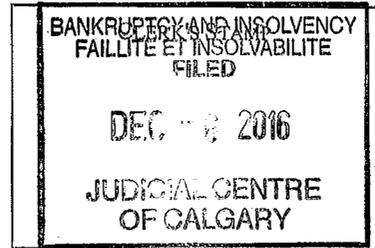


FORM 49
[RULE 13.19]



COURT FILE NUMBER 25 - 2172984
ESTATE NUMBER 25 - 2172984
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *BANKRUPTCY
AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3,
AS AMENDED

AND IN THE MATTER OF MICROPLANET
TECHNOLOGY CORP.

DOCUMENT

AFFIDAVIT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500 Bankers Hall East
855 - 2nd Street SW
Calgary, Alberta T2P 4K7

Attention: Alexis Teasdale
Telephone No.: (403) 298-3067
Fax No.: (403) 265-7219
Client File No.: 55088.16

AFFIDAVIT OF WOLFGANG STRUSS

Sworn on December 5, 2016.

I, Wolfgang Struss, of Redmond, Washington, Businessman, SWEAR AND SAY THAT:

1. I am the President, CEO, and sole director of MicroPlanet Technology Corp. ("MTC" or the "**Company**"). I am also President, CEO, and sole director of MTC's wholly-owned US subsidiary, MicroPlanet, Inc. ("**MI**"). As such, I have personal knowledge of the matters hereinafter deposed to, except where stated to be based on information and belief, in which case I verily believe the same to be true.
2. All capitalized terms not otherwise defined herein bear the meaning given to them in the Amended Proposal filed with the Office of the Superintendent of Bankruptcy (the "**OSB**") on November 21, 2016 (the "**Amended Proposal**").

3. I swear this affidavit in support of an application by MTC for, among other things:
- (a) an Order approving and sanctioning the Amended Proposal; and
 - (b) an Order:
 - (i) approving the share purchase transaction (the "**Transaction**") contemplated by the share purchase agreement dated December 5, 2016 (the "**Share Purchase Agreement**"), between MTC, as vendor, and Emerald Ventures Inc. ("**EVI**" or the "**Proposal Sponsor**") as purchaser, a true copy of which is attached hereto and marked as **Exhibit "1"**;
 - (ii) authorizing MTC to complete the Transaction; and
 - (iii) ordering that upon delivery of the Distribution Fund to Deloitte Restructuring Inc. in its capacity as proposal trustee of MTC (the "**Proposal Trustee**"), all of MTC's right, title, and interest in and to the MTC Asset shall vest absolutely in EVI, free and clear of all interests, liens, charges, and encumbrances, as set out in the said Order.
4. I have reviewed the October 4, 2016 Report of the Proposal Trustee on the original Proposal of MTC (the "**Trustee's First Report**"), and the November 21, 2016 Report of the Proposal Trustee on the Amended Proposal of MTC (the "**Trustee's Second Report**"), and I adopt the factual statements set out therein as if each were separately restated in this Affidavit.
5. All references to dollars or "\$" in this Affidavit are in Canadian dollars.

My knowledge of MTC and MI

6. The statements in this Affidavit concerning MTC's assets, liabilities, operations, and affairs during the period before I became a member of the executive and management teams, is based largely on public information filed on SEDAR, supplemented by my personal knowledge, minimal information provided to me by MTC's legal counsel, Bennett Jones LLP, and information provided to me by certain former members of MTC's executive team.

MTC and MI

7. I am informed by my review of News Releases dated June 30, 2004, December 21, 2004 and April 8, 2005 that MTC was formerly called HF Capital Corp., and was incorporated under the *Alberta Business Corporations Act* on February 19, 2004 as a capital pool company pursuant to Policy 2.4 of the TSX Venture Exchange Inc. (the "**Exchange**"). I am also informed by my review of the news releases mentioned above that on April 8, 2005, MTC acquired the outstanding securities of MI, a company formed under the laws of the State of Washington.
8. I am informed by a news release dated April 8, 2005 that MTC's acquisition of MI's securities was completed pursuant to a merger transaction between a U.S. wholly owned subsidiary of MTC and MI, and that this transaction involved the issuance of exchangeable shares in the capital of MI to security holders of MI. These exchangeable shares were subsequently exchanged for common shares of MTC, at which time MI became a wholly-owned subsidiary of MTC.
9. MI is in the business of developing and commercializing technologies to precisely regulate voltage for the utility and commercial markets. MI's products are sold to electric utilities and business for the purposes of regulating voltage within compliance standards, conserving electricity and increasing equipment life. MI's customers are located primarily in Australia, with a historical customer in the United Kingdom.
10. MTC's sole business was and remains raising money to fund MI's operations.

My Involvement with MTC and MI

11. I have been a shareholder of MTC since approximately 2010. I also held unsecured convertible debentures in the amount of \$25,000, which I purchased in October 2013 and which were eventually converted to equity at my election. I am also a member of a small group of individual investors in Seattle, Washington (the "**Seattle Investors**"), most of whom are also shareholders of MTC, and most of whom have purchased debentures from MTC or otherwise invested funds in MI. My involvement with the Seattle Investors ultimately led to my becoming an officer and director of MTC.

12. In about June 2014, Joe Tanner, the then-CEO of MTC tendered his resignation to the Board of Directors. At this juncture, the Seattle Investors had been concerned for some time already that the executive team's sole focus was to divest MI of all its assets, leaving MTC's shareholders with no hope of gain or recovery. At the request of the Seattle Investors, I put my name forward to MTC's Board of Directors as a replacement CEO. After several months of discussions with the Board of Directors, I was named interim President and CEO of MTC in early November 2014, as evidenced by the news release dated November 7, 2014 attached hereto and marked as **Exhibit "2"**.
13. On May 1, 2015, I was appointed as a director of MTC, and all of MTC's existing directors ceased to hold office. The Notice of Change of Directors dated July 18, 2016 and associated proof of filing are attached hereto and collectively marked as **Exhibit "3"**.
14. The involvement of two other individuals in MTC, Brett Ironside and Myron Tetreault, is relevant to these proceedings. Both of these individuals are former directors of MTC, Mr. Ironside from February 19, 2004 to April 30, 2013, and Mr. Tetreault from February 19, 2004 to August 14, 2012, as evidenced by the proof of filing at Exhibit "3" hereto. Both individuals are also shareholders of MTC, and I believe Mr. Ironside is also a creditor of MTC, as described in paragraph 46 of this Affidavit.
15. Based on my review of news releases dated November 1, 2006, March 15, 2010 and April 4, 2013, I believe Mr. Ironside also served as President and CEO of MTC from June 2006 to November 1, 2006, and again from March 15, 2010 to April 4, 2013.

Historical Finances and Operations of MTC and MI

16. At the time I became President and CEO of MTC, it was not in good financial health. I am informed by my review of the audited consolidated financial statements of MTC for the years ended December 31, 2004 to 2013 (the "**Audited Financials**") and the unaudited interim consolidated financial statements for the period ended September 30, 2014 (the "**Interim 2014 Financials**"), that from inception MTC (on a consolidated basis with MI) incurred only operating losses and carried an accumulated deficit of tens of millions of dollars. Since its inception, MTC's liabilities have exceeded its assets, and its ability to continue as a going concern has been doubtful.

17. Based on my review of the Audited Financials, and in my capacity as President and CEO, I am aware that the company went through numerous rounds of equity and debt financing. It appears, based on the Audited Financials that the funds raised were used for general and administrative expenses, stock-based compensation, research and development, and marketing. MTC's general and administrative expenses were higher than any other category of expenses in every year from 2005 to 2012. I believe a significant portion of the general and administrative expenses paid from 2005 through 2012 were for executive and director compensation, including significant amounts paid to Mr. Ironside (in excess of \$1.2 million over his tenure as President and CEO and director). I have never received any compensation from MTC for my work as a director and officer, although I have kept a record of deferred compensation in relation to my work in that capacity.
18. In or about March of 2015, MTC's auditors submitted their resignation. MTC did not have sufficient funds to pay for its 2013 audit or its 2014 audit, or to hire a replacement auditor. As a result, MTC has been unable to prepare and file audited annual financial statements for the years ended December 31, 2014 or December 31, 2015 with the relevant Canadian securities regulatory authorities. MTC has also lacked the financial resources to file management's discussion and analysis, or certification of annual filings with the said securities regulatory authorities.
19. As a result, in May of 2015, Cease Trade Orders were issued by the securities commissions of the provinces of Alberta, British Columbia, Manitoba, and Ontario (collectively, the "**Cease Trade Orders**"), suspending trading of MTC's shares in those provinces. True copies of the Cease Trade Orders are attached hereto and collectively marked as **Exhibit "4"**. The Cease Trade Orders are still in effect, as evidenced by the reporting issuer lists maintained by the securities commissions of British Columbia, Alberta, Manitoba and Ontario dated between November 30, 2016 and December 2, 2016, excerpts of which are attached and collectively marked as **Exhibit "5"**.
20. I am further informed by Bennett Jones LLP that MTC is in default of its obligations under Saskatchewan securities laws for failing to file certain continuous disclosure documents and to pay the related fees, as evidenced by the reporting issuer listing for MTC maintained by the Saskatchewan Securities Commission dated December 2, 2016, a copy of which is attached as **Exhibit "6"**.

21. On or about August 18, 2015, the Exchange transferred MTC's listed common shares to the NEX, which is described by its website as a separate board of the Exchange for listed companies that have fallen below the Exchange's ongoing listing standards. MTC's common shares are listed on the NEX, but trading is suspended, as evidenced by the list of NEX Listed Companies dated November 11, 2016, an excerpt of which is attached and marked as **Exhibit "7"**.
22. As a result of the Cease Trade Orders and the general state of its affairs, including its extremely heavy debt load, MTC was unable to raise further capital to fund MI's operations, which were already largely inactive due to lack of funding – its manufacturing facility was closed and all inventory had been put into storage.

My Efforts to Revitalize MTC

23. Since becoming a director and officer of MTC and MI, I have continuously directed my energies towards creating and evaluating strategic plans to establish liquidity for MTC's existing shareholders and create a hospitable investment vehicle for potential capitalization sources. With respect to MI, my activities have included raising money to pay for non-payroll expenses, pursuing existing business leads and potential new leads for strategic business partners, and looking for new office and manufacturing space.
24. My efforts to turn MTC into a more attractive investment vehicle included negotiations in the spring of 2015 to enter into a forbearance agreement with key MTC investors including Front Street Capital, IA Clarington Tactical Income Fund, and Gary Tanner. The intention behind the potential forbearance agreement was to provide comfort to new investors that their capital would be used to operate MI and not to pay off MTC's existing debt.
25. Based on subsequent discussions with potential new investors, the agreement of MTC's existing investors to forbear was not sufficient to convince the new investors to invest. As such, in the late summer of 2015, I abandoned the idea of forbearance and began to consider the possibility of a debt to equity conversion to convert the majority of MTC's debt into preferred shares, thereby removing the possibility of foreclosure by MTC's noteholders.
26. In order to effect a debt to equity conversion, it was necessary to obtain a partial variance of the Alberta and Ontario Cease Trade Orders. MTC began the process of obtaining partial variances in November 2015, and completed it in March 2016. This process involved a

substantial amount of legal work and further reduced MTC's severely limited capital reserves.

