor, whereby the third party creditor agreed to lend to the Company \$15,000 in exchange for an unsecured promissory note.

The loans have an interest rate of 7%, and are due on demand. During the year ended December 31, 2016, the Company recorded \$5,145 in interest expense associated with these loans from third party creditors (2015 - \$4,798). As at December 31, 2016, the Company owed \$76,319 (2015 - \$71,174) under these loans.

On December 12, 2011, the Company entered into a loan agreement with a third party creditor, whereby the third party creditor agreed to lend to the Company \$15,000 in exchange for an unsecured promissory note. On February 13, 2012, the third party creditor entered into a second loan agreement with the Company, whereby the third party creditor agreed to lend to the Company an additional \$12,000 in exchange for an unsecured promissory note.

The loans have an interest rate of 8%, and are due on demand. During the year ended December 31, 2016, the Company recorded \$3,077 in interest expense associated with these loans (2015 - \$2,841). As at December 31, 2016, the Company owed \$40,145 (2015 - \$37,068) under these loans.

On August 14, 2012, the Company entered into a loan agreement with a third party creditor, whereby the third party creditor agreed to lend to the Company \$15,000 in exchange for an unsecured non-interest bearing promissory note payable on demand.

NOTE 6 - KFBV LOANS AND DERIVATIVE LIABILITY

First KF Business Ventures Loan Agreement

On January 15, 2014, the Company entered into a binding letter agreement with KF Business Ventures, LP ("KFBV"), a company controlled by a director of the Company (the "Lender"), which was superseded by the formal definitive loan agreement signed on February 11, 2014, and further amended on March 10, 2014, September 8, 2014, and on December 17, 2015 (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"). 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. The First KF Loan is unsecured and has effective interest rate of 1,130%, which was due primarily to the recording of non-cash accretion interest.

In consideration for the First KF Loan Agreement, as amended on March 10, 2014 (the "March Amendment"), the Company issued to the Lender non-transferrable share purchase warrants to purchase a total of 6,904,546 shares exercisable at a price of \$1.00 per share (the "First KF Warrants") (Note 8). Warrants for 2,450,000 shares had an original expiry date of January 15, 2015, and warrants for 4,454,546 shares had an original expiry date of January 15, 2018. At the discretion of the Lender the First KF Warrants for up to 3,452,273 shares of common stock could have been acquired by way of a cashless exercise.

The First KF Warrants included a down-round provision whereby the exercise price of the First KF Warrants could have been adjusted to the lowest offering price of any options, warrants or shares issued subsequent to the issuance of the First KF Warrants (the "Down-Round Provision"). The First KF Warrants were determined to be a derivative under ASC 815; therefore, at initial measurement, the proceeds were allocated to the fair value of the warrants first and any residual proceeds to the principal of the First KF Loan.

At issuance date, the fair value of the First KF Warrants was \$5,128,110 and a value of \$Nil was allocated to the principal.

On September 8, 2014, the Company entered into a Second Amendment Agreement (the "September Amendment") 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 principal and accrued interest. Furthermore, the Company was given an option to further extend the repayment of the First KF Loan to January 15, 2017, by issuing additional share purchase warrants (the "First Extension Warrants") equal to one-half of the outstanding principal and unpaid interest as at January 15, 2016. The Extension Warrants were to have an initial exercise price of \$0.50 per share 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 (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 the First KF Warrants (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. The September Warrants also included the Down-Round Provision (Note 8).

On December 17, 2015 (the "December Amendment Date"), as part of the second definitive Letter Agreement with KFBV (the "Second KF Letter Agreement"), which was superseded by a formal Loan Agreement dated January 8, 2016, the Company agreed to decrease the exercise price for Amended Warrants and September Warrants from \$0.50 per share to \$0.10 per share and extend the expiration date of warrants to January 15, 2021. In addition, the Company exercised its option to extend the maturity of the First KF Loan to January 15, 2017, by issuing the Lender 1,194,332 First Extension Warrants, being an equivalent to one-half of the outstanding principal and unpaid interest on the First KF Loan as at January 15, 2016. First Extension Warrants have an initial exercise price of \$0.10 per share expiring on September 1, 2021.

As of the date of the filing of these consolidated financial statements, the First KF Loan is in default, however, the Company has not been served with a default notice by KFBV.

During the year ended December 31, 2016, the Company recognized accretion expense of \$1,262,228 (December 31, 2015 - \$1,303,522).

At December 31, 2016, the fair value of the derivative liability associated with the warrants issued pursuant to the First KF Loan Agreement was \$67,380 (December 31, 2015 - \$296,033).

At December 31, 2016 and 2015 the fair values of Amended Warrants, September Warrants, and First Extension Warrants were revalued using the Binomial Lattice model using the following assumptions:

	At December 31, 2016	At December 31, 2015
Expected Warrant Life	4.04 - 4.67 years	5 - 5.71 years
Risk-Free Interest Rate	1.93%	1.73%-1.76%
Expected Dividend Yield	Nil	Nil
Expected Stock Price Volatility	32%-60%	32%-60%

Second KF Business Ventures Loan Agreement

On July 28, 2014, the Company entered into a second loan agreement with the Lender (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.

The initial maturity date under the Second KF Loan Agreement was January 15, 2016, with an option to further extend the maturity date to January 15, 2017, by issuing additional share purchase warrants (the "Second Extension Warrants") equal to one-half of the outstanding principal and unpaid interest as at January 15, 2016. The Second KF Loan is unsecured and has an effective interest rate of 1,729%, which was due primarily to the recording of non-cash accretion interest.

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 (the "Second KF Warrants") (Note 8). At the discretion of the Lender the Second KF Warrants for up to 4,800,000 shares of common stock can be acquired by way of a cashless exercise.

The Second KF Warrants were determined to be a derivative under ASC 815; therefore, at initial measurement, the proceeds were allocated to the fair value of the Second KF Warrants first and any residual proceeds to the loan principal.

At issuance date, the fair value of the Second KF Warrants was \$5,388,652 and a value of \$Nil was allocated to the principal.

On December 17, 2015, as part of the Second KF Letter Agreement, which was superseded by a formal Loan Agreement dated January 8, 2016, the Company agreed to decrease the exercise price for the Second KF Warrants from \$0.50 per share to \$0.10 per share and extend the expiration date of these warrants to January 15, 2021. The Second KF Warrants included a down-round provision whereby the exercise price of the Second KF Warrants could have been adjusted to the lowest offering price of any options, warrants or shares issued subsequent to the issuance of the Second KF Warrants. In addition, the Company exercised its option to extend the maturity of the Second KF Loan to January 15, 2017, by issuing the Lender 1,337,320 Second Extension Warrants, being an equivalent to one-half of the outstanding principal and unpaid interest as at January 15, 2016. Second Extension Warrants have an initial exercise price of \$0.10 per share expiring on September 1, 2021.

As of the date of the filing of these consolidated financial statements, the Second KF Loan is in default, however, the Company has not been served with a default notice by KFBV.

During the year ended December 31, 2016, the Company recognized accretion expense of \$2,077,081 (December 31, 2015 - \$713,241).

At December 31, 2016, the fair value of the derivative liabilities associated with the Second KF Warrants and the Second Extension Warrants was \$67,764 (December 31, 2015 - \$375,369).

At December 31, 2016 and 2015, the fair values of the Second KF Warrants and Second Extension Warrants were revalued using the Binomial Lattice model using the following assumptions:

	At December 31, 2016	At December 31, 2015
Expected Warrant Life	4.04 - 4.67 years	5.05 - 5.71 years
Risk-Free Interest Rate	1.93%	1.73% - 1.76%
Expected Dividend Yield	Nil	Nil
Expected Stock Price Volatility	15% - 60%	15% - 60%

Third KF Business Ventures Loan Agreement

On December 17, 2015, the Company entered into a Second KF Letter Agreement with the Lender, which was ratified by the formal definitive loan agreement signed on January 8, 2016 (the "Third KF Loan Agreement"). Under the Third KF Loan Agreement, the Lender agreed to lend to the Company \$1,500,000 (the "Third KF Loan"), to be advanced in five equal installments of \$300,000 each, commencing on execution of the Second KF Letter Agreement, and on the first day of each consecutive calendar month thereafter until fully advanced. A total of \$1,200,000 was advanced in fiscal 2016 (2015 - \$300,000).

The maturity date under the Third KF Loan Agreement was January 15, 2017. The Third KF Loan is unsecured and has an effective interest rate of 2,339%, which was due primarily to the recording of non-cash accretion interest. At the discretion of the Lender the principal and accrued but unpaid interest under the Third KF Loan may be converted into shares of the Company's common stock at a conversion price of \$0.10 per share, in minimum increments of \$250,000 (the "Third KF Loan Conversion Feature"). The Down-Round Provision is included in the Third KF Loan Conversion Feature.

In consideration for the Third KF Loan Agreement, the Company issued to the Lender non-transferrable share purchase warrants for a total of 8,000,000 shares of the Company's common stock, exercisable at a price of \$0.10 per share for a period expiring January 15, 2021 (the "Third KF Warrants"). At the discretion of the Lender the Third KF Warrants for up to 4,000,000 shares of common stock can be acquired by way of a cashless exercise (Note 8). The Down-Round Provision is included in the Third KF Warrants.