27. In December 2015, during the height of its effort to lift the relevant Cease Trade Orders, MTC was sued by its former CEO, Brett Ironside, for the alleged breach of his employment contract. MTC was required to expend its already limited financial resources on assessing and responding to Mr. Ironside's claim.
28. By February 2016 it was clear that Mr. Ironside's lawsuit was compromising the effort to save MTC and its shareholders. The lawsuit impacted negatively on the willingness of potential investors to invest, because I was unable to assure them that their investments would not be jeopardized by claims against MTC, and generated uncertainty about whether MTC would be subject to other unforeseen claims. This, together with MTC's heavy debt load, and the time cost and financial cost of re-listing MTC on the Exchange resulted in the decision not to proceed with a debt to equity conversion, despite the granting of partial revocation orders by the Alberta and Ontario Securities Commissions in respect of the Cease Trade Orders on March 28, 2016 and March 6, 2016, respectively.
29. Following the decision not to proceed with the debt to equity conversion, I began to work on a new strategy, to unwind MI from MTC. The purpose of the unwinding was to allow the technology being developed through MI, and its future potential growth, to survive. These proceedings are the mechanism by which this unwinding is being implemented.

MTC's Assets

30. MTC's only asset is its 100% ownership interest in all of the issued and outstanding shares of MI. Although MTC has accumulated tax losses, based on my review of the Audited Financials, I believe the application of MTC's tax losses is subject to restrictions, and see that such losses are not recognized as being of any value in the Audited Financials because it is uncertain and highly speculative as to whether the losses will be realized in the relevant carry forward periods.
31. Despite a thorough search of the MTC records in my possession, and despite making inquiries with a number of law firms and attorneys who previously acted as legal counsel to MI and MTC, as well as certain of MI's and MTC's former directors and officers, I have been unable to locate the original stock certificate representing the shares of MI held by

MTC (the "**MI Stock Certificate**"). I am advised by Bennett Jones LLP that they have also searched their files and have been unable to find the MI Stock Certificate.

32. I am advised by Alexis Teasdale of Bennett Jones LLP that Dorsey & Whitney in Seattle, who were U.S. counsel to HF Capital Corp. in relation to the merger transaction described in paragraphs 6 and 7, above, found an electronic copy of the MI Stock Certificate in their records, a true copy of which is attached hereto as **Exhibit "8"**. MTC recently obtained a replacement for the MI Stock Certificate, a true copy of which is attached hereto and marked as **Exhibit "9"**.

MTC's Liabilities

The Notes

33. MTC's primary liabilities are comprised of certain convertible debentures issued by the Company in 2009, 2012 and 2013 (collectively, the "**Notes**"). Because I was not involved with MTC at the time the Notes were issued, redeemed, or converted, I have no personal knowledge of these matters. My knowledge of the issuance of the Notes, their redemption or conversion, and the current principal balance thereof, is based on my review of information provided by MTC's former CFO, Ed Garth, the Audited Financials, and the Interim 2014 Financials. In particular, I have relied on the audited consolidated financial statements for December 31, 2012 (the "**Audited 2012 Financials**"), the audited consolidated financial statements for December 31, 2013 (the "**Audited 2013 Financials**") and the Interim 2014 Financials, true copies of which are attached hereto and marked as **Exhibits "10"**, "**11"**, and "**12"**.

The 2009 Notes

34. Based on my review of information provided by Mr. Garth, the Audited Financials, and the Interim 2014 Financials, and to the best of my knowledge, during 2009 the Company issued a total of \$4,000,000 in secured convertible notes (the "**2009 Notes**") in three tranches beginning in June and ending in October. The 2009 Notes have a two-year term, carry interest at the rate of twelve percent (12%) per annum payable semi-annually in arrears, and are convertible at the option of the holder up to the date of maturity. The maturity dates of the 2009 Notes were extended to March 31, 2014. A true copy of one of the 2009 Notes is attached and marked as **Exhibit "13"**.

35. The 2009 Notes were secured by a general security agreement granted to each holder of 2009 Notes (collectively, the "**2009 Noteholders**") by MTC. A true copy of one such general security agreement is attached hereto and marked as **Exhibit "14"**. I am informed by Bennett Jones LLP that the closing books for the 2009 Notes confirm that general security agreements were executed by MTC in favour of each of the 2009 Noteholders, with the exception of Front Street Capital. As of the date of this Affidavit, the personal property registries for Alberta, British Columbia, Ontario, Manitoba or Saskatchewan do not reflect any registration in favour of the 2009 Noteholders, as evidenced by the search results for the personal property registries in those jurisdictions attached hereto and collectively marked as **Exhibit "15"** (the "**PPR Searches**").

The Inter-Creditor Agreement

36. On October 14, 2009, the 2009 Noteholders entered into an inter-creditor agreement (the "**ICA**") governing the ongoing relationship between the 2009 Noteholders. The ICA stipulates, among other things, that the security interests granted in conjunction with the 2009 Notes shall rank equally among all 2009 Noteholders, regardless of timing of perfection or registration of the securities, and that any repayment of the 2009 Notes shall be made on a *pari passu* basis between all 2009 Noteholders. Attached hereto as **Exhibit "16"** is a copy of the ICA.

The MI Guarantee and Security

37. In addition to the general security agreements made by MTC in conjunction with the 2009 Notes, MI executed a guarantee dated October 14, 2009 (the "**MI Guarantee**"), which was supported by a security agreement dated October 4, 2009 (the "**MI GSA**"), each made in favour of all of the 2009 Noteholders. True copies of the MI Guarantee and the MI GSA are attached hereto and marked as **Exhibits "17"** and "**18"**.
38. Under the MI Guarantee, MI guaranteed the payment of all indebtedness, liabilities and obligations of MTC to the 2009 Noteholders. Payment under the MI Guarantee is due on demand, subject to the default provisions therein, and further, is subject to the terms and obligations contemplated under the ICA. The MI Guarantee is governed by Alberta law.

39. The MI GSA grants to the 2009 Noteholders a security interest in all of the now and after acquired personal property of MI as security for MI's obligations under the Guarantee. The MI GSA is governed by the law of Washington State.
40. I am informed by my review of a letter from Bennett Jones LLP to Dorsey & Whitney LLP dated November 16, 2009 that a number of security agreements in favour of investors, including the MI GSA, were sent for registration under the Washington State Uniform Commercial Code ("UCC"); however, I understand that this registration lapsed in 2014. Attached as **Exhibit "19"** is a true copy of the search results of the indices of the UCC division of the Washington Department of Licensing dated December 5, 2016 (the "**UCC Search**"), confirming there is no registration in the Washington State UCC in relation to the MI GSA or any other security other than that held by EVI.

The 2012 Notes

41. Based on my review of information provided by Mr. Garth, the Audited Financials, and the Interim 2014 Financials, and to the best of my knowledge, during 2012, the Company issued a total of \$1,100,000 in convertible notes (the "**2012 Notes**"), in two tranches beginning in June, 2012, and ending in August, 2012. The 2012 Notes have a two year term, carry an interest rate of twelve percent (12%) per annum payable at the end of the term, and are convertible at the option of the holder up to the date of maturity. A true copy of one of the 2012 Notes is attached and marked as **Exhibit "20"**.
42. The 2012 Note at Exhibit "20" states on its face that it is to be secured by general security agreements granted by MTC. I am informed by Bennett Jones LLP that they were not asked to prepare general security agreements in respect of the 2012 Notes, and that their files do not contain any such agreements. Neither the PPR Searches at Exhibit "15" nor the UCC Search at Exhibit "19" discloses any registration in favour of the 2012 Noteholders.

The 2013 Notes

43. Based on my review of information provided to me by Mr. Garth, the Audited Financials, and the Interim 2014 Financials, and to the best of my knowledge, during 2013 the Company issued a total of \$374,000 in unsecured convertible notes with a maturity date of December 31, 2013 and bearing interest at a rate of fourteen percent (14%) per annum

payable in arrears upon maturity (the "2013 Notes"). The 2013 Notes were convertible at the option of the holder up to the date of maturity. A true copy of an unexecuted 2013 Note is attached hereto and marked as **Exhibit "21"**.

Potential Current Liability to Noteholders

44. Based on my review of the Audited Financials, the Interim 2014 Financials, and information provided to me by Mr. Garth, it appears that the amounts in the chart below are likely to be the principal amounts outstanding on the Notes, subject to MTC's creditors proving their claims as required in these proposal proceedings.
45. MTC's Audited Annual Financial Statements for the year ended December 31, 2012 state that 2009 Notes with a principal balance of \$913,000 were redeemed for cash, while 2009 Notes with a principal balance of \$1,462,000 were exchanged for common shares and warrants, leaving a principal balance outstanding of \$1,625,000. MTC's Audited Annual Financial Statements for the year ended December 31, 2013 state that 2013 Notes with a principal balance of \$170,000 were redeemed for cash during late 2013, and the Interim 2014 Financials state that 2013 Notes in the principal amount of \$135,000 were redeemed for cash in 2014, leaving a principal balance of \$69,000.
46. As I have no personal knowledge of the issuance or conversion or redemption of the Notes, the following list is not an admission or acknowledgment by MTC that such amounts are in fact owing to the individuals or entities listed.

2009 Notes		
Noteholder	Tranche	Principal Amount
Gary Tanner	1	\$100,000.00
Eric Tremblay	1	\$50,000.00
Olympia Trust Co. RRSP 17997 ITF Brett Ironside	1	\$375,000.00
IA Clarington Tactical Income Fund	2	\$300,000.00
Jacqueline Christina Stahl	2	\$50,000.00
Front Street Capital	3	\$750,000.00
	Total	\$1,625,000.00
2012 Notes		
Noteholder	Tranche	Principal Amount
Front Street Capital	1	\$500,000.00
Wayne Smith	1	\$50,000.00
IA Clarington Tactical Income Fund	1	\$250,000.00
Brett Ironside	2	\$50,000.00

IA Clarington Tactical Income Fund	2	\$250,000.00
	Total	\$1,100,000.00
2013 Notes		
Noteholder	Tranche	Principal Amount
Utiology Pty Ltd ATF Utiology Trust ABN 8261557	1	\$44,000.00
Douglas and Elizabeth McPhee	1	\$25,000.00
	Total	\$69,000.00

47. I understand that the Proposal Trustee caused notice of the Proposal filed by MTC on October 3, 2016, and notice of the Amended Proposal, to be sent to all of the individuals or entities listed above, as well as to individuals or entities identified in the records provided to me by Mr. Gath as part or current holders of the 2009 Notes, in order to give them an opportunity to prove a claim in these proceedings.

Trade Creditors

48. MTC's liabilities to creditors other than holders of Notes are listed in MTC's Statement of Affairs dated October 3, 2016, and total approximately \$167,000.