The Third KF Warrants and the Third KF Loan Conversion Feature were determined to be derivatives under ASC 815; therefore, at initial measurement, the proceeds were allocated to the Third KF Warrants and the Third KF Loan Conversion Feature on a pro-rata basis first and any residual proceeds to the principal.

At issuance date, the fair value of the Third KF Warrants and the Third KF Loan Conversion Feature was \$509,760 and \$990,239 respectively and a value of \$1 was allocated to the principal.

As of the date of the filing of these consolidated financial statements, the Second KF Loan is in default, however, the Company has not been served with a default notice by KFBV.

During the year ended December 31, 2016, the Company recognized accretion expense of \$840,166 (2015 - \$1).

At December 31, 2016, the fair value of the derivative liability associated with the Third KF Warrants and the Third KF Loan Conversion Feature was \$59,200 (2015 - \$274,560) and \$1,576,327 (2015 - \$2,335,498), respectively.

At December 31, 2016 and 2015 the fair value of the Third KF Warrants were revalued using the Binomial Lattice model using the following assumptions:

	At December 31, 2016	At December 31, 2015
Expected Warrant Life	4.04 years	5.05 years
Risk-Free Interest Rate	1.70%	1.76%
Expected Dividend Yield	Nil	Nil
Average Expected Stock Price Volatility	60%	60%

At December 31, 2016 and 2015 the fair value of the Third KF Loan Conversion Feature was revalued using the Binomial Lattice model using the following assumptions:

	At December 31, 2016	At December 31, 2015
Expected Life	0.04 years	1.04 years
Risk-Free Interest Rate	0.44%	0.65%
Expected Dividend Yield	Nil	Nil
Expected Stock Price Volatility	57%	57%

Summary of KF Loans Payable

A summary of the discounted carrying value, deferred financing costs, accumulated accrued interest, and principal of KF loans payable is as follows:

As at December 31, 2016				
	Discounted Carrying Value	Principal Outstanding	Accumulated Accrued Interest	Total
First KF Loan Payable	\$ 2,566,317	\$ 2,000,000	\$ 628,764	\$ 2,628,764
Second KF Loan Payable	2,790,357	2,400,000	543,475	2,943,475
Third KF Loan Payable	840,168	1,500,000	141,236	1,641,236
	6,196,842	5,900,000	1,313,475	7,213,475
Deferred Financing Costs	(564)	--	--	--
	\$ 6,196,278	\$ 5,900,000	\$ 1,313,475	\$ 7,213,475

As at December 31, 2015				
	Discounted Carrying Value	Principal Outstanding	Accumulated Accrued Interest	Total
First KF Loan Payable	\$ 1,304,090	\$ 2,000,000	\$ 379,543	\$ 2,379,543
Second KF Loan Payable	713,276	2,400,000	264,424	2,664,424
Third KF Loan Payable*	1	1,500,000	1,151	1,501,151
	2,017,637	5,900,000	645,118	6,545,118
Deferred Financing Costs	(14,588)	--	--	--
	\$ 2,003,049	\$ 5,900,000	\$ 645,118	\$ 6,545,118

*As at December 31, 2015, \$1,200,000 in principal under the Third KF Loan remained receivable.

Summary of the Derivative Liability - Conversion Feature

A summary of the derivative liabilities associated with the Conversion Feature under the Third KF Loan Agreement is as follows:

As at December 31, 2016				
	Fair Value at December 31, 2015	Incremental Increase in Fair Value for Issuance	Change on Revaluation at Reporting Date	Fair Value at December 31, 2016
Third KF Loan Conversion Feature	\$ 2,335,498	\$ Nil	\$ (759,171)	\$ 1,576,327

As at December 31, 2015				
	Fair Value at December 31, 2014	Incremental Increase in Fair Value for Issuance	Change on Revaluation at Reporting Date	Fair Value at December 31, 2015
Third KF Loan Conversion Feature	\$ Nil	\$990,239	\$ 1,345,259	\$ 2,335,498

Summary of the Derivative Liabilities - Warrants

A summary of the derivative liabilities associated with the warrants under the KF Loan Agreements and their amendments is as follows:

As at December 31, 2016					
	Fair Value at December 31, 2015	Incremental Increase in Fair Value for Modification / Issuance	Change on Revaluation at Reporting Date	Fair Value at December 31, 2016	
9,254,546 warrants (Amended Warrants and September Warrants)	\$ 253,944	\$ Nil	\$ (195,641)	\$ 58,303	
1,194,332 warrants (First Extension Warrants)	42,089	Nil	(33,012)	9,077	
9,600,000 warrants (Second KF Warrants)	329,472	Nil	(271,872)	57,600	
1,337,320 warrants (Second Extension Warrants)	45,897	Nil	(35,733)	10,164	
8,000,000 warrants (Third KF Warrants)	274,560	Nil	(215,360)	59,200	
Total	\$ 945,962	\$ Nil	\$ (751,618)	\$ 194,344	

As at December 31, 2015					
	Fair value at December 31, 2014	Incremental Increase in Fair Value for Modification / Issuance	Change on Revaluation at Reporting Date	Fair Value at December 31, 2015	
9,254,546 warrants (Amended Warrants and September Warrants)	\$ 1,203,944	\$ 91,603	\$ (1,041,603)	\$ 253,944	
1,194,332 warrants (First Extension Warrants)	--	76,103	(34,014)	42,089	
9,600,000 warrants (Second KF Warrants)	1,787,241	(1,558)	(1,456,211)	329,472	
1,337,320 warrants (Second Extension Warrants)	--	85,214	(39,317)	45,897	
8,000,000 warrants (Third KF Warrants)	--	509,760	(235,200)	274,560	
Total	\$ 2,991,185	\$ 761,122	\$ (2,806,345)	\$ 945,962	

KF Business Ventures, Deferred Financing Costs

During the year ended December 31, 2015, the Company recorded \$50,538 in legal fees associated with securing the KFBV Loans. These fees are amortized over the remaining life of the loans; as of December 31, 2016, the Company recorded \$13,755 (December 31, 2015 - \$30,865) in interest expense associated with the amortization of these legal fees. During the period ended September 30, 2016, the Company started recognizing the deferred financing costs related to the loans as a direct deduction from the face amount of the loans.

NOTE 7 - WORK IN PROGRESS AND UNEARNED REVENUE

During its fiscal 2013 and 2014, the Company received a total of \$2,075,000 in non-refundable deposits on account of the building and installation of its Fuel Purification Systems. The company recorded a total of \$529,221 in work in progress associated with these contracts, which consisted of cost of parts and equipment, as well as fees charged by external consultants required to fulfill these contracts.

At December 31, 2016, the Company determined that it was unlikely that the future benefit from the installation of its Fuel Purification Systems will be realized. As such, at December 31, 2016, the Company reduced the carrying value of the work in progress to \$nil by recording an impairment expense of \$529,221.

NOTE 8 - SHARE CAPITAL

During the year ended December 31, 2016, pursuant to a consulting agreement with an unrelated party for investor relations services dated for reference September 4, 2015, the Company issued to the consultant 50,000 shares of its common stock with a fair value of \$2,248.

During the year ended December 31, 2015, pursuant to the consulting agreement with an unrelated party for investor relations services dated for reference September 4, 2015, the Company issued to the consultant 50,000 shares of its common stock with a fair value of \$4,500.

Warrants

A continuity schedule of warrants is as follows:

	December 31, 2016	December 31, 2015
Warrants, beginning	39,886,198	29,104,546
Warrants, issued	--	10,781,652
Warrants, outstanding	39,886,198	39,886,198

Details of warrants outstanding as at December 31, 2016 are as follows:

Exercise price	Expiry date	Number of warrants outstanding
\$1.00	March 10, 2017	10,000,000
\$0.50	August 1, 2018	500,000
\$0.10	January 15, 2021	26,854,546
\$0.10	September 1, 2021	2,531,652
		39,886,198

At December 31, 2016, the weighted-average exercise price and remaining contractual life of the outstanding share purchase warrants were \$0.33 and 3.09 years, respectively.

Options

A summary of options is as follows:

	December 31, 2016	December 31, 2015
Options, beginning	6,300,000	2,600,000
Options, granted	--	3,800,000
Options, forfeited	--	(100,000)
Options, outstanding	6,300,000	6,300,000
Options, exercisable	3,800,000	2,700,000

During the year ended December 31, 2016, the Company did not grant any options.

At December 31, 2016, the weighted-average exercise price and remaining contractual life of the outstanding options to purchase the shares of the Company's common stock were \$0.34 and 4.64 years, respectively.

Details of options outstanding as at December 31, 2016 are as follows:

Exercise price	Grant date	Number of options granted	Number of options exercisable
\$0.10	September 8, 2014	2,500,000	1,500,000
\$0.50	December 1, 2014	100,000	100,000
\$0.50	March 6, 2015	3,000,000	1,500,000
\$0.50	May 1, 2015	500,000	500,000
\$0.50	May 1, 2015	100,000	100,000
\$0.50	July 8, 2015	100,000	100,000
		6,300,000	3,800,000

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 a 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 had initial exercise price of \$0.50 per share. The Options expire five years after the vesting date thereof. On December 17, 2015, the Options were repriced to \$0.10 in accordance with the provisions under the Stock Option Agreement with the Director.

The grant date fair value of these options was \$953,885. During the year ended December 31, 2016, the Company recognized \$204,817 as stock-based compensation (2015 - \$326,898).

The fair value was determined using the Black-Scholes Option pricing model at the grant date using the following assumptions:

	At September 8, 2014
Expected Option Life	5 years
Average Risk-Free Interest Rate	1.98%
Expected Dividend Yield	Nil
Average Expected Stock Price Volatility	118%

On March 6, 2015, the Company granted options to acquire up to 3,000,000 shares of the Company's common stock at an exercise price of \$0.50 per share to the former CEO and a former director of the Company. These Options were issued under the 2014 Plan. Options to acquire up to 1,000,000 shares of the Company's common stock vested on March 23, 2015, and Options to acquire up to an additional 500,000 shares of the Company's common stock vested on March 23, 2016. The remaining 1,500,000 options vest at a rate of 500,000 shares per year, beginning March 23, 2017. The options expire five years after the vesting date, or 30 days after the resignation of the option holder.

The grant date fair value of these Options was \$413,944. During the year ended December 31, 2016, the Company recognized \$88,936 as stock-based compensation (2015 - \$268,103) relating to these options.

The fair value was determined using the Black-Scholes Option pricing model at the grant date using the following assumptions:

At March 23, 2015	
Expected Option Life	5 years
Risk-Free Interest Rate	1.41 - 1.71%
Expected Dividend Yield	Nil
Average Expected Stock Price Volatility	126%

On May 1, 2015, the Company granted options to acquire up to 100,000 shares of the Company's common stock at an exercise price of \$0.50 per share to an employee of its Subsidiary. These Options were issued under the 2014 Plan. The options vested on May 5, 2016, and expire on May 5, 2021, subject to certain early termination conditions.

The grant date fair value of these Options was \$12,711. During the year ended December 31, 2016, the Company recognized \$4,328 as stock-based compensation (2015 - \$8,382) relating to these options.

The fair value was determined using the Black-Scholes Option pricing model at the grant date using the following assumptions:

At May 1, 2015	
Expected Option Life	5 years
Risk-Free Interest Rate	1.71%
Expected Dividend Yield	Nil
Average Expected Stock Price Volatility	126%

NOTE 9 - INCOME TAXES

The reported income taxes differ from the amounts obtained by applying statutory rates to the loss before income taxes as follows:

	December 31, 2016	December 31, 2015
Net loss	\$ (5,162,063)	\$ (3,640,097)
Statutory tax rate	35.0%	35.0%
Expected income tax recovery	(1,806,722)	(1,274,034)
Permanent differences	1,230,598	749,661
Change in tax rates	--	5,359,346
Difference in foreign tax rates	29,364	31,778
Change in valuation allowance	(546,760)	(4,866,751)
Income tax recovery	\$ --	\$ --

The Company's tax-effected future income tax assets and liabilities are estimated as follows:

	December 31, 2016	December 31, 2015
Deferred income tax assets		
Non-capital losses carried forward	\$ 6,816,000	\$ 4,862,000
Intangible asset	14,874,000	16,115,000
Less: Valuation allowance	(21,690,000)	(20,977,000)
Net deferred income tax assets	\$ --	\$ --

At December 31, 2016 and 2015, the Company had a deferred tax asset that related to net operating losses. A full valuation allowance has been established; as management believes it is more likely than not that the deferred tax asset will not be realized.

As at December 31, 2016, the Company has net operating loss carry forwards of approximately \$19,151,000 (2015 - \$13,900,000) to reduce future federal and state taxable income. These losses expire by 2036.

The Company is not currently subject to any income tax examinations by any tax authority. Should a tax examination be opened, management does not anticipate any tax adjustments, if accepted, that would result in a material change to its financial position.

NOTE 10 - SUBSEQUENT EVENT

On April 3, 2017, the Company advanced \$125,600 to a former director and officer as payment for a laboratory acceptance test to be completed on the Company's technology. The advance was funded by a short term loan from a director of the Company.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

In connection with the preparation of this Annual Report on Form 10-K, an evaluation was carried out by our Chief Financial Officer and the Chairman of the Board of Directors, 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 December 31, 2016. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including our Chief Financial Officer and Chairman of our board of directors, to allow timely decisions regarding required disclosures.

Based on that evaluation, our management concluded, as of the end of the period covered by this report, that our disclosure controls and procedures were not 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 due to limited segregation of duties.

Management's Report on Internal Controls over Financial Reporting

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms. Management is responsible for establishing and maintaining adequate internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002 (SOX). Our internal control over financial reporting is a process designed under the supervision of our former Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and our Board of Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control -Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). As a result of this assessment, it was found that the internal controls cannot be relied upon, due to the limited segregation of duties.

Our independent auditors have not issued an attestation report on management's assessment of our internal control over financial reporting. As a result, this Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. We were not required to have, nor have we, engaged our independent registered public accounting firm to perform an audit of internal control over financial reporting pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report.

Changes in Internal Controls

As of the end of the period covered by this report, there have been no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that materially affected, or are reasonably likely to materially affect, our results of operations.

ITEM 9B. OTHER INFORMATION

Not applicable

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE.

Directors and Executive Officers

Each of our directors holds office until the earlier of (i) our next annual meeting of our stockholders, (ii) that director's successor has been elected and qualified, or (iii) that director resigns. Each of our executive officers is appointed by our Board of Directors and holds office until he resigns or is removed by the Board.

Our management team is listed below:

<u>Name</u>	<u>Position(s)</u>
Joao (John) da Costa	Chief Financial Officer, Treasurer, Corporate Secretary and Director
Robert Kopple	Chairman and Director

Joao (John) da Costa: Mr. da Costa (52) has been our CFO, Treasurer, Corporate Secretary and a member of our Board of Directors since May 2002. Mr. da Costa previously acted as our Chief Executive Officer and President from February 2006 until May 2012. Mr. da Costa has more than twenty years of experience providing bookkeeping and accounting services to both private and public companies and is the founder and president of Da Costa Management Corp., a company that has provided management and accounting services to public and private companies since August 2003. In addition to Triton Emission Solutions Inc., Mr. da Costa currently serves as the CFO, Treasurer and a director of Red Metal Resources Ltd., a company reporting under the Exchange Act and engaged in the business of acquiring and exploring mineral claims. Mr. da Costa also currently serves as the CFO, Secretary and a director of Kesselrun Resources Ltd., a Canadian reporting company listed on the TSX Venture Exchange.

Robert Kopple: Mr. Kopple (73) was appointed as Chairman of our Board of Directors on September 8, 2014, pursuant to the terms of the Second KF Loan Agreement. Mr. Kopple is an experienced investor, businessman, and lawyer who co-founded the firm Kopple and Klinger in 1992 where he advises and assists clients with complex estate and gift tax issues and issues in the transfer of family wealth and family businesses. Mr. Kopple represents non-citizens and non-residents of the United States in a variety of challenging estate and tax issues. Prior to co-founding Kopple and Klinger in 1992, Mr. Kopple practiced at a top national law firm in their Los Angeles office. In addition, Mr. Kopple manages interests in real estate and operating companies. He has provided equity and debt financing for a number of both public and private businesses and serves on the board of directors of several corporations.

Family Relationships

There are no family relationships among the directors, executive officers or persons nominated or chosen by Triton Emission Solutions Inc. to become directors or executive officers.

Involvement in Certain Legal Proceedings

During the past ten years, none of Triton's directors or officers has been:

- a person against whom a bankruptcy petition was filed;
- a general partner or executive officer of any partnership, corporation or business association against which any bankruptcy petition was filed, either at the time of the bankruptcy or two years prior to that time;
- convicted in a criminal proceeding or named subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or commodities trading or banking activities;

- subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of (1) any court of competent jurisdiction, permanently or temporarily enjoining him or otherwise limiting him from acting, or (2) any Federal or State authority barring, suspending or otherwise limiting for more than 60 days his right to act, as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity, or to be associated with persons engaged in any such activity;
- found by a court of competent jurisdiction in a civil action or by the SEC to have violated any Federal or State securities law, and the judgment in such civil action or finding by the SEC has not been subsequently reversed, suspended, or vacated;
- found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;
- the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:
 - any Federal or State securities or commodities law or regulation, or
 - any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or
 - any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
 - the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Compliance with Section 16(a) of the Exchange Act.