EVI's Relationship with MI

49. My efforts as president, CEO and sole director of MTC and MI have focused on refinancing or restructuring MTC's liabilities, as described above, and securing operating funds for MI. At present, MI's operations are focused on completing two purchase orders, one from SA Power Networks, dated May 19, 2016 (the "**SAPN Purchase Order**"), and the other from ERDF, dated June 23, 2016 (the "**ERDF Purchase Order**") (collectively, the "**Purchase Orders**"), true copies of which are attached and marked as **Exhibits "22"** and "**23"** respectively.
50. Seeking operating funds for MI has been a significant challenge. MTC has too many liabilities to attract sufficient operating capital investments, including loans from institutional lenders. Based on discussions I have had with one institutional investment company in particular, I believe that institutional investment will only become a viable option after MI is unwound from MTC and MI is operational.
51. Since I became President and CEO of MI, most of the funding for its operations has come from the members of an informal group of individual investors in the Seattle, Washington

area, of which I am a part (the "**Seattle Investors**"). Most of the Seattle Investors, including me, have invested in MI in the past, and most, like me, are shareholders of MTC.

52. Between October, 2014 and June, 2016, 11 of the Seattle Investors loaned approximately \$309,545 (the "**Interim Operating Loans**") to MI either directly or to an informal fund established as the "Microplanet Investment Fund". As efforts to restructure MTC proceeded, it became clear that a more formal mechanism to document and protect past and future investments in MI was both prudent and necessary.
53. EVI was incorporated in Washington on June 21, 2016 by Wayne Smith, as a vehicle through which investors, including the Seattle Investors, could formalize and secure their loans to MI. I am not a director, officer or shareholder of EVI – Mr. Smith is EVI's sole director and shareholder, and I am not related to Mr. Smith by blood, marriage, common law, or adoption. Mr. Smith retained Washington legal counsel to assist in the formation of EVI and the preparation of loan and security documentation for the Interim Operating Loans and future funding to be provided by investors to MI.
54. EVI purchased the Interim Operating Loans from the Individual Investors and entered into a Loan and Security Agreement with MI, which was executed on June 21, 2016, but mistakenly dated June 1, 2016 (the "**June Security Agreement**") in respect of the Interim Operating Loans, a true copy of which is attached and marked as **Exhibit "24"**.
55. MI required further operating funds to fulfill its obligations under the Purchase Orders. EVI obtained additional funds for this purpose from certain Seattle Investors, on the basis that those funds would be secured against MI's assets. Accordingly, EVI and MI entered into a second Loan and Security Agreement in the nature of a factoring agreement in respect of the SAPN Purchase Order (the "**August Security Agreement**"), a true copy of which is attached and marked as **Exhibit "25"**.
56. Since August 22, 2016, investors have placed additional funds with EVI, which in turn has advanced a total of \$170,000 directly to MI under the August Security Agreement. These funds were used to purchase raw materials and pay overhead, with a small amount going towards salaries for MI's manufacturing employees.

57. A spreadsheet showing the Interim Operating Loans and the funds advanced under the August Security Agreement is attached hereto and marked as **Exhibit "26"**. Copies of the cheques evidencing these advances are attached hereto and collectively marked as **Exhibit "27"**. Without the additional funding secured by the August Security Agreement, MI would have been unable to start work on the Purchase Orders, resulting in the loss of any remaining value in MI.
58. I am advised by Mr. Smith that EVI has agreed to forbear from enforcing its security to allow MTC and MI to complete an orderly unwinding, which in turn is predicated upon the success of the within proposal proceedings.
59. I believe that by virtue of its relationship with the Seattle Investors, who are willing to continue supporting the vision of a successful commercial future for MI's technology, EVI has a clear path to revitalizing MI's operations and putting MI's employees back to work.

The Proposal Proceedings

60. On October 3, 2016, MTC filed a Proposal (the "**Proposal**") with the Office of the Superintendent of Bankruptcy (the "**OSB**"). I understand that the Proposal Trustee sent notice of the Proposal to MTC's known creditors on October 4, 2016, together with a number of other documents.
61. The general meeting of creditors of MTC to consider and vote on the Proposal was scheduled for October 21, 2016 at the Proposal Trustee's office in Calgary, Alberta (the "**First Meeting**"). I am informed by the Proposal Trustee that notice of the First Meeting was sent to all of MTC's known potential creditors as part of the package described in the preceding paragraph.
62. Late in the afternoon of October 20, 2016, the Proposal Trustee received a letter (the "**Dentons Letter**") from David Mann of Dentons Canada LLP ("**Dentons**"), on behalf of Brett Ironside. Mr. Ironside is a shareholder, a holder of Notes, and is a former director and officer of MTC. A true copy of the Dentons Letter is attached and marked as **Exhibit "28"**.
63. The Dentons Letter, among other things, indicated that Mr. Ironside objected to the proposal, requested copies of EVI's security, evidence of the corporate authority to grant

it, and the legal opinion obtained reflecting EVI's priority to MI's assets, and stated that Mr. Ironside:

- (a) believed the underlying valuation of MI was significantly higher;
- (b) had priority to the MI Share Certificate, "perfected by their possession of those share certificates";
- (c) doubted the proposal could discharge and release MI's obligations; and
- (d) objected to the proposal and Court approval thereof, requested notice of the proposal proceedings, and suggested he may seek to examine MTC.

64. The First Meeting proceeded as scheduled. I was present by way of teleconference at the meeting. An associate from Dentons was present at the First Meeting, but advised she was there to observe and was not prepared to address the points set out in the Dentons Letter. Ultimately, a motion was made and a resolution passed adjourning the First Meeting to enable further investigation of the affairs and property of the Company in light of the issues raised in the Dentons Letter.

65. Following the adjournment of the First Meeting, Bennett Jones LLP undertook a significant amount of work in reviewing the concerns set out in the Dentons Letter, at MTC's expense. Despite Bennett Jones LLP's attempts to obtain particulars of Mr. Ironside's concerns and his position regarding the Proposal, neither Mr. Ironside nor his counsel provided any such particulars. Specifically, I am informed by Ms. Teasdale of Bennett Jones that:

- (a) between Friday October 21, 2016 and Tuesday October 25, 2016, she contacted the Dentons associate who attended the First Meeting three times to coordinate a call to address Mr. Ironside's concerns. Attached hereto and marked as **Exhibit "29"** is a copy of this email chain.
- (b) on October 25, 2016, she had a telephone conversation with Mr. Mann, in which she sought particulars of Mr. Ironside's concerns, and in which, among other things:
 - (i) Mr. Mann advised he had no instructions as to how his client intended to establish that the valuation of the MI shares was significantly higher, but

noted his client had working knowledge of MI because he had been a director of MTC in the past;

- (ii) Mr. Mann asked for copies of the loan and security documents between MTC and EVI, evidence of the corporate authority to grant the security, and a list of advances made;
 - (iii) Mr. Mann advised that Mr. Ironside did not have the MI Stock Certificate, and that Mr. Ironside's position was that Bennett Jones should have registered the security interest granted by MTC to Mr. Ironside; and
 - (iv) Ms. Teasdale advised Mr. Mann it was MTC's position that the MI Guarantee and security could be compromised in the proposal proceedings.
- (c) on November 4, 2016, Ms. Teasdale sent a letter to Mr. Mann, a true copy of which is attached hereto and marked as **Exhibit "30"**, which enclosed the MTC Security Agreements and MTC's Bylaws, and stated that the Proposal Trustee was retaining Washington counsel to prepare a security opinion, and asked Mr. Mann for an explanation of:
- (i) the basis for Mr. Ironside's objection to the Proposal Trustee's valuation of MI and his belief that it should be "significantly higher";
 - (ii) why Mr. Ironside believed he had perfected security in the MI shares when he was not in possession of the MI Stock Certificate;
 - (iii) the basis on which Mr. Ironside disputed MTC's ability to discharge and release the MI Guarantee through its proposal proceedings; and
 - (iv) what would make the Proposal acceptable to Mr. Ironside, and what Mr. Ironside's objectives were in light of MTC's insolvency and the minimal value of the MI shares.
- (d) on November 17, 2016, Ms. Teasdale left a voicemail for Mr. Mann, advising that Mr. Ironside had contacted me and asking Mr. Mann to call her to discuss;

- (e) on November 22, 2016, Ms. Teasdale left a detailed voicemail message for Mr. Mann, advising him of the date of the reconvened general meeting of creditors, requesting a discussion about Mr. Ironside's call to me, and seeking a response to her letter of November 4, 2016; and
 - (f) on November 28, 2016, Ms. Teasdale sent a further letter to Mr. Mann, providing additional documentation relating to the EVI Security Agreements, and asking Mr. Mann to call her to address my call with Mr. Ironside and the matters addressed in her November 4, 2016 letter.
66. As noted above, Mr. Ironside contacted me on November 15, 2016, and stated that if MTC paid him USD \$48,000, he would agree to MTC's proposal. Mr. Ironside also indicated that he and Mr. Tetreault may be interested in "taking over" MTC after the proposal proceedings were complete. Finally, Mr. Ironside intimated that he knew the location of the MI Stock Certificate, but refused to give details as to its whereabouts.
67. Mr. Tetreault also called me not long after the First Meeting. Among other things, he indicated to me that he did not agree with the Proposal, and that he intended to oppose it.
68. I am informed by my review of the Trustee's Second Report that on or about November 18, 2016, the Proposal Trustee's independent Washington legal counsel, Davis, Wright Tremaine LLP ("**DWT**") completed a security opinion regarding the validity, enforceability and perfection of the security granted to EVI (the "**DWT Opinion**"). According to the Trustee's Second Report, the DWT Opinion provides that, subject to the assumptions and qualifications set out in the letter, EVI's loan documents create a perfected security interest in the collateral.
69. On November 21, 2016, MTC filed an Amended Proposal with the OSB. I am informed by the Proposal Trustee that notice of the Amended Proposal was sent to MTC's known creditors and Dentons, along with a number of other documents, including a notice that the First Meeting was to be reconvened on December 2, 2016 at the Proposal Trustee's offices in Calgary (the "**Reconvened Meeting**"), and a notice respecting the date and time of the application before this Honourable Court for approval of the Amended Proposal.

70. I am advised by the Proposal Trustee that on December 1, 2016, the day before the Reconvened Meeting, a Mr. Victor C. "Dick" Olson contacted the Proposal Trustee via email and telephone. He identified himself as Mr. Ironside's counsel. Later that day, an unidentified individual left four proofs of claim with the receptionist at the Proposal Trustee's office for Brett Ironside, Jennifer Ironside, Toni Ironside, and Eric Tremblay, all of which were accompanied by voting letters voting against the Amended Proposal.
71. I am informed by the Proposal Trustee that Mr. Ironside lodged two proofs of claim. One is a secured claim of \$425,000, and no supporting documentation has been provided. The second is an unsecured claim of about \$411,000 based on the employment claim referred to in paragraph 27 of this Affidavit. I am informed by my counsel that Mr. Ironside has not sought leave to pursue this claim.
72. As for the remaining proofs of claim, I am informed by the Proposal Trustee that Toni Ironside's proof of claim was for a blank amount, without supporting documentation, and the proofs of claim for Eric Tremblay and Jennifer Ironside's claim were each for \$50,000, and neither included supporting documentation. To the best of my knowledge, Jennifer Ironside originally held 2009 Notes in the amount of \$175,000, but I believe the full amount was redeemed in August 2012, as shown by the ledger attached hereto and marked as **Exhibit "31"**.
73. Also on December 1, 2016, the Proposal Trustee contacted Mr. Tetreault and requested that he provide supporting documentation for two proofs of claim he emailed to the Proposal Trustee on October 31, 2016. These proofs of claim were made on behalf of Mr. Tetreault personally, and his holding company, Calafate Holdings Ltd. ("**Calafate**"). Mr. Tetreault confirmed the amount of these claims at \$1.00, and provided an explanation of, and supporting documentation for, these claims. A true copy of the email exchange between Mr. Sithole of the Proposal Trustee's office and Mr. Tetreault and the attachments is attached and marked as **Exhibit "32"**.
74. At 2:54 p.m. on December 1, 2016, an individual named Cole Harris emailed a proof of claim to the Proposal Trustee, indicating a secured claim against MTC for \$425,000, together with a voting letter voting against the Amended Proposal. Based on the supporting documentation Mr. Harris sent the Proposal Trustee later that evening, it appears Mr. Harris

held 2009 Notes in the amount of \$50,000, which were converted into equity. It also appears Mr. Harris is a shareholder of MTC. Attached hereto and collectively marked as **Exhibit "33"** are copies of the email exchange between Mr. Harris and the Proposal Trustee, Mr. Harris' proof of claim, and some of the supporting documents provided by him, which evidence the conversion of his Notes.

75. I was also present by way of teleconference at the Reconvened Meeting. Neither Mr. Ironside nor Mr. Harris attended, but Mr. Tetreault and an individual who identified himself as Stuart O'Connor, a shareholder, were present in person. Mr. Tetreault indicated he was, speaking only for himself and his holding company, opposed to the Amended Proposal and raised a number of issues, the key ones being that:
- (a) MTC had not provided proper disclosure to its shareholders in the past 2 years;
 - (b) there was no disclosure by MTC of its tax losses, of sales orders Mr. Tetreault believed MTC had, or of an offer made several years ago to purchase MI's assets;
 - (c) Mr. Tetreault believed MTC had incorporated an Australian subsidiary, the existence of which was also not disclosed; and
 - (d) the debentures were secured such that EVI's security could not have priority over MI's assets.
76. MTC's legal counsel and the Proposal Trustee addressed a number of the legal and accounting concepts raised by Mr. Tetreault. I spoke to the following matters.
77. Regarding the lack of disclosure by MTC in the past several years, I explained to Mr. Tetreault that MTC had not filed disclosure materials because it was functionally bankrupt, with no facility or staff. As noted previously in this Affidavit, the costs of preparing and filing continuous disclosure are significant, and have been beyond MTC's means since I was appointed as an officer and director of the company.
78. Regarding Mr. Tetreault's question about the Australian subsidiary, I explained that although a corporate shell had been incorporated by the Board in or about 2014, there was never enough funding to ship product to Australia and the venture failed. MI's lack of

funding also resulted in its inability to pursue other opportunities to enter into purchase orders with companies in Australia and New Zealand.

79. Finally, regarding the offer to purchase MI's assets, I believe Mr. Tetreault was referring to discussions that took place between Joe Tanner and a US utility called Dominion. I advised Mr. Tetreault that this was the reason I came on to the Board of MTC, because the offer from Dominion would have resulted in the abandonment of MTC's shareholders.
80. While I did not advise Mr. Tetreault of this during the reconvened meeting, I am aware that the discussions with Dominion, which took place in mid to late 2014 and early 2015 were slow to develop and MI's technical team were not happy with their progress. A letter of intent was issued in mid-November 2014, but the offer was seen as totally inadequate by MTC. Despite further negotiations, the discussions with Dominion were not ultimately pursued due to MTC's financial status and the related risks.
81. I am informed by Darrell Peterson at Bennett Jones that he had a telephone conversation with Mr. Tetreault late on December 2, 2016, in which Mr. Tetreault reiterated many of the concerns that he had raised during the Reconvened Meeting, but made no suggestions as to possible alternatives to the Amended Proposal. Mr. Tetreault indicated he would think about a potential solution and respond further.

Approval of the Amended Proposal

82. At the Reconvened Meeting, after the discussion with Mr. Tetreault took place, MTC's creditors considered and voted upon the Amended Proposal. Including those claims that were marked as objected to, 69% in number and 74% in value of the creditors present in person or by proxy voted in favour of the Amended Proposal. I am informed by the Proposal Trustee that creditors whose claims did not include any supporting documentation were not permitted to vote. Accordingly, I am informed that the required majorities of votes in favour of the Amended Proposal were achieved.
83. I believe the terms of the Amended Proposal are reasonable. The purpose of the Amended Proposal is as follows:

- (a) to increase the return to MTC's Creditors compared to what they would receive in a bankruptcy and liquidation of MTC through the potential opportunity to share in the Distribution Fund to be distributed amongst the Creditors;
- (b) to allow MTC to wind-up its business;
- (c) to extinguish all liability of MI under the MI Guarantee and the related MI GSA;
- (d) to ensure MI can continue to operate in the ordinary course of business, allowing it to secure additional funding, and thereby potentially realizing the value of a number of ongoing contracts;
- (e) in consideration for EVI providing the Distribution Fund, which will be distributed to MTC's Creditors pursuant to the terms of the Amended Proposal, transferring the MTC Asset to EVI, free and clear of all Claims by MTC's Creditors; and
- (f) to avoid the liquidation of MI and the loss of value to the MTC Asset associated therewith.

84. I believe the Amended Proposal allows a much greater possibility of recovery for MTC's creditors than they would otherwise receive in bankruptcy.

85. I believe the Amended Proposal put forth by MTC is a good faith attempt to ensure MTC's creditors have an opportunity to recover some part of their indebtedness, while allowing MI to secure additional funding to continue its operations with the goal of potentially realizing on certain ongoing contracts. As set out at section 4.1 of the Amended Proposal, the approval of Amended Proposal by this Court is a pre-condition of the implementation of this Amended Proposal.

86. I make this Affidavit in support of MTC's application to this Court for approval of the Amended Proposal and certain other relief, including that set out in paragraph 3 of this Affidavit.

SWORN BEFORE ME)
at Poulsbo, Washington, USA, this 5th)
day of December, 2016)

Cathy A. Shaffer)
Notary Public in and for the State of)
Washington)

Wolfgang Struss)
WOLFGANG STRUSS)



This is Exhibit " 1 " to the Affidavit of
Wolfgang Struss *Wolfgang Struss*
Sworn before me this 5th day of
December 2016
Cathy A. Shaffer
A Notary Public
In and for the State of Washington



SHARE PURCHASE AGREEMENT

THIS AGREEMENT is made the 5th day of December, 2016,

BETWEEN:

MICROPLANET TECHNOLOGY CORP., a corporation organized under the laws of the Province of Alberta (the "**Vendor**")

-and-

EMERALD VENTURES INC., a corporation organized under the laws of the State of Washington (the "**Purchaser**")

WHEREAS:

- A. the Vendor is the registered and beneficial owner of 44,267,940 shares of common stock (the "**Purchased Shares**") in the capital of MicroPlanet, Inc. (the "**Corporation**"), which Purchased Shares constitute all of the issued and outstanding shares in the capital of the Corporation;
- B. the Vendor filed a proposal with the Office of the Superintendent of Bankruptcy (the "**OSB**") on October 3, 2016 under Part III, Division I of the *Bankruptcy and Insolvency Act* (Canada), which was amended by way of an amended proposal filed with the OSB on November 21, 2016, as amended (the "**Amended Proposal**") for the purpose of, among other things, transferring the Purchased Shares free and clear of all Claims to the Purchaser in consideration for the Purchaser providing the Distribution Fund;
- C. the Amended Proposal has been approved by the requisite majority of the Vendor's creditors and the Vendor has applied to the Court of Queen's Bench of Alberta in Bankruptcy and Insolvency for approval of the Amended Proposal, this Agreement and the transaction contemplated hereby; and
- D. the Vendor wishes to sell to the Purchaser, and the Purchaser wishes to purchase from the Vendor, the Purchased Shares, on the terms and subject to the conditions set forth in this Agreement,

NOW THEREFORE in consideration of the covenants and agreements set forth herein, and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I INTERPRETATION

1.1 Interpretation

In this Agreement, including the recitals hereto:

- (a) capitalized terms used that are not otherwise defined have the meanings ascribed thereto in the Amended Proposal;
- (b) the headings are for convenience of reference only, do not form a part of this Agreement and are not to be considered in the interpretation of this Agreement;

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- (c) the terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and not to any particular article, section, paragraph, clause or other portion hereof and include any agreement or instrument supplementary or ancillary hereto;
- (d) words importing gender include all genders, corporations, partnerships and other persons, and words in the singular number include the plural and vice versa, wherever the context requires;
- (e) any reference to a statute will include and will be deemed to be a reference to the rules and regulations made pursuant to it, and to all amendments made to the statute and rules and regulations in force from time to time, and to any statute or rule or regulation that may be passed which has the effect of supplementing or superseding the statute referred to or the relevant rule or regulation; and
- (f) any reference to a person will include and will be deemed to be a reference to any person that is a successor to that person (but only to the extent such person is permitted to be a successor to such person pursuant to the provisions of this Agreement).

ARTICLE II
PURCHASE AND SALE

2.1 Purchase and Sale

On the terms and subject to the fulfillment of the conditions of this Agreement, the Vendor hereby agrees to sell, assign and transfer to the Purchaser, and the Purchaser hereby agrees to purchase and accept from the Vendor, the Purchased Shares free and clear of all Claims, effective as of the Closing Date (as defined below).

2.2 Consideration

The aggregate consideration payable by the Purchaser for the purchase of the Purchased Shares shall be the payment by the Purchaser of the Distribution Fund to the Trustee in accordance with Section 3.2 of the Amended Proposal.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendor

The Vendor represents and warrants as of the date hereof and as of the Closing Date as follows to the Purchaser and acknowledges that the Purchaser and its counsel are relying upon the accuracy of each of such representations and warranties in connection with the purchase of the Purchased Shares by the Purchaser:

- (a) the Vendor is a corporation duly incorporated and organized and validly subsisting under the laws of the Province of Alberta;
- (b) the Vendor has the requisite power and authority to execute and deliver this Agreement and to duly observe, abide by and perform all of its obligations hereunder;

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- (c) this Agreement has been duly and validly authorized, executed and delivered by the Vendor, and constitutes a legal, valid and binding obligation of the Vendor enforceable against the Vendor in accordance with its terms, subject to (i) bankruptcy, winding-up, insolvency, arrangement and other similar laws of general application affecting the enforcement of creditors' rights and (ii) the discretion that a court may exercise in granting of equitable remedies;
- (d) the execution, delivery and performance by the Vendor of this Agreement and the completion of the transactions contemplated hereby do not and will not (or would not with the giving of notice, lapse of time or the happening of any event or condition) result in a breach or violation of any law, regulation, order or ruling applicable to the Vendor, and do not and will not constitute a breach of or default under any agreement, contract, indenture, undertaking or covenant to which the Vendor is a party or by which the Vendor is bound;
- (e) the Vendor is the registered and beneficial owner of the Purchased Shares with good and marketable title thereto and, on the Closing Date, the Purchased Shares shall be free and clear of all Claims, mortgages, charges, hypothecs, prior claims, liens, pledges, assignments for security, security interests, guarantees, rights of third parties or other encumbrances, any collateral securing the payment obligations of any person or other agreements or arrangements with any similar effect whatsoever;
- (f) no person, other than the Purchaser, has any commitment, agreement, undertaking, option, warrant, right or privilege, whether by law, pre-emptive or contractual, absolute or contingent, which is capable of becoming an agreement or right for the acquisition or purchase from the Vendor of the Purchased Shares; and
- (g) the Purchased Shares constitute all of the issued and outstanding shares in the capital of the Corporation.