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who beneficially own more than 10% of our equity securities (collectively, the “Reporting Persons”), to file reports of ownership and changes in ownership with the SEC. Under the SEC regulations, Reporting Persons are required to provide us with copies of all forms that they file pursuant to Section 16(a). Based on our review of the copies of such forms received by us, the following persons have, during the fiscal year ended December 31, 2016, failed to file, on a timely basis, the reports required by Section 16(a) of the Exchange Act:

Name and Principal Position	Number of Late Reports	Transactions Not Timely Reported	Known Failures to File a Required Form
Robert C. Kopple Chairman, Director and Greater than 10% Beneficial Owner	2(1)	2	nil

- (1) On January 8, 2016, we issued to KF Business Ventures, LP (“KFBV”) warrants to purchase up to 2,531,652 shares of our common stock as required under the terms of the amendments to the First KF Loan and Second KF Loan. On January 8, 2016 we issued to KFBV warrants to purchase up to 8,000,000 shares of our common stock and agreed to the conversion rights, whereby KFBV is entitled to receive up to 15,000,000 shares of our common stock upon exercise of these rights in the aggregate principal amount of \$1,500,000, as required under the terms of the Third KF Loan Agreement. The Form 4 required to be filed by Mr. Kopple as a result of the issuance of these warrants and grant of conversion rights was filed on February 24, 2016.

Mr. Kopple was late filing a Form 4 reflecting an open market transaction that took place on December 29, 2016.

Nomination Procedure for Directors

We do not have a standing nominating committee. Recommendations for candidates to stand for election as directors are made by our Board of Directors. We have not adopted a policy that permits shareholders to recommend nominees for election as directors or a process for shareholders to send communications to our Board of Directors. However, pursuant to Section 3 of Article III of our By-laws, shareholders are able to provide us with information for nominees for directors subject to the conditions provided in Section 3 of Article III of our By-laws.

Identification of Audit Committee

We do not have a separately-designated standing audit committee. Rather, our entire Board of Directors performs the required functions of an audit committee.

Our audit committee is responsible for: (1) selection and oversight of our independent accountant; (2) establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls and auditing matters; (3) establishing procedures for the confidential, anonymous submission by our employees of concerns regarding accounting and auditing matters; (4) engaging outside advisors; and, (5) funding for the outside auditory and any outside advisors engagement by the audit committee.

As of December 31, 2016, we did not have a written audit committee charter or similar document and have not adopted any specific policies or procedures for the engagement of non-audit services.

Audit Committee Financial Expert

John da Costa, our Chief Financial Officer and a member of our Board of Directors qualifies as an “audit committee financial expert”, as defined by Item 407(d)(5) of Regulation S-K promulgated under the Securities Act of 1933 and the Securities Exchange Act of 1934. Notwithstanding the fact that Mr. da Costa is not an independent director, we believe that his experience in preparing, analyzing and evaluating financial statements, as well as his knowledge of public company reporting will provide us with the guidance we need until we are able to expand our board to include independent directors who have the knowledge and experience to serve on an audit committee.

Code of Ethics

We have adopted a Code of Ethics that applies to all our executive officers and employees, including our CEO and CFO. See Exhibit 14.1 - Code of Ethics for more information. We believe that our Code of Ethics is reasonably designed to deter wrongdoing and promote honest and ethical conduct; provide full, fair, accurate, timely and understandable disclosure in public reports; comply with applicable laws; ensure prompt internal reporting of code violations; and provide accountability for adherence to the Code.

ITEM 11. EXECUTIVE COMPENSATION.

The following table summarizes all compensation received by our Executive Officers for the past two fiscal years:

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Non-qualified Deferred Compensation Earnings (\$)	All other compensation (\$)	Total (\$)
John da Costa⁽¹⁾									
CFO, Treasurer and Secretary	2016	nil	nil	nil	nil	nil	nil	180,000 ⁽¹⁾	180,000
	2015	nil	nil	nil	nil	nil	nil	180,000	180,000
Anders Aasen^{(2),(3)}									
Former CEO	2016	135,000	nil	nil	88,936	nil	nil	45,000	268,936
	2015	209,659	nil	nil	268,103	nil	nil	nil	477,762
Rasmus Norling^{(4),(5)}									
Former President	2016	135,000	nil	nil	nil	nil	nil	45,000	180,000
CTO, and CEO	2015	270,000	nil	nil	nil	nil	nil	nil	270,000
Mitchell Miller^{(6),(7)}									
Former Senior VP of Business Development	2016	135,000	nil	nil	nil	nil	nil	45,000	180,000
	2015	270,000	nil	nil	nil	nil	nil	nil	270,000
Jeffery Buczek⁽⁸⁾									
Former VP Engineering	2016	42,000	nil	nil	nil	nil	nil	nil	42,000
	2015	102,668	nil	nil	63,660 ⁽⁸⁾	nil	nil	nil	166,328

(1) Represents \$180,000 we paid or accrued to Da Costa Management Corp., of which John da Costa is the sole director and shareholder, for professional, administrative and accounting services.

(2) Mr. Aasen resigned as our Chief Executive Officer on February 7, 2017.

(3) Mr. Aasen was entitled to an annual base salary of \$270,000 (\$22,500 per month). Due to the Company's financial situation, Mr. Aasen agreed to release the Company from its obligation to pay his payroll from July through October 2016. We recorded \$45,000 as owing to Mr. Aasen for his consulting services during the November and December period. In addition we granted Mr. Aasen options to acquire up to 3,000,000 shares of our common stock at a price of \$0.50 per share, subject to a certain vesting conditions. During the year ended December 31, 2016, we recognized 88,936 (2015 - \$268,103) as stock-based compensation associated with vested portion of options we issued to Mr. Aasen.

(4) Mr. Norling resigned as our Chief Technical Officer and as President on February 7, 2017.

(5) Mr. Norling was entitled to an annual base salary of \$270,000 (\$22,500 per month). Due to the Company's financial situation, Mr. Norling agreed to release the Company from its obligation to pay his payroll from July through October 2016. We recorded \$45,000 as owing to Mr. Norling for his consulting services during the November and December period.

(6) Mr. Miller resigned as our Senior VP of Business Development on February 13, 2017.

(7) Mr. Miller was entitled to an annual base salary of \$270,000 (\$22,500 per month). Due to the Company's financial situation, Mr. Miller agreed to release the Company from its obligation to pay his payroll from July through October 2016. We recorded \$45,000 as owing to Mr. Miller for his consulting services during the November and December period.

(8) On May 1, 2015, we granted to Mr. Buczek options to purchase up to 500,000 shares of our common stock under our 2014 Stock Option Plan (the "Buczek Options"). The cost assigned to the Buczek Options during the year ended December 31, 2015, was calculated to be \$63,660 using the Black-Scholes option pricing model at the grant date. The options vested at the grant date and expire on May 1, 2020.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table provides information concerning unvested stock awards for each of our named executive officers, as that term is defined in Item 402(m)(2) of Regulation S-K as of our fiscal year end of December 31, 2016.

OPTION AWARDS					
Name and Position	No. of Securities Underlying Unexercised Options (#)	No. of Securities Underlying Unexercised Options (#)	Option Exercise Price	Vest Date	Option Expiration Date
	Exercisable	Unexercisable			
Anders Aasen ⁽¹⁾ Former CEO, and Director*	1,000,000	-	\$0.50	23-Mar-15	23-Mar-2020
	500,000	-	\$0.50	23-Mar-16	23-Mar-2021
	-	500,000	\$0.50	23-Mar-17	23-Mar-2022
	-	500,000	\$0.50	23-Mar-18	23-Mar-2023
	-	500,000	\$0.50	23-Mar-19	23-Mar-2024
Rasmus Norling Former President, CTO, CEO, and Director*	10,000,000 ⁽²⁾	-	\$1.00	10-Mar-14	10-Mar-17
Mitchell Miller Former Senior VP of Business Development and Director*	nil	-	-	-	-

OPTION AWARDS					
Name and Position	No. of Securities Underlying Unexercised Options (#)	No. of Securities Underlying Unexercised Options (#)	Option Exercise Price	Vest Date	Option Expiration Date
	Exercisable	Unexercisable			
Joao (John) da Costa CFO, Treasurer, Secretary and Director	nil	-	-	-	-
Jeff Buczek Former VP of Engineering and Director	500,000 ⁽³⁾	-	-	1-May-15	1-May-2020

* Messrs. Norling and Aasen resigned from all posts they held with the Company on February 7, 2017; Mr. Miller resigned from all his posts with the Company on February 13, 2017.

- (1) Represents options issued to Mr. Aasen under his Employment Agreement, entered into on March 6, 2015 and made effective on March 23, 2015. These options expired on March 7, 2017, pursuant to provisions of the 2014 Stock Option Plan.
- (2) Represents warrants issued to Mr. Norling under his Management Consulting Agreement, entered into on March 10, 2014. These warrants expired unexercised.
- (3) Represents options issued to Mr. Buczek under his Employment Agreement, entered into on May 1, 2015.

Executive Officer Employment / Consulting Agreements

Aside from the agreements described below, there are no employment agreements between us and any other named executive officers, and there are no employment agreements or other compensating plans or arrangements with regard to any named executive officers which provide for specific compensation in the event of resignation, retirement, other termination of employment or from a change of control of Triton or from a change in a named executive officer's responsibilities following a change in control.

Cancellation of Norling Employment Agreement, and Entry into Consulting and Other Agreements

On March 10, 2014, we cancelled and terminated the terms of Mr. Norling's previous employment agreement and instead entered into a Management Consulting Agreement with Mr. Norling. Under the terms of his Management Consulting Agreement, Mr. Norling agreed to continue to act as our Chief Technical Officer and was entitled to a consulting fee of \$22,500 per month starting March 1, 2014. In addition, we issued to Mr. Norling warrants to purchase up to 10,000,000 shares of our common stock at an initial exercise price of \$1.00 per share (the "Norling Warrants"). The Norling Warrants were exercisable for a period of three years provided that, if Mr. Norling ceases to act for us:

- (a) for a reason involving fraud, breach of contract or failure to follow the directives of our Board of Directors, the Norling Warrants will expire 30 days after Mr. Norling ceases to act for us, and
- (b) for any other reason, the Norling Warrants will expire 90 days after Mr. Norling ceases to act for us.

The Norling Warrants expired unexercised.

On October 1, 2014, we implemented a payroll system whereby majority of our officers and management team, who are US Citizens, were required to be treated as employees, requiring the Company to withhold and remit to IRS payroll taxes associated with their employment. As such, we began treating Mr. Norling as an employee rather than an independent consultant. Mr. Norling was employed on substantially the same terms as set out in his Management Consulting Agreement, including his gross salary of \$22,500 per month. Due to the Company's financial situation, Mr. Norling agreed to release the Company from its obligation to pay his payroll from July through October 2016. As of November 2016, we started accruing \$22,500 in consulting fees for Mr. Norling's services. Mr. Norling resigned from all positions he had held with the Company on February 7, 2017.

Employment Agreement with Anders Aasen

On March 6, 2015, we entered into an employment agreement with Anders Aasen, pursuant to which Mr. Aasen agreed to join the Company as our Chief Executive Officer and a director, effective March 23, 2015. Mr. Aasen was entitled to an annual base salary of \$270,000 per year beginning March 23, 2015. In addition to the base salary, we granted to Mr. Aasen options (the "Aasen Options") to purchase up to 3,000,000 restricted shares of our common stock at an initial exercise price of \$0.50 per share out of the Company's 2014 Stock Option Plan. Aasen Options to acquire up to 1,000,000 shares of our common stock vested on March 23, 2015 and options to acquire up to 500,000 shares of our common stock vested on March 23, 2016. The remaining Aasen Options were to vest at a rate of 500,000 shares per year, beginning March 23, 2017. All Aasen Options expired on March 7, 2017, pursuant to the provisions of 2014 Stock Option Plan.

DIRECTOR COMPENSATION

The following table sets forth the compensation paid to our directors during our December 31, 2016, fiscal year, other than directors who were also named executive officers as that term is defined in Item 402(m)(2). Compensation paid to directors who were also named executive officers during our December 31, 2016 fiscal year is set out in the tables above.

Name	Fees	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
	Earned or Paid in Cash (\$)						
Robert C. Kopple(1)	nil	nil	\$204,816	nil	nil	nil	\$204,816

(1) On September 8, 2014, we issued to Mr. Kopple options to purchase up to 2,500,000 shares of our common stock under our 2014 Stock Option Plan (the "Kopple Options"). The cost assigned to the Kopple Options during the year ended December 31, 2016, was calculated to be \$204,816 using the Black-Scholes option pricing model at the grant date. 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 resignation, death, incapacity or failure to serve as a director and Chairman of our 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. Under our Third KF Loan Agreement, we issued warrants for the purchase of shares of our common stock exercisable at \$0.10 per share to KFBV. Mr. Kopple is the principal of KFBV. As a result of the issuance of these warrants, the exercise price of the Kopple Options was automatically reduced to \$0.10 per share. The Kopple Options expire five years after the vesting date thereof.

Other than the options granted to Mr. Kopple, we do not have any compensation arrangements with Mr. Kopple for acting as a member of our Board or as our Chairman.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL HOLDERS AND MANAGEMENT.

The following tables set forth certain information concerning the number of shares of our common stock owned beneficially as of March 30, 2017 by: (i) each person (including any group) known to us to own more than five percent (5%) of any class of our voting securities, (ii) each of our directors and each of our named executive officers (as defined under Item 402(m)(2) of Regulation S-K), and (iii) officers and directors as a group. Unless otherwise indicated, the shareholders listed possess sole voting and investment power with respect to the shares shown.

Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in the following tables does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding. As of March 30, 2017, there were 88,195,005 shares of our common stock issued and outstanding.

Security Ownership of Certain Beneficial Owners (more than 5%)

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Common Stock	Rasmus Norling ⁽¹⁾ 2067 Calle Espana Apt. 2 San Juan, Puerto Rico 09011	20,350,000	23.1%
Common Stock	KF Business Ventures, LP 10866 Wilshire Boulevard Suite 1500 Los Angeles, California 90024	53,552,865 ⁽²⁾	40.4%
Common Stock	Kopple Financial, Inc. 10866 Wilshire Boulevard Suite 1500 Los Angeles, California 90024	53,552,865 ⁽²⁾	40.4%
Common Stock	Robert C. Kopple 10866 Wilshire Boulevard, Suite 1500 Los Angeles, California 90024	55,052,865 ⁽²⁾⁽³⁾	41.1%
Common Stock	Mitchell R. Miller ⁽¹⁾ 103 De Diego Avenue Unit 601 San Juan, PR 00911-3529	20,350,000	23.1%

Security Ownership of Management

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Common Stock	Anders Aasen ⁽¹⁾ Former Chief Executive Officer and Former Director	nil	0%
Common Stock	Rasmus Norling ⁽¹⁾ Former President, Former Chief Technology Officer, and Former Director	20,350,000	23.1%
Common Stock	John da Costa Chief Financial Officer, Treasurer, Secretary and Director	nil	0%
Common Stock	Mitchell Miller ⁽¹⁾ Former Senior VP of Business Development and Former Director	20,350,000	23.1%
Common Stock	Robert Kopple Chairman of the Board of Directors	55,052,865 ⁽²⁾⁽³⁾	41.1%
Common Stock	Directors and Executive Officers (as a group)	95,752,865	71.4%

- (1) Mr. Anders Aasen and Rasmus Norling tendered their resignations from the posts Messrs. Aasen and Norling held with the Company on February 7, 2017. Mr. Mitchell Miller resigned as the Senior Vice President of Business Development and as a director of the Company effective February 13, 2017.
- (2) KF Business Ventures, LP ("KFBV") is the direct beneficial owner of 53,552,865 shares of our common stock. Kopple Financial, as the sole general partner of KFBV, and Mr. Kopple, as the sole executive officer and sole director of Kopple Financial, are the indirect beneficial owners of our securities held directly by KFBV, with shared voting and dispositive power over those securities. The shares beneficially owned by KFBV consist of (i) 9,166,667 shares of our common stock held directly by KFBV; (ii) 26,854,546 shares issuable upon the exercise of warrants to purchase shares of our common stock at a price of \$0.10 per share, expiring January 15, 2021 (the First KF Loan Warrants, Second KF Loan Warrants and Third KF Loan Warrants); (iii) warrants to purchase up to 2,531,652 shares of the Issuer's common stock at a price of \$0.10 per share, expiring September 1, 2021 (the First KF Loan Extension Warrants and the Second KF Loan Extension Warrants); and (iv) 15,000,000 shares issuable upon the exercise of conversion rights under the Third KF Loan in the aggregate principal amount of \$1,500,000, with principal and interest payable thereon convertible at a price of \$0.10, maturing on January 15, 2017. The number of shares listed as being acquirable by KFBV upon exercise of the conversion rights associated with the Third KF Loan does not include shares issuable upon the conversion of interest as the amount of interest payable will vary depending upon the exercise by KFBV of its conversion rights and the exercise by the Issuer of its prepayment rights, each as provided for under the terms of the Third KF Loan.
- (3) The shares beneficially owned by Mr. Kopple include (i) the shares beneficially owned by KFBV; (ii) options to purchase up to 500,000 shares of our common stock exercisable at a price of \$0.10 per share, expiring September 1, 2019; (iii) options to purchase up to 500,000 shares of our common stock exercisable at a price of \$0.10 per share, expiring September 1, 2020, and (iv) options to purchase up to 500,000 shares of our common stock exercisable at a price of \$0.10 per share, expiring September 1, 2021. In addition, Mr. Kopple has been granted options for the purchase of up to 1,000,000 additional shares of our common stock pursuant to the Company's 2014 Stock Option Plan, which options vest at a rate of 500,000 shares on September 1 of 2017 and 2018, subject to certain early vesting provisions. The shares issuable pursuant to these options have not been included in the shares beneficially owned by Mr. Kopple as they are not exercisable within the next 60 days, subject to the triggering of certain early vesting provisions.

Equity Compensation Plans

The following table sets forth certain information concerning all equity compensation plans previously approved by stockholders and all previous equity compensation plans not previously approved by stockholders, as of December 31, 2016, our most recent fiscal year end:

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved By Security Holders	None	Not Applicable	None
Equity Compensation Plans Not Approved By Security Holders (1)	16,900,000	\$0.74	6,900,000

- (1) Includes options and warrants to purchase up to 10,600,000 shares of our common stock outside of our 2014 Stock Option Plan.

2014 Stock Option Plan

Effective 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 the Company by offering opportunities to directors, officers, employees and eligible consultants of the Company ("Participants") to acquire and maintain stock ownership in the Company in order to give these persons the opportunity to participate in the Company's growth and success, and to encourage them to remain in the service of the Company.