3.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants as of the date hereof and as of the Closing Date as follows to the Vendor and acknowledges that the Vendor and its counsel are relying upon the accuracy of each of such representations and warranties in connection with the sale of the Purchased Shares by the Vendor:

- (a) the Purchaser is a corporation duly incorporated and organized and validly subsisting under the laws of the State of Washington;
- (b) the Purchaser has the requisite power and authority to execute and deliver this Agreement and to duly observe, abide by and perform all of its obligations hereunder;
- (c) this Agreement has been duly and validly authorized, executed and delivered by the Purchaser, and constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, subject to (i) bankruptcy, winding-up, insolvency, arrangement and other similar laws of general application affecting the enforcement of creditors' rights and (ii) the discretion that a court may exercise in granting of equitable remedies;
- (d) the execution, delivery and performance by the Purchaser of this Agreement and the completion of the transactions contemplated hereby do not and will not (or would not

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with the giving of notice, lapse of time or the happening of any event or condition) result in a breach or violation of any law, regulation, order or ruling applicable to the Purchaser, and do not and will not constitute a breach of or default under any agreement, contract, indenture, undertaking or covenant to which the Purchaser is a party or by which the Purchaser is bound; and

- (e) the Purchaser acknowledges that the Purchased Shares are not registered under the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), or the securities laws of any state, territory or possession of the United States ("**state securities laws**") and that the sale hereby is made in reliance on an exemption from registration under the U.S. Securities Act and similar exemptions under state securities laws. Accordingly, the Securities are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and may not be offered or sold, directly or indirectly, in the United States or to a U.S. person (as defined in Regulations under the U.S. Securities Act) without registration under the U.S. Securities Act or any applicable state securities laws or compliance with the requirements of an exemption from such registration requirements. The Purchaser is acquiring the Purchased Shares for its own account and has sufficient knowledge and experience in financial and business matters to enable it to evaluate the risks of investment in the Purchased Shares and has the ability to bear the economic risk of such investment.

3.3 Survival of Representations and Warranties

The representations and warranties made by each party hereto in this Agreement shall survive the closing of the purchase and sale of the Purchased Shares and completion of any other transactions contemplated herein and shall survive and continue in full force and effect for the benefit of the other party hereto for a period of 24 months after the date hereof and notice of any claim in respect thereof shall be made in writing within such time.

ARTICLE IV **CONDITIONS**

4.1 Conditions to the Obligations of the Vendor

The obligations of the Vendor to complete the transactions contemplated by this Agreement shall be subject to the fulfillment of each of the following conditions precedent on or before the Closing Date:

- (a) the Court Approval Order shall have been granted; and
- (b) the Purchaser shall have delivered to the Trustee and the Vendor the payment and documents required to be delivered thereby set forth in Section 5.2(b).

4.2 Waiver or Termination by the Vendor

The conditions set forth in Section 4.1 are for the exclusive benefit of the Vendor and may, subject to the Amended Proposal, be waived in whole or in part by the Vendor at any time. If any of the conditions contained in Section 4.1 are not satisfied, fulfilled or complied with as provided herein, the Vendor may, on or prior to the Closing Date, at its option, terminate this Agreement by notice in writing to the Purchaser and in such event the parties hereto shall be released from all obligations hereunder.

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4.3 Conditions to the Obligations of the Purchaser

The obligations of the Purchaser to complete the transactions contemplated by this Agreement shall be subject to the fulfillment of each of the following conditions precedent on or before the Closing Date:

- (a) the Court Approval Order shall have been granted on or before March 31, 2017; and
- (b) the Vendor shall have delivered to the Purchaser the documents required to be delivered thereby set forth in Section 5.2(a).

4.4 Waiver or Termination by the Purchaser

The conditions set forth in Section 4.3 are for the exclusive benefit of the Purchaser and may, subject to the Amended Proposal, be waived in whole or in part by the Purchaser at any time. If any of the conditions contained in Section 4.3 are not satisfied, fulfilled or complied with as provided herein, the Purchaser may, on or prior to the Closing Date, at its option, terminate this Agreement by notice in writing to the Vendor and in such event the parties hereto shall be released from all obligations hereunder.

ARTICLE V **CLOSING**

5.1 Closing

On the terms and subject to fulfillment of the conditions set forth in this Agreement, the closing of the transactions contemplated herein shall take place at the office of the Vendor's counsel or such other place or places as may be mutually agreed to by the parties hereto on the date that the Distribution Fund is paid by the Purchaser to the Trustee in accordance with Section 3.2 of the Amended Proposal (the "**Closing Date**").

5.2 Deliveries

- (a) On the Closing Date, the Vendor shall deliver, or cause to be delivered, to the Purchaser, in form satisfactory to the Purchaser, acting reasonably:
 - (i) the share certificate(s) representing the Purchased Shares (or an affidavit of lost certificate(s), if applicable) accompanied by a duly executed share transfer power of attorney to transfer the Purchased Shares to the Purchaser; and
 - (ii) to the extent such exist, the minute book and corporate records of the Corporation.
- (b) On the Closing Date, the Purchaser shall pay the Distribution Fund to the Trustee in accordance with Section 3.2 of the Amended Proposal and shall deliver, or cause to be delivered, to the Vendor, in form satisfactory to the Vendor, acting reasonably, evidence of such payment.

ARTICLE VI **GENERAL**

6.1 Further Assurances

Each party hereto shall promptly do, execute and deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement any other party hereto may

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reasonably require for the purpose of giving effect to this Agreement.

6.2 Assignment

This Agreement shall not be assigned by either party hereto.

6.3 Enurement

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and permitted assigns. Nothing herein, express or implied, is intended to confer upon any person, other than the parties hereto and their respective heirs, legal representatives, successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

6.4 Entire Agreement

This Agreement constitutes the only agreement between the parties hereto with respect to the subject matter hereof, and shall supersede any and all prior negotiations and understandings with respect to the subject matter hereof.

6.5 Amendments

No amendment, modification or waiver of this Agreement will be effective unless specifically made in writing and duly signed by the party to be bound thereby.

6.6 Governing Law and Attornment

This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of Alberta and the federal laws of Canada applicable therein, and shall be construed and treated in all respects as an Alberta contract. Each of the parties hereto irrevocably attorns to the non-exclusive jurisdiction of the Courts of the Province of Alberta in respect of all matters arising under and in relation to this Agreement. Each party hereto waives any right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the transactions contemplated hereby or the actions of the parties in the negotiation, administration, performance and enforcement of this Agreement.

6.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

6.8 Time of Essence

Time shall be of the essence in this Agreement.

6.9 Independent Advice

The Vendor acknowledges that it has received or waived the opportunity to receive independent legal and tax advice in connection with this Agreement.

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6.10 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same agreement. The parties hereto shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the parties hereto.

[Signatures follow]

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

MICROPLANET TECHNOLOGY CORP.

Per: Wolfgang Struss
Name: Wolfgang Struss
Title: CEO

EMERALD VENTURES INC.

Per: Wayne Smith
Name: Wayne Smith
Title: CEO

This is Exhibit " 2 " to the Affidavit of

Wolfgang Struss

Wolfgang Struss

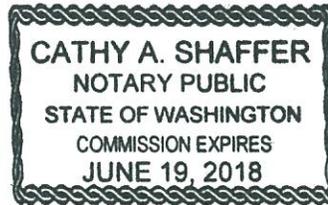
Sworn before me this 5th day of

December, 2016

Cathy A. Shaffer

A Notary Public

In and for the State of Washington



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MicroPlanet Technology Corp.

TSX VENTURE : MP
PINKSHEETS : MCTYF

November 07, 2014 08:00 ET

MicroPlanet Adds to and Aligns Executive Team

SEATTLE, WASHINGTON--(Marketwired - Nov. 7, 2014) - MicroPlanet Technology Corp. ("MicroPlanet" or the "Corporation") (TSX VENTURE:MP)(PINKSHEETS:MCTYF) a provider of smart grid and power quality technology and products, which significantly increases efficiency, quality and conservation of electricity and enables the integration of alternative energy into the power grids is pleased to announce the addition of Wolfgang Struss to its executive team and a realignment of executive team responsibilities to address Company initiatives and opportunities.

The Board of Directors of MicroPlanet has named Wolfgang Struss to serve as interim President and Chief Executive Officer of MicroPlanet. Mr. Struss will serve as interim Chief Executive Officer of MicroPlanet, providing continued focus on increasing and financing the market penetration of its "best in class" Low Voltage (LV) regulator products in Australia. Mr. Struss is a seasoned executive with an exceptional track record well-tailored to the Company's strategic plans. He was formerly part of the OEM sales management team at Microsoft and has been co-founder of several start-up firms including Rapid Processing Solutions, Inc. a commercial grade 3-D Printing company which designs and supplies direct digitally manufactured products to the Aerospace, Medical, and Commercial industries. Mr. Struss holds a Bachelor's degree in Electrical Engineering from Cal Poly San Luis Obispo and an MBA from the University of San Diego.

Mr. Struss, a shareholder of the Company and MicroPlanet, Inc. since 2010, states "MicroPlanet has developed, field tested and refined its technologies over the past 15 years resulting in a very mature and stable suite of product offerings. During this process, MicroPlanet has been winning mind share with the utility industry, particularly in Australia and the US. Market need and the proven effectiveness and reliability of MicroPlanet's technology solutions have combined to provide an inflection point from which the company can experience dramatic growth. I am privileged and honored to be part of the team that builds on past achievements to deliver increasing successes for MicroPlanet stakeholders." Mr. Struss' initial focus will be to position and structure MicroPlanet and its products and technology to capitalize on recent opportunities that have developed in Australia. In this regard, Mr. Struss will be pursuing the expansion of strategic alliances, funded technology development efforts, targeted licensing and related funding.