The 2014 Plan allows us to grant awards to our officers, directors and employees. In addition, we may grant awards to individuals who act as our consultants, 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.

A total of 13,200,000 shares of our common stock are available for issuance under the 2014 Plan. The total number of shares available for issuance under the 2014 Plan may be increased by resolution of the Board, provided that the maximum number of shares that may be optioned and sold under the 2014 Plan does not, at any time, exceed 15% of the outstanding shares of our common stock.

Awards under the 2014 Plan may be granted in the form of options to purchase shares of the Company's common stock ("Option Awards"). Option Awards may be made in the form of incentive stock options or non-qualified stock options. Incentive stock options granted under the 2014 Plan are those intended to qualify as "incentive stock options" as defined under Section 422 of the Internal Revenue Code. However, in order to qualify as "incentive stock options" under Section 422 of the Internal Revenue Code, the 2014 Plan must be approved by our stockholders within 12 months of its adoption. The 2014 Plan has not been approved by our stockholders and there is no assurance that the 2014 Plan will be approved by our stockholders. Non-qualified stock options granted under the 2014 Plan are option grants that do not qualify as incentive stock options under Section 422 of the Internal Revenue Code. Stock Awards may be made subject to such terms, conditions and restrictions as the plan administrator may, in its sole discretion, decide, including transfer restrictions and vesting provisions.

The exact terms of the options granted are contained in an option agreement between us and the person to whom such option is granted. Eligible employees are not required to pay anything to receive options. The exercise price for options intending to qualify as incentive stock options must be no less than 100% of the fair market value of our common stock on the date of grant. The exercise price for nonqualified stock options is determined by the Plan Administrator but may not be less than 75% of the fair market value of our common stock on the date of the grant. Fair market value for purposes of the 2014 Plan is calculated based on the average price of our common stock during the 10 trading days prior to the grant date. An option holder may exercise options from time to time, subject to vesting.

Options and Warrants Granted to Consultants Outside of 2014 Plan

As at December 31, 2016, we had the following outstanding options and warrants issued outside of our 2014 Plan to certain consultants and employees in exchange for their services:

- (1) On or about March 10, 2014, in consideration for his agreement to act as our Chief Technical Officer, we issued to Rasmus Norling, warrants to purchase up to 10,000,000 shares of our common stock at a price of \$1.00 per share, exercisable for a period ending on March 10, 2017. These warrants are subject to the terms and conditions of our Management Consulting Agreement with Mr. Norling, entered into as of the same date and contain early termination provisions in the event that Mr. Norling ceases to provide services to us prior to the scheduled expiration date. On March 10, 2017, the warrants issued to Mr. Norling expired unexercised.
- (2) On or about September 3, 2014, we issued to an independent investor relations consultant warrants to purchase up to 250,000 shares of our common stock. On or about September 4, 2015, we issued the consultant additional warrants to purchase up to 250,000 shares of our common stock. The warrants are exercisable at \$0.50 per share and expire on August 1, 2018. These warrants are subject to the terms and conditions of our consulting agreement with the warrant holder and contain early termination provisions in the event that the consultant ceases to provide services to us prior to the scheduled expiration date.

- (3) On July 23, 2013, we entered into a six-months consulting agreement with an unrelated party for the total of \$30,000. This contract may be settled by issuance of 100,000 shares of our common stock. As of the date of this Annual Report, these shares have not yet been earned or issued.

Changes in Control

We are not aware of any arrangements that may result in a change in control.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Director Independence

Our common stock is quoted on the OTC Link alternative trading system on the OTCQB marketplace, which does not have director independence requirements. In determining whether any of our directors are independent, we have applied the definition of “independent director” in Section 803 of the NYSE MKT Company Guide. We have determined that, under that definition, as of the date of this Annual Report on Form 10-K, none of our directors is independent.

Transactions with Related Persons

Since January 1, 2016, the directors, executive officers, or holders of more than 5% of our common stock, or members of their immediate families, as described below, have completed transactions with us in which they had direct or indirect material interests that exceeded the lesser of \$120,000 or 1% of the average of our total assets at year end for the last two completed fiscal years.

Loans from KF Business Ventures, LP

We are party to three separate Loan Agreements with KF Business Ventures, LP (“KFBV”). Robert C. Kopple, our Chairman and a member of our Board of Directors, is the principal of KFBV. As of December 31, 2016, we owed a total of \$7,213,475 to KFBV under the terms of the KF Loans, consisting of the full principal amount of all advances made to that date plus accrued interest thereon. A detailed description of the KF Loans is provided under Item 7 of this Annual Report on Form 10-K.

Note Payable to KF Business Ventures

In September 2016, we issued an unsecured promissory note to KFBV for gross proceeds of \$110,000 (the “KFBV Note”). As part of the terms of the KFBV Note we agreed to grant KFBV the right to offset the cash payable by KFBV to exercise the warrants to purchase shares of the Company’s common stock against the corresponding amount the Company would have to pay for outstanding indebtedness under this KFBV Note. The KFBV Note has an interest rate of 10% and was due January 15, 2017. During the year ended December 31, 2016, we recorded \$3,100 in interest expense associated with the KFBV Note. As of the date of the filing of this Annual Report on Form 10-K the KFBV Note is in default, however, we have not been served with a default notice by KFBV.

Bridge Loans from KF Business Ventures, LP and Rasmus Norling

During the year ended December 31, 2015, we entered into several bridge loan agreements with KF Business Ventures, LP (“KFBV”) and Mr. Rasmus Norling, our former President and CTO. Pursuant to the bridge loans, KFBV agreed to lend to us \$200,000 and Mr. Norling agreed to lend to us \$400,000. The principal amounts accumulate interest at 6% per annum compounded monthly and were due on December 31, 2016, as amended. During the year ended December 31, 2016, we recorded \$12,585 in interest expense associated with KFBV Bridge Loan and \$25,102 in interest expense associated with Norling Bridge Loans. As of the date of the filing of this Annual Report on Form 10-K the KFBV and Norling Bridge Loans are in default, however, we have not been served with default notices by KFBV or Mr. Norling.

Management Services from Da Costa Management Corp.

We pay Da Costa Management Corp. for administrative and accounting services. Joao (John) da Costa, our Chief Financial Officer, Treasurer, Secretary and a member of our Board of Directors is the principal of Da Costa Management Corp. During the year ended December 31, 2016, we paid or accrued to Da Costa Management \$180,000 for services provided by them. This amounts has been included in the Summary Compensation Table included under Item 11 of this Annual Report on Form 10-K. As of December 31, 2016, we were indebted to Da Costa Management Corp. in the amount of \$92,803 for unpaid fees (2015 - \$703).

Anders Aasen

As at December 31, 2016, we were indebted to Anders Aasen, our former Chief Executive Officer and a member of our Board of Directors, in the amount of \$46,860 (2015 - \$10,490). This amount consists of reimbursable expenses Mr. Aasen incurred which were associated with regular business expenses paid by Mr. Aasen on behalf of the Company as well as consulting fees we accrued on account of Mr. Aasen's services during November and December of 2016.

Rasmus Norling

As at December 31, 2016, we were indebted to Rasmus Norling, our former President, Chief Technical Officer and a member of our Board of Directors, in the amount of \$59,798 (2015 - \$14,798). This amount consists of reimbursable expenses Mr. Norling incurred while working on the LMS Project which were associated with regular business expenses paid by Mr. Norling on behalf of the Company, as well as consulting fees we accrued on account of Mr. Norling's services during November and December of 2016.

Mitchell Miller

As at December 31, 2016, we were indebted to Mitchell Miller, our former Senior Vice President of Business Development and a member of our Board of Directors, in the amount of \$41,117 (2015 - nil). This amount consists of consulting fees we accrued on account of Mr. Miller's services during November and December of 2016, which were in part reduced by advances Mr. Miller received on reimbursable expenses.

Jeffrey Buczek

As at December 31, 2016, we were indebted to Jeffrey Buczek, our former VP of Engineering and a former member of our Board of Directors, in the amount of \$195 (2015 - \$195). This amount consists of reimbursable expenses Mr. Buczek incurred while working on the LMS Project which were associated with regular business expenses paid by Mr. Buczek on behalf of the Company.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees

The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for Triton Emission Solutions' audit of annual financial statements and for review of financial statements included in Triton Emission Solutions' Form 10-Q's or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years was:

2016 - \$51,680 - Dale Matheson Carr-Hilton Labonte, L.L. P. Chartered Accountants

2015 - \$61,880 - Dale Matheson Carr-Hilton Labonte, L.L. P. Chartered Accountants

Audit-Related Fees

The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountants that are reasonably related to the performance of the audit or review of Triton Emission Solutions' financial statements and are not reported in the preceding paragraph:

2016 - \$0 - Dale Matheson Carr-Hilton Labonte, L.L. P. Chartered Accountants

2015 - \$0 - Dale Matheson Carr-Hilton Labonte, L.L. P. Chartered Accountants

Tax Fees

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning was:

2016 - \$2,250 - Dale Matheson Carr-Hilton Labonte, L.L. P. Chartered Accountants

2015 - \$2,500 - Dale Matheson Carr-Hilton Labonte, L.L. P. Chartered Accountants

All Other Fees

The aggregate fees billed in each of the last two fiscal years for the products and services provided by the principal accountant, other than the services reported in paragraphs (1), (2), and (3) was:

2016 - \$0- Dale Matheson Carr-Hilton Labonte, L.L. P. Chartered Accountants

2015 - \$0- Dale Matheson Carr-Hilton Labonte, L.L. P. Chartered Accountants

Approval Policies and Procedures

We do not have a separately standing audit committee. As such, our entire board of directors acts as our audit committee. Our Board of Directors annually reviews the qualifications of our principal accountant and approves their engagement as our principal accountant prior to their engagement. All of the non-audit services provided by our principal accountant were either pre-approved by our Board of Directors prior to engagement of the principal accountant for those services, or were approved by our Board of Directors prior to completion of their audit of our annual financial statements. Fees paid for non-audit services in 2016 and 2015 constituted less than 5% of total fees paid to our principal accountants in those years.