To compliment the addition of Mr. Struss, Joe Tanner will serve as the Chairman of the Board of MicroPlanet, Inc., the Company's wholly owned U.S. operating subsidiary. In commenting on his resignation as Company President and Chief Executive Officer, Mr. Tanner stated, "My tenure at MicroPlanet has been among the most rewarding of my career. I regret that health issues in my family require me to reduce my role, however, as board chairman of MicroPlanet, Inc. I will continue to be in a position to contribute to the ongoing success of the Company. I look forward to collaborating with Wolfgang to explore multiple "Strategic Alternatives" to best realize value for MicroPlanet stakeholders." As Chairman, Mr. Tanner will initially continue engagement with potential strategic partners and develop potential plans of arrangement for the MicroPlanet Board of Directors to consider for recommendation to the Company's shareholders.

"On behalf of the MicroPlanet Board of Directors I want to thank Joe Tanner for his dedication to the Corporation," said Alan Richardson, Chairman of the Board of the Corporation "Joe has worked tirelessly to promote the MicroPlanet's "best in class" voltage regulation technology. It is unfortunate that family health issues have forced him to step down from the full-time demands as

This is Exhibit " 3 " to the Affidavit of
Wolfgang Struss *Wolfgang Struss*
Sworn before me this 5th day of
December 2016
Cathy A. Shaffer
A Notary Public
In and for the State of Washington



Alberta

NOTICE OF DIRECTORS OR NOTICE OF CHANGE OF DIRECTORS

1. Name of Corporation

**2. Alberta Corporate
Access Number**

MICROPLANET TECHNOLOGY CORP.	2010921126
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3. The following persons were appointed Director(s) on May 1, 2015:

Name of Director (Last, First, Second)	Mailing Address (including postal code)	Resident Canadian? Yes No
Struss, Wolfgang	c/o MicroPlanet, Inc. 26285 Twelve Tree Lane NW, Suite 161 Poulsbo, WA 98370	No

4. The following persons ceased to hold office as Director(s) on May 1, 2015:

Name of Director (Last, First, Second)	Mailing Address (including postal code)
Andrews, David	680 Exceller Circle Newmarket, Ontario L3X 1P4
Richardson, Alan	121 Audubon Place Hailey, Idaho, USA 83333
Fluke, John M. Jr.	c/o Fluke Capital Management, L.P. 6 Columbia Key Bellevue, WA, USA 98006

5. As of this date, the Director(s) of the corporation are:

Name of Director (Last, First, Second)	Mailing Address (including postal code)	Resident Canadian? Yes No
Struss, Wolfgang	c/o MicroPlanet, Inc. 26285 Twelve Tree Lane NW, Suite 161 Poulsbo, WA 98370	No

6. To be completed only by Alberta Corporations:

Are at least 25% of the members of the Board of Directors Resident Canadians?

Yes

No

DATE	SIGNATURE	TITLE
July 18, 2016	Wolfgang Struss	Director

FILED



Change Director / Shareholder - Proof of Filing

Alberta Amendment Date: 2016/07/20

Service Request Number: 25471287
Corporate Access Number: 2010921126
Legal Entity Name: MICROPLANET TECHNOLOGY CORP.
Legal Entity Status: Active
Min Number Of Directors: 3
Max Number Of Directors: 10

Annual returns are outstanding for the 2016 file year(s).

This confirms the Directors/Shareholders are amended/updated as of 2016/07/20

The number of active directors or directors/shareholders does not fall between the minimum number of directors and maximum number of directors specified on the Legal Entity.

Director / Shareholder

Status: Inactive
Director / Shareholder Type: Director
Individual / Legal Entity Type: Individual
Last Name / Legal Entity Name: TETREAULT
First Name: MYRON
Middle Name: A.
Street/Box Number: 710, 304 - 8TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 1C2
Appointment Date: 2004/02/19
Cessation Date: 2012/08/14
Resident Canadian: Y

Status: Inactive
Director / Shareholder Type: Director
Individual / Legal Entity Type: Individual

Last Name / Legal Entity Name: O'CONNOR
First Name: STUART
Middle Name: GRAHAM
Street/Box Number: 710, 304 - 8TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 1C2
Appointment Date: 2004/02/19
Cessation Date: 2006/10/31
Resident Canadian: Y

Status: Inactive
Director / Shareholder Type: Director
Individual / Legal Entity Type: Individual
Last Name / Legal Entity Name: IRONSIDE
First Name: BRETT
Street/Box Number: 727 LAKE PLACID DRIVE S.E.
City: CALGARY
Province: ALBERTA
Postal Code: T2J 4B9
Appointment Date: 2004/02/19
Cessation Date: 2013/04/30
Resident Canadian: Y

Status: Inactive
Director / Shareholder Type: Shareholder
Individual / Legal Entity Type: Individual
Last Name / Legal Entity Name: HOLTBY
First Name: JASON
Street/Box Number: C/O RAYMOND JAMES LTD. 2500, 707 - 8TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 1H5
Percent of Voting Shares: 8.3

Status: Inactive
Director / Shareholder Type: Shareholder
Individual / Legal Entity Type: Other
Last Name / Legal Entity Name: DUNDEE SECURITIES RRSP A/C 4750195 ITF BRETT IRONSIDE
Street/Box Number: 4 FLOOR, 20 QUEEN STREET

City: TORONTO
Province: ONTARIO
Postal Code: M5H 3R3
Percent of Voting Shares: 5.2

Status: Inactive
Director / Shareholder Type: Shareholder
Individual / Legal Entity Type: Other
Last Name / Legal Entity Name: TD WATERHOUSE ITF MYRON TETREAULT
Street/Box Number: 710, 304 - 8TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 1C2
Percent of Voting Shares: 4.8

Status: Inactive
Director / Shareholder Type: Shareholder
Individual / Legal Entity Type: Other
Last Name / Legal Entity Name: GUNDYCO ITF RRSP ACCOUNT #550-47807-1-8
Street/Box Number: C/O BCE PLACE, 10 FLOOR, 161 BAY STREET
City: TORONTO
Province: ONTARIO
Postal Code: M5J 2S8
Percent of Voting Shares: 4.2

Status: Inactive
Director / Shareholder Type: Shareholder
Individual / Legal Entity Type: Other
Last Name / Legal Entity Name: RBC DOMINION SECURITIES IN TRUST FOR MARTHA O'CONNOR RRSP ACCOUNT #496-563-47-12
Street/Box Number: 6 FLOOR, 200 BAY STREET PLAZA NORTH TOWER
City: TORONTO
Province: ONTARIO
Postal Code: M5J 2W7
Percent of Voting Shares: 4.2

Status: Inactive
Director / Shareholder Type: Director

Individual / Legal Entity Type: Individual
Last Name / Legal Entity Name: REIDY
First Name: DANIEL
Middle Name: BRIAN
Street/Box Number: PO BOX 4574
City: SEATTLE
Province: WASHINGTON
Postal Code: 98194
Appointment Date: 2005/04/28
Cessation Date: 2006/06/09

Status: Inactive
Director / Shareholder Type: Director
Individual / Legal Entity Type: Individual
Last Name / Legal Entity Name: FREEMAN
First Name: SIMON
Middle Name: DAVID
Street/Box Number: 33 REEF #6
City: MARINA DEL RAY
Province: CALIFORNIA
Postal Code: 90292
Appointment Date: 2005/04/28
Cessation Date: 2009/01/01

Status: Inactive
Director / Shareholder Type: Director
Individual / Legal Entity Type: Individual
Last Name / Legal Entity Name: HOWSE, JR.
First Name: ELWOOD
Middle Name: D.
Street/Box Number: 1615 72ND AVENUE S.E.
City: MERCER ISLAND
Province: WASHINGTON
Postal Code: 98040
Appointment Date: 2005/04/28
Cessation Date: 2006/06/09

Status: Inactive
Director / Shareholder Type: Director
Individual / Legal Entity Type: Individual
Last Name / Legal Entity Name: SWOFFORD

First Name: GARY
Middle Name: BEN
Street/Box Number: 23049 N.E. 127TH WAY
City: REDMOND
Province: WASHINGTON
Postal Code: 98053
Appointment Date: 2005/04/28
Cessation Date: 2006/06/09

Status: Inactive
Director / Shareholder Type: Director
Individual / Legal Entity Type: Individual
Last Name / Legal Entity Name: PETERSON
First Name: DARRELL
Middle Name: R.
Street/Box Number: 4500, 855 - 2ND STREET S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 4K7
Appointment Date: 2005/04/28
Cessation Date: 2005/05/19
Resident Canadian: Y

Status: Inactive
Director / Shareholder Type: Director
Individual / Legal Entity Type: Individual
Last Name / Legal Entity Name: RAISS
First Name: SARAH
Street/Box Number: 450 - 1ST STREET S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 5H1
Appointment Date: 2005/05/19
Cessation Date: 2006/06/09
Resident Canadian: Y

Status: Inactive
Director / Shareholder Type: Director
Individual / Legal Entity Type: Individual
Last Name / Legal Entity Name: ANDREWS
First Name: DAVID

Street/Box Number: 680 EXCELLER CIRCLE
City: NEWMARKET
Province: ONTARIO
Postal Code: L3X 1P4
Appointment Date: 2006/06/09
Cessation Date: 2015/05/01
Resident Canadian: Y

Status: Inactive
Director / Shareholder Type: Director
Individual / Legal Entity Type: Individual
Last Name / Legal Entity Name: VAN HORN

First Name: THOMAS
Middle Name: A.
Street/Box Number: 9501 S.E. 5TH STREET
City: BELLEVUE
Province: WASHINGTON
Postal Code: 98004
Appointment Date: 2006/10/31
Cessation Date: 2013/08/28

Status: Inactive
Director / Shareholder Type: Transfer Agent
Individual / Legal Entity Type: Legal Entity
Corporate Access Number: 308507359
Last Name / Legal Entity Name: VALIANT TRUST COMPANY
Street/Box Number: 310, 606 - 4TH STREET S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 1T1

Status: Inactive
Director / Shareholder Type: Director
Individual / Legal Entity Type: Individual
Last Name / Legal Entity Name: RICHARDSON
First Name: ALAN
Street/Box Number: 121 AUDUBON PLACE
City: HAILEY
Province: IDAHO
Postal Code: 83333
Appointment Date: 2009/01/01

Cessation Date: 2015/05/01
Status: Inactive
Director / Shareholder Type: Director
Individual / Legal Entity Type: Individual
Last Name / Legal Entity Name: FOULGER
First Name: GRAHAME
Street/Box Number: 37 OXLEY TERRACE
City: CORINDA, QUEENSLAND
Postal Code: 4075
Country: AUSTRALIA
Appointment Date: 2012/10/01
Cessation Date: 2014/12/01

Status: Inactive
Director / Shareholder Type: Director
Individual / Legal Entity Type: Individual
Last Name / Legal Entity Name: FLUKE
First Name: JOHN
Middle Name: M. JR.
Street/Box Number: 6 COLUMBIA KEY
City: BELLEVUE
Province: WASHINGTON
Postal Code: 98006
Appointment Date: 2013/10/10
Cessation Date: 2015/05/01

Status: Active
Director / Shareholder Type: Transfer Agent
Individual / Legal Entity Type: Legal Entity
Corporate Access Number: 2110275597
Last Name / Legal Entity Name: COMPUTERSHARE INVESTOR SERVICES INC.
Street/Box Number: 600, 530 - 8TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 3S8

Status: Active
Director / Shareholder Type: Director
Individual / Legal Entity Type: Individual
Last Name / Legal Entity Name: WOLFGANG

First Name: STRUSS
Street/Box Number: 26285 TWELVE TREE LANE N.W., SUITE 161
City: POULSBO
Province: WASHINGTON
Postal Code: 98370
Appointment Date: 2015/05/01

Attachment

Attachment Type	Microfilm Bar Code	Date Recorded
Share Structure	ELECTRONIC	2004/02/19
Restrictions on Share Transfers	ELECTRONIC	2004/02/19
Other Rules or Provisions	ELECTRONIC	2004/02/19
Other Rules or Provisions	ELECTRONIC	2004/03/30
Shares in Series	ELECTRONIC	2005/02/08
Letter - Spelling Error	10000605101384712	2006/02/10
Other Rules or Provisions	ELECTRONIC	2006/06/09
Letter - Spelling Error	10000602000452243	2008/04/08

Registration Authorized By: NICHOLAS EMTER
SOLICITOR

This is Exhibit " 4 " to the Affidavit of

Wolfgang Struss

Wolfgang Struss

Sworn before me this 5th day of

December, 2016

Cathy A. Shaffer

A Notary Public

In and for the State of Washington



ALBERTA SECURITIES COMMISSION

CEASE TRADE ORDER

Citation: Re MicroPlanet Technology Corp., 2015 ABASC 698

Date: 20150506

MicroPlanet Technology Corp.