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES.**Financial Statements**

The financial statements of Triton Emission Solutions Inc. have been included in Item 8 above.

Financial Statement Schedules

All schedules for which provision is made in Regulation S-X are either not required to be included herein under the related instructions or are inapplicable or the related information is included in the footnotes to the applicable financial statement and, therefore, have been omitted from this Item 15.

Exhibits

All Exhibits required to be filed with the Form 10-K are included in this Annual Report or incorporated by reference to Triton Emission Solutions Inc.'s previous filings with the SEC, which can be found in their entirety at the SEC website at www.sec.gov under SEC File Number 000-33309 and SEC File Number 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. ⁽²⁹⁾
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. ⁽⁴⁾
10.4	Acamar Promissory Note dated April 19, 2012, given the Company in favor of Acamar Investments, Inc. ⁽⁴⁾
10.5	Security Agreement dated April 19, 2012, granted by GlobeTrac Inc. in favor of Acamar Investments Inc. ⁽⁴⁾
10.6	Loan Agreement dated June 29, 2012, in respect of the principal sum of CDN \$40,000 between the Company and Quarry Bay Capital LLC. ⁽⁵⁾
10.7	Loan Agreement dated June 29, 2012, in respect of the principal sum of CDN \$100,000 between the Company and Quarry Bay Capital LLC. ⁽⁵⁾
10.8	Loan Agreement dated June 29, 2012, in respect of the principal sum of CDN \$50,000 between the Company and Quarry Bay Capital LLC. ⁽⁵⁾
10.9	Extension letter dated October 17, 2012, from Acamar Investments, Inc. ⁽⁷⁾
10.10	Amendment No. 1 to Loan Agreement and Promissory Note dated November 16, 2012, between the Company and Acamar Investments, Inc. ⁽⁸⁾
10.11	Employment Agreement between Rasmus Norling and Poly Shield Technologies Inc. dated December 1, 2012. ⁽⁹⁾
10.12	U.S. Patent Assignment Agreement dated January 12, 2013, between Rasmus Norling and Poly Shield Technologies Inc. ⁽¹⁰⁾
10.13	European Patent Assignment Agreement dated January 12, 2013, between Rasmus Norling and Poly Shield Technologies Inc. ⁽¹⁰⁾
10.14	Share Purchase Agreement dated January 31, 2013, between Rasmus Norling and Poly Shield Technologies Inc. ⁽¹¹⁾
10.15	Collaboration Agreement dated November 15, 2012, between Ecolutions, Inc. and Green Tech Marine AS. ⁽¹¹⁾
10.16	Master Distributor Agreement dated November 15, 2012, between Ecolutions, Inc. and Green Tech Marine AS. ⁽¹¹⁾
10.17	License Agreement dated November 15, 2012, between Ecolutions, Inc. and Green Tech Marine AS. ⁽¹¹⁾
10.18	Share Purchase Agreement dated April 8, 2013, between J. Douglas Faulkner and Poly Shield Technologies Inc. ⁽¹²⁾
10.19	Sales and Purchase Agreement dated July 18, 2013 between LMS Shipmanagement, Inc. and Poly Shield Technologies Inc. ⁽¹³⁾
10.20	Purchase and sale Agreement dated August 16, 2013 between Prestige Cruise Holdings, Inc., and Poly Shield Technologies Inc. ⁽¹⁴⁾
10.21	Addendum to December 1, 2012 Employment Agreement, dated effective as of December 30, 2013. ⁽¹⁵⁾

Exhibit**Number Description of Exhibit**

10.22	Letter Agreement dated January 15, 2014 between Poly Shield Technologies Inc. and KF Business Ventures, LP. ⁽¹⁶⁾
10.23	Loan Agreement dated as of January 15, 2014 between Poly Shield Technologies Inc. and KF Business Ventures, LP. ⁽¹⁷⁾
10.24	Addendum No. 2 to December 1, 2012 Employment Agreement, dated effective as of February 28, 2014. ⁽¹⁸⁾
10.25	Technology Transfer Agreement between Paer Tomas Rasmus Norling and Poly Shield Technologies Inc. dated effective as of March 10, 2014. ⁽¹⁹⁾
10.26	Management Consulting Agreement between Paer Tomas Rasmus Norling and Poly Shield Technologies Inc. dated effective as of March 10, 2014. ⁽¹⁹⁾
10.27	Amendment No. 1 to Loan Agreement between Poly Shield Technologies Inc. and KF Business Ventures, LP dated effective as of March 10, 2014. ⁽¹⁹⁾
10.28	Purchase and Services Agreement between Magical Cruise Company, Limited and Poly Shield Technologies Inc. dated effective as of April 15, 2014. ⁽²⁰⁾
10.29	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. ⁽²²⁾
10.30	Management Consulting Agreement between Joao da Costa and Poly Shield Technologies Inc. dated effective as of June 25, 2014. ⁽²³⁾
10.31	Management Consulting Agreement between Mitchell Reed Miller and Poly Shield Technologies Inc. dated effective as of June 25, 2014. ⁽²³⁾
10.32	Loan Agreement between Poly Shield Technologies Inc. and KF Business Ventures, LP dated July 28, 2014. ⁽²⁴⁾
10.33	Management Consulting Agreement between Robert Lipp and Triton Emission Solutions Inc. dated effective as of September 3, 2014. ⁽²⁵⁾
10.34	Amendment No. 2 to that Loan Agreement dated January 15, 2014 between the Triton Emission Solutions Inc. and KF Business Ventures LP dated effective July 29, 2014. ⁽²⁶⁾
10.35	2014 Stock Option Plan. ⁽²⁶⁾
10.36	Non-Qualified Stock Option Agreement for Robert C. Kopple dated September 8, 2014. ⁽²⁶⁾
10.37	Amendment No. 1 to Sales and Purchase Agreement dated as of January 12, 2015 between LMS Shipmanagement, Inc. and Triton Emission Solutions Inc. ⁽²⁷⁾
10.38	Employment Agreement dated March 6, 2015, and effective as of March 23, 2015, between Anders Aasen and Triton Emission Solutions Inc. ⁽²⁸⁾
10.39	Loan Agreement dated July 28, 2015, in respect of the principal sum of \$200,000 between Triton Emission Solutions Inc. and Paer Tomas Rasmus Norling. ⁽³⁰⁾
10.40	Loan Agreement dated August 31, 2015, in respect of the principal sum of \$200,000 between Triton Emission Solutions Inc. and KF Business Ventures LP. ⁽³¹⁾
10.41	Consulting Agreement between Robert Lipp and Triton Emission Solutions Inc. dated effective as of September 4, 2015. ⁽³²⁾
10.42	Amendment No. 2 to Sales and Purchase Agreement dated as of November 5, 2015 between LMS Shipmanagement, Inc. and Triton Emission Solutions Inc.
10.43	Loan Agreement dated November 6, 2015, in respect of the principal sum of \$200,000 between Triton Emission Solutions Inc. and Paer Tomas Rasmus Norling. ⁽³³⁾
10.44	Amendment to Sales and Purchase Agreement dated as of December 1, 2015 between LMS Shipmanagement, Inc. and Triton Emission Solutions Inc.
10.45	Letter Agreement dated December 17, 2015 between Triton Emission Solutions Inc. and KF Business Ventures, LP. ⁽³⁴⁾
10.46	Loan Agreement dated January 8, 2016 between Triton Emission Solutions Inc. and KF Business Ventures, LP. ⁽³⁵⁾
10.47	Amendment Agreement to those loan agreements dated as of January 15, 2014, July 28, 2014, and August 31, 2015 between Triton Emission Solutions Inc. and KF Business Ventures, LP dated January 8, 2016. ⁽³⁵⁾

Exhibit**Number Description of Exhibit**

10.48	Amendment Agreement to those loan agreements dated July 28, 2015 and November 6, 2015 between Triton Emission Solutions Inc. and Paer Tomas Rasmus Norling dated January 8, 2016. ⁽³⁵⁾
10.49	Promissory Note dated September 13, 2016, in respect of the principal sum of \$110,000 between Triton Emission Solutions Inc. and KF Business Ventures, LP. ⁽³⁶⁾
10.50	Amendment No. 3 to Sales and Purchase Agreement dated as of December 22, 2016 between LMS Shipmanagement, Inc. and Triton Emission Solutions Inc.
14.1	Code of Ethics ⁽²⁾
21.1	List of Subsidiaries
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification 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 Quarterly Report on Form 10-QSB 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 December 31, 2011.
- (5) Filed as an exhibit to our Current Report on Form 8-K filed on March 16, 2012.
- (6) Filed as an exhibit to our Current Report on Form 8-K filed on July 13, 2012.
- (7) Filed as an exhibit to our Current Report on Form 8-K filed on November 6, 2012.
- (8) Filed as an exhibit to our Current Report on Form 8-K filed on December 7, 2012.
- (9) Filed as an exhibit to our Current Report on Form 8-K filed on December 11, 2012.
- (10) Filed as an exhibit to our Current Report on Form 8-K filed on January 17, 2013.
- (11) Filed as an exhibit to our Current Report on Form 8-K filed on February 6, 2013.
- (12) Filed as an exhibit to our Quarterly Report on Form 10-Q filed on May 14, 2013.
- (13) Filed as an exhibit to our Current Report on Form 8-K filed on July 24, 2013.
- (14) Filed as an exhibit to our Current Report on Form 8-K filed on August 22, 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 11, 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 Quarterly Report on Form 10-Q filed on August 14, 2014.
- (22) Filed as an exhibit to our Current Report on Form 8-K filed on July 1, 2014.
- (23) Filed as an exhibit to our Current Report on Form 8-K filed on August 1, 2014.
- (24) Filed as an exhibit to our Current Report on Form 8-K filed on September 9, 2014.
- (25) Filed as an exhibit to our Current Report on Form 8-K filed on September 12, 2014.
- (26) Filed as an exhibit to our Current Report on Form 8-K filed on January 26, 2015.
- (27) Filed as an exhibit to our Current Report on Form 8-K filed on March 12, 2015.
- (28) Filed as an exhibit to our Current Report on Form 8-K filed on August 27, 2014.
- (29) Filed as an exhibit to our Current Report on Form 8-K filed on August 3, 2015.
- (30) Filed as an exhibit to our Current Report on Form 8-K filed on September 4, 2015.
- (31) Filed as an exhibit to our Current Report on Form 8-K filed on September 10, 2015.
- (32) Filed as an exhibit to our Current Report on Form 8-K filed on November 12, 2015.
- (33) Filed as an exhibit to our Current Report on Form 8-K filed on December 23, 2015.
- (34) Filed as an exhibit to our Current Report on Form 8-K filed on February 1, 2016.
- (35) Filed as an exhibit to our Annual Report on Form 10-K filed on April 14, 2016.

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 its behalf by the undersigned, thereunto duly authorized.

TRITON EMISSION SOLUTIONS INC.

By: /s/ Robert C. Kopple
Name: **Robert C. Kopple**
Title: **Chairman**
Dated: **April 14, 2017**

By: /s/ Joao (John) da Costa
Name: **Joao (John) da Costa**
Title: **Chief Financial Officer**
Dated: **April 14, 2017**

Pursuant to the requirements of the Securities Exchange Act of 1934, the following persons on behalf of Triton Emission Solutions Inc. and in the capacities and on the dates indicated have signed this report below.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Joao (John) da Costa</u> Joao (John) da Costa	Chief Financial Officer, (Principal Financial and Accounting Officer,) Corporate Secretary, Treasurer and Member of the Board of Directors	April 14, 2017
<u>/s/ Robert C. Kopple</u> Robert C. Kopple	Chairman and Member of the Board of Directors	April 14, 2017

AMENDMENT NO. 3 TO SALES AND PURCHASE AGREEMENT

THIS AMENDMENT NO. 3 TO SALES AND PURCHASE AGREEMENT (this "Agreement") is made as of November 22, 2016 (the "Effective Date") between **LMS Shipmanagement, Inc.**, a Louisiana corporation, with an address at RSA Battle House Tower Office Building, 11 North Water Street, Suite 18290, Mobile, AL 36602 ("LMS"), and Triton Emission Solutions Inc. (formerly Poly Shield Technologies Inc.), a Delaware corporation, with an address at 151 San Francisco Street, Suite 201, San Juan, Puerto Rico 00901 ("TES").

WHEREAS LMS and TES are parties to that Sales and Purchase Agreement made as of July 18, 2013 (the "Sales Agreement") regarding the sale and purchase of certain DSOX-15 Scrubbers and Exhaust Scrubbers, as those terms are defined in the Sales Agreement; and

WHEREAS LMS and TES wish to amend the terms of the Sales Agreement as set forth herein,

NOW THEREFORE THIS AGREEMENT WITNESSES THAT for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto mutually covenant and agree as follows:

1. Unless otherwise specifically defined in this Agreement, capitalized terms used herein and in the recitals hereto shall have the meanings set forth in the Sales Agreement.

2. All references to "Poly Shield Technologies Inc." and "PST" wherever appearing in the Sales Agreement, shall be deemed to have been deleted and replaced with "Triton Emission Solutions Inc." and "TES", respectively.

3. Section 2.g. of the Sales Agreement shall be deleted in its entirety and replaced with the following:

"g. LMS shall have the option to purchase up to forty (40) additional DSOX-20 Scrubbers for the purchase price, and upon the payment terms, for each DSOX-20 Scrubber as specified in the Confidential Price Summary. Such option shall remain available to LMS until ninety (90) days following the date of Certification of the DSOX-20 Scrubbers for the Vessels, but in no event later than December 31, 2017. This option to purchase shall be exercised in accordance with the Option Terms as provided in Article 5 of this Agreement. LMS shall designate a vessel for each DSOX-20 Scrubber at the time such option is exercised. Each DSOX-20 Scrubber shall be used on each such vessel for such vessel's fuel requirements and for no other use or application."

4. Section 5.1.a. of the Sales Agreement shall be deleted in its entirety and replaced with the following:

"a. Upon Certification. Prior to ninety (90) days following the date of Certification, but in no event later than December 31, 2017 (the "Option Period"), LMS may enter into a separate purchase agreement, as described herein, for the purchase of additional DSOX-20 Scrubbers. The option shall be deemed to be waived, null, and void upon failure to enter into such purchase agreement for additional DSOX-20 Scrubbers within the Option Period. The Option Period, and any option term, may only be extended by mutual written agreement of the Parties. "

5. Section 5.2.a. of the Sales Agreement shall be deleted in its entirety and replaced with the following:

"a. If LMS has the option to purchase one or more Exhaust Scrubbers as provided in Article 2.i. of this Agreement, LMS shall have the right to purchase such Exhaust Scrubber(s) until ninety (90) days following the expiration of the six (6) months from the date installation is completed on the Vessels and Certification is not obtained, but in no event later than December 31, 2017 ("Exhaust Scrubber Option Period").

6. Notices addressed to TES shall be addressed to TES at the address set forth below or such other address as TES may designate and provide notice of in writing from time to time in accordance with the Sales Agreement:

Attn: Anders Aasen, CEO
Triton Emission Solutions Inc.
151 San Francisco Street, Suite 201
San Juan, Puerto Rico

7. Except as modified by this Agreement, the Sales Agreement shall remain in full force and effect in accordance with its terms, and are hereby ratified and confirmed in all respect by LMS and TES.

8. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument, and shall become effective when one or more counterpart have been signed by each party hereto and delivered to the other parties.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first written above.

LMS SHIPMANAGEMENT, INC.

by its authorized signatory:

/s/ Peter M. Johnston

Name: Peter M. Johnston

Title: Executive President

TRITON EMISSION SOLUTIONS INC.

by its authorized signatory:

/s/ Anders Aasen

Name: Anders Aasen

Title: Chief Executive Officer

LIST OF SIGNIFICANT SUBSIDIARIES, EXHIBIT 21

<u>Subsidiary Name</u>	<u>State of Incorporation</u>
Ecolutions, Inc.	Florida
Triton Emission Solutions International AB.	Sweden

**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 Annual Report on Form 10-K for the year ending December 31, 2016 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: April 14, 2017

/s/ Joao (John) da Costa
Joao (John) da Costa
Chief Financial Officer
(Principal Financial and
Accounting Officer)

**TRITON EMISSION SOLUTIONS INC.
CERTIFICATIONS PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert C. Kopple, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ending December 31, 2016 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: April 14, 2017

/s/ Robert C. Kopple

Robert C. Kopple
Chairman and Member of
the Board of Directors

**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 Annual Report of Triton Emission Solutions Inc. (the "Company") on Form 10-K for the period ending December 31, 2016, 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: April 14, 2017

/s/ Joao (John) da Costa

Joao (John) da Costa
Chief Financial Officer
(Principal Financial and
Accounting 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 Annual Report of Triton Emission Solutions Inc. (the "Company") on Form 10-K for the period ending December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert C. Kopple, Chairman and Member of the Board of Directors 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: April 14, 2017

/s/ Robert C. Kopple
Robert C. Kopple
Chairman and Member of
the Board of Directors