Background

1. MicroPlanet Technology Corp. (the **Issuer**) is a reporting issuer under the *Securities Act* (Alberta) (the **Act**) and has failed to file the following periodic disclosure pursuant to section 146 of the Act:

- (a) annual audited financial statements, annual management's discussion and analysis, and certification of annual filings for the year ended 31 December 2014.

Decision

2. Under section 33.1 of the Act, it is ordered that trading or purchasing cease in respect of each security of the Issuer until this order has been revoked or varied.

6 May 2015

"original signed by"

Jonathan Taylor

Manager, CD Compliance & Market Analysis



British Columbia Securities Commission

Citation: 2015 BCSECCOM 176

Cease Trade Order

**Alhambra Resources Ltd., AMSECO EXPLORATION LTD.,
Aqua-Pure Ventures Inc., Birch Lake Energy Inc.,
Blue Zen Memorial Parks Inc., CanAm Coal Corp., Changfeng Energy Inc.,
Cygam Energy Inc., Dealnet Capital Corp., Desmarais Energy Corporation,
Ditem Explorations Inc., DOT Resources Ltd., Immunall Science Inc.,
Jaguar Resources Inc., Leader Energy Services Ltd.,
★Microplanet Technology Corp., Mobi724 Global Solutions Inc.,
Nextraction Energy Corp., NX Phase Capital Inc., Palliser Oil & Gas Corporation,
PETRO VIKING ENERGY INC., QSolar Limited,
Quattro Exploration and Production Ltd., Redwater Energy Corp.,
Stealth Ventures Ltd., Stratabound Minerals Corp., TrinCan Capital Corp.
(each referred to separately as the Reporting Issuer)**

Section 164 of the *Securities Act*, R.S.B.C. 1996, c. 418

- ¶ 1 The Reporting Issuer has not filed:
1. a comparative financial statement for its financial year ended December 31, 2014, as required under Part 4 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102), and
 2. a Form 51-102F1 *Management's Discussion and Analysis* for the period ended December 31, 2014, as required under Part 5 of NI 51-102
- (the required records).
- ¶ 2 Under section 164(1) of the Act, the Executive Director orders that all trading in the securities of the Reporting Issuer cease until:
1. it files the required records, completed in accordance with the Act and rules, and
 2. the Executive Director revokes this order as it applies to the Reporting Issuer.
- ¶ 3 Despite this order, a beneficial shareholder of the Reporting Issuer who is not, and was not at the date of this order, an insider or control person of that Reporting Issuer, may sell securities of the Reporting Issuer acquired before the date of this order, if:
1. the sale is made through a market outside Canada, and
 2. the sale is made through an investment dealer registered in British Columbia.
- ¶ 4 May 8, 2015

Michael L. Moretto, CPA, CA
Manager
Corporate Finance

Tel: 604 899-6500 Fax: 604 899-6506 Toll Free: 1 800-373-6393 www.bcsc.bc.ca
P.O. Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC, Canada V7Y 1L2



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED (THE "ACT")**

AND

**IN THE MATTER OF
MICROPLANET TECHNOLOGY CORP.**

**NOTICE OF ORDER
(Paragraphs 127(1)2)**

TAKE NOTICE that the Director made an order under paragraph 2 of subsection 127(1) of the Act that all trading in the securities of

MICROPLANET TECHNOLOGY CORP.

whether direct or indirect, cease until the order is revoked by the Director.

DATED at Toronto this 25th day of May, 2015.

Ontario Securities Commission

"Sonny Randhawa"

Sonny Randhawa
Manager, Corporate Finance Branch

TO: The Secretary
MicroPlanet Technology Corp.
15530 Woodinville-Redmond Road NE
Suite B100
Woodinville, Washington
98072

CC: Valiant Trust Company



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 19^e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED (THE "ACT")**

AND

IN THE MATTER OF

MICROPLANET TECHNOLOGY CORP.

ORDER

(Paragraphs 127(1)2)

WHEREAS on May 12, 2015,

MICROPLANET TECHNOLOGY CORP. (the "Reporting Issuer")

and its transfer agent were notified that the Director made an order under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act on the 12th day of May, 2015 that all trading in the securities of the Reporting Issuer, whether direct or indirect, cease immediately for a period of fifteen days from the date of the order (the "Temporary Order");

AND WHEREAS the Temporary Order was made because the Reporting Issuer failed to file the following continuous disclosure materials as required by Ontario securities law (collectively, the "Default"):

- a) audited annual financial statements for the year ended December 31, 2014;
- b) management's discussion and analysis relating to the audited annual financial statements for the year ended December 31, 2014; and
- c) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;

AND WHEREAS the Reporting Issuer and its transfer agent were notified that a hearing (the "Hearing") would be held to determine if it would be in the public interest to make an order under paragraph 2 of subsection 127(1) of the Act that all trading in the securities of the Reporting Issuer, whether direct or indirect, cease permanently or for such period as is specified in the order;

AND WHEREAS the Reporting Issuer was notified that if it intended to attend at the Hearing, the Reporting Issuer was requested to notify the Director of its intention to attend in writing, in which case the Hearing would be held before the Commission;

AND WHEREAS the Reporting Issuer was further notified that if it failed to notify the Director of its intention to be present at the Hearing, then the Hearing would be held before the Director without the Reporting Issuer present;

AND WHEREAS the Reporting Issuer having failed to notify the Director of its intention to attend at the Hearing, the Hearing was held before the Director on the 25th day of May, 2015;

AND UPON no one appearing at the Hearing on behalf of the Reporting Issuer;

AND UPON hearing the evidence of staff of the Ontario Securities Commission and the Director being satisfied that the Default continues;

IT IS ORDERED pursuant to paragraph 2 of subsection 127(1) of the Act that, effective immediately, all trading in the securities of the Reporting Issuer, whether direct or indirect, shall cease until further order by the Director.

DATED at Toronto this 25th day of May, 2015.

Ontario Securities Commission

"Sonny Randhawa"

Sonny Randhawa
Manager, Corporate Finance Branch



May 7, 2015

VIA EMAIL

MicroPlanet Technology Corp.
P.O. Box 1250
Woodinville, Washington
98072

Tel: (206) 790-7790
Email: egarth@microplanet.com

Attention: Board of Directors

Dear Sir/Madam,

Re: *MicroPlanet Technology Corp. (the "Company")*
Suspension and Reinstatement to Trading – Notice to Transfer to NEX

This will confirm that effective May 6, 2015, TSX Venture Exchange (the "Exchange") suspended trading in the Company's securities as a result of a Cease Trade Order ("CTO") issued by the Alberta Securities Commission. A copy of the Exchange bulletin can be obtained from our website at tmx.com. Reinstatement to trading can occur only when the Cease Trade Order is revoked and the Exchange has concluded its reinstatement review to ensure the Company has satisfactorily complied with Exchange requirements.

In accordance with Exchange Policy 3.3 "Timely Disclosure" section 3.8(x), the Exchange requires the Company to issue a press release announcing the suspension from trading as it is considered a material change in the affairs of the Company.

Notice to Transfer to NEX

If the Company does not complete its reinstatement to Tier 2 as evidenced by the issuance of an Exchange bulletin, and is unable to meet Tier 2 Continued Listing Requirements ("CLR") within 90 days from the downgrade date, the Exchange will transfer the securities of the Company to NEX, without further notice. For further clarity, the transfer of the Company's securities to NEX will occur after **August 4, 2015 (the "NEX Deadline")**.

In order to avoid a transfer to NEX, the Company must file a submission to the Exchange evidencing that it meets Tier 2 CLR or has a satisfactory plan to meet Tier 2 CLR. Should the Company wish to apply for an extension, a written application must be received by the Compliance & Disclosure Department, at least 5 business days prior to the NEX Deadline for our review.

Reinstatement Application

The reinstatement requirements for the Company vary depending upon how long the Company remains suspended and whether the Company meets CLR. For further information, the Company is referred to Exchange Policy 2.9: Trading Halts, Suspensions, and Delistings. We also encourage the Company to review Policy 2.9, Section 4.8 and 4.9 with regards to the circumstances that may warrant an involuntary delisting. The Corporate Finance Policy Manual can also be found on the Exchange's website tmx.com.

The Exchange wishes to advise the Company that a reinstatement to trading is not automatic and that the Company must submit a written reinstatement application to the Exchange. The reinstatement application is to be in the form of a formal letter and must provide the following information and accompanying documents:

- 1) Written confirmation that the Company has filed Personal Information Forms for any new appointments or changes with respect to its directors and officers within the previous three years.
- 2) A letter from the Company's transfer agent ("TA") indicating that the Company is in good standing with the TA.
- 3) Complete and return the Company Facts Reconciliation Form which is enclosed with this letter.
- 4) The date that the Company last held an Annual General Meeting ("AGM"). If the Company has not held an AGM within the last 15-months, please ensure that the application includes comments regarding the Company's intentions to hold an AGM and if applicable seek an extension order under the relevant Business Corporations Act.
- 5) The name of the individual(s) and/or company who provides Investor Relations ("IR") services to the Company. Please ensure that application includes the effective date of the IR services and the date of the press release announcing the engagement of the IR provider.
- 6) A list of the members of the Company's Audit Committee. Please ensure that this list clearly identifies which members are considered Independent.
- 7) A review fee of \$500.00 plus applicable taxes payable to TSX Venture Exchange for the reinstatement application pursuant to Policy 1.3.

MicroPlanet Technology Corp.
May 7, 2015
Page 3

Should you have any questions, please do not hesitate to call the undersigned at the numbers indicated below.

Yours truly,
TSX VENTURE EXCHANGE INC.



Nicholas Smith
Analyst, Compliance & Disclosure

Tel: (403) 218-2827
Email: nicholas.smith@tsx.com



August 17, 2015

VIA EMAIL

MicroPlanet Technology Corp.
P.O. Box 1250
Woodinville, Washington
98072

Tel: (206) 790-7790
Email: egarth@microplanet.com

Attention: Board of Directors

Dear Sir/Madam,

**Re: Transfer to NEX
MicroPlanet Technology Corp. (the "Company")**

Further to the TSX Venture Exchange (the "Exchange") letter of May 7, 2015, we advise that the Exchange has not received satisfactory documentation from the Company supporting its ability to meet the Tier 2 Continued Listing Requirements by the August 4, 2015 deadline.

Accordingly, we advise that the shares of the Company will be transferred to NEX effective the opening August 18, 2015.

NEX is a separate board of the TSX Venture Exchange for Companies previously listed on TSX Venture Exchange or Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets. NEX has been designed to provide a forum for the trading of publicly listed shell Companies while they seek and undertake transactions in furtherance of their reactivation as Companies which will carry on an active business.

Please note that upon the transfer of the Company's listing to NEX, the Company is required to file a NEX Form A - Listing Notification within 5 days of the Company transferring to NEX with the undersigned. Should the Company fail to file the NEX Form A within the allotted time it will be halted until such time as NEX receives the Form.

In addition, in accordance with Exchange Policy 3.3 "Timely Disclosure", the Exchange requires the Company to issue a press release announcing that it has had its listing transferred to NEX as it is considered a material change in affairs of the Company.

The NEX Policies as at August 14, 2013, may be accessed from this link:

<http://www.tmx.com/en/nex/aboutUs/about.html>

All NEX filings should be made to:

NEX
Suite 2700 - 650 West Georgia Street
Vancouver BC
V6B 4N9

If you have any questions related to NEX, please call (604) 689-3334.

Yours truly,
TSX VENTURE EXCHANGE INC.



Nicholas Smith
Analyst, Compliance & Disclosure

Tel: (403) 218-2827

Email: nicholas.smith@tsx.com

This is Exhibit " 5 " to the Affidavit of

Wolfgang Struss

Wolfgang Struss

Sworn before me this 5th day of

December 2016

Cathy A. Shaffer

A Notary Public

In and for the State of Washington





Reporting Issuers List

BCSC

as at 12/2/2016 12:00:00 AM

Issuer name	Principal	Default	CTO	Management CTO
Metron Capital Corp.	BC	No	No	No
Metropolitan Energy Corp.	BC	No	No	No
Mettrum Health Corp.	ON	No	No	No
Mexivada Mining Corp.	BC	No	Yes	Yes
Mezzi Holdings Inc.	BC	No	No	No
Mezzotin Minerals Inc.	ON	No	No	No
MFC Bancorp Ltd.	BC	No	No	No
MGM Resources Corp.	BC	No	Yes	No
MGN Technologies Inc.	BC	No	Yes	No
MGX Minerals Inc.	BC	No	No	No
mHealth Capital Corp.	AB	No	Yes	No
Mi Software Corporation	BC	No	Yes	No
Michael Resources Ltd.	BC	No	Yes	No
Michele Gold Mines Limited	BC	No	Yes	No
Micrex Development Corp.	AB	No	No	No
Micro Concepts Inc.	BC	No	Yes	No
Micro Mining Technologies Ltd.	AB	No	Yes	No
Microbix Biosystems Inc.	ON	No	No	No
Microcomp 83 R & D Program Limited Partnership	BC	No	Yes	No
Microelectronics Technology Company	BC	No	Yes	No
Microkey Communication Systems, Inc.	BC	No	Yes	No
Microplanet Technology Corp.	AB	No	Yes	No
Micropost Corporation	BC	No	Yes	No
Mid Cap Canada Fund (GWLIM)	ON	No	No	No
Mid-Canada Gold & Copper Mines Limited	BC	No	Yes	No
Midas Gold Corp.	BC	No	No	No
Midasco Capital Corp.	BC	No	No	No
Midd Financial Corp.	BC	No	Yes	No
Middle Age Crazy	BC	No	Yes	No
Middlefield Can-Global REIT Income Fund	AB	No	No	No
Middlefield Canadian Dividend Growers Class	AB	No	No	No
Middlefield Global Agriculture Class	AB	No	No	No
Middlefield Global Dividend Growers Class	AB	No	No	No
Middlefield Global Energy Class	AB	No	No	No
Middlefield Global Healthcare Dividend Fund	AB	No	No	No
Middlefield Global Infrastructure Fund	AB	No	No	No
Middlefield Healthcare & Wellness Dividend Fund	AB	No	No	No
Middlefield High Yield Class	AB	No	No	No



**Alberta Securities Commission
Reporting Issuer List**

Name	Cease Traded	Nature of Default
META (CANADA) HOTELS INC.	ASC CTO	1a, 1b, 1c, 1e
METALCORP LIMITED		
METALEX VENTURES LTD.		
METALLIS RESOURCES INC.		
METALLUM RESOURCES INC.		
METALO MANUFACTURING INC.		
METALS CREEK RESOURCES CORP.		
METANOR RESOURCES INC.		
METEOR CREEK RESOURCES INC.	ASC CTO	1a, 1b, 1c, 1e, 1g
METHANEX CORPORATION		
METRO INC.		
METRO VANCOUVER PROPERTIES CORP.		
METRON CAPITAL CORP.		1b, 1c, 1e
METROPOLITAN ENERGY CORP.		
METTRUM HEALTH CORP.		
MEXIVADA MINING CORP.	ASC CTO	1a, 1b, 1c, 1e
MEZZI HOLDINGS INC.		
MEZZOTIN MINERALS INC.		
MFC BANCORP LTD.		
MGM RESOURCES CORP.	ASC CTO	1a, 1b, 1c, 1e
MGX MINERALS INC.		
MHEALTH CAPITAL CORP.	ASC CTO	1a, 1b, 1c, 1e
MICREX DEVELOPMENT CORP.		
MICRO MINERALS RESOURCES INC.	ASC CTO	1a, 1b, 1c, 1e
MICRO MINING TECHNOLOGIES LTD.	ASC CTO	1a, 1b, 1c, 1e, 1g
MICROBIX BIOSYSTEMS INC.		
MICROCOMP 83 R & D PROGRAM LIMITED PARTNERSHIP	ASC CTO	1a, 1b, 1c, 1e
MICROKEY COMMUNICATION SYSTEMS, INC.	ASC CTO	1a, 1b, 1c, 1e
MICROMEM TECHNOLOGIES INC.		
MICROPLANET TECHNOLOGY CORP.	ASC CTO	1a, 1b, 1c, 1e
MID CAP CANADA FUND (GWLIM)		
MIDAS GOLD CORP.		
MIDASCO CAPITAL CORP.		
MIDDLE AGE CRAZY	ASC CTO	1a, 1b, 1c, 1e
MIDDLEFIELD CANADIAN DIVIDEND GROWERS CLASS		
MIDDLEFIELD CAN-GLOBAL REIT INCOME FUND		
MIDDLEFIELD GLOBAL AGRICULTURE CLASS		
MIDDLEFIELD GLOBAL DIVIDEND GROWERS CLASS		
MIDDLEFIELD GLOBAL ENERGY CLASS		

Please be advised that pursuant to the Securities Amendment Act, 2006, the ASC no longer issues certificates of no default. Individuals seeking information relating to an issuer's status in that regard may wish to refer to this reporting issuer list. Every effort is made to ensure the accuracy of information included in the reporting issuers' list. A reporting issuer that does not appear on this list or that has inappropriately been noted in default should contact the ASC promptly. If appropriate, the list will be revised as necessary.

Issuer Name Nom d'émetteur	Nature of Default Nature du défaut
Meritage Global Conservative Portfolio	
Meritage Global Equity Class Portfolio	
Meritage Global Equity Portfolio	
Meritage Global Growth Class Portfolio	
Meritage Global Growth Portfolio	
Meritage Global Moderate Portfolio	
Meritage Growth Class Portfolio	
Meritage Growth Portfolio	
Meritage International Equity Portfolio	
Meritage Moderate Income Portfolio	
Meritage Moderate Portfolio	
Meritage Tactical ETF Balanced Portfolio	
Meritage Tactical ETF Equity Portfolio	
Meritage Tactical ETF Fixed Income Portfolio	
Meritage Tactical ETF Growth Portfolio	
Meritage Tactical ETF Moderate Portfolio	
Meritas Balanced Portfolio	
Meritas Canadian Bond Fund	
Meritas Growth & Income Portfolio	
Meritas Growth Portfolio	
Meritas Income & Growth Portfolio	
Meritas Income Portfolio	
Meritas International Equity Fund	
Meritas Jantzi Social Index Fund	
Meritas Maximum Growth Portfolio	
Meritas Monthly Dividend and Income Fund	
Meritas Strategic Income Fund	
Meritas U.S. Equity Fund	
Merrill Lynch Financial Assets Inc.	
Merus Labs International Inc.	
Methanex Corporation	
Metro Inc.	
Metro Vancouver Properties Corp.	
Mettrum Health Corp.	
Micro Mining Technologies Ltd.	Cease Traded
Micromem Technologies Inc.	
MicroPlanet Technology Corp.	Cease Traded
Mid Cap Canada Fund (GWLIM)	
Midas Gold Corp.	
Middlefield Can-Global REIT Income Fund	
Middlefield Canadian Dividend Growers Class	
Middlefield Global Agriculture Class	
Middlefield Global Dividend Growers Class	
Middlefield Global Energy Class	
Middlefield Global Healthcare Dividend Fund	
Middlefield Global Infrastructure Fund	
Middlefield Healthcare & Wellness Dividend Fund	
Middlefield High Yield Class	
Middlefield Income Plus Class	
Middlefield Real Estate Class	

Ontario Securities Commission

Please note

The default status of a reporting issuer shown on the list is as of the date of the last update indicated. More current information may be obtained by calling the Contact Centre at 416-593-8314 or 1-877-785-1555 (Toll Free).

Last Updated on Dec 2, 2016 at 08:04:38 am

Legend	
1a.	Failure to file annual financial statements.
1b.	Failure to file interim financial statements.
1c.	Failure to file an annual or interim management's discussion and analysis (MD&A) or annual or interim management report of fund performance (MRFP).
1d.	Failure to file an Annual Information Form (AIF).
1e.	Failure to file a certification of annual or interim filings required by Multilateral Instrument 52 -109 <i>Certification of Disclosure in Issuers' Annual and Interim Filings</i> (MI 52-109).
1f.	Failure to file required proxy materials or a required information circular.
1g.	Failure to file an issuer profile supplement on the System for Electronic Disclosure by Insiders (SEDI) .
1h.	Failure to file a material change report.
1i.	Failure to provide a written update after filing a confidential report of a material change.
1j.	Failure to file a business acquisition report.
1k.	Failure to file annual oil and gas disclosure prescribed by National Instrument 51 -101 <i>Standards of Disclosure of Oil and Gas Activities</i> (NI 51-101) or technical reports for a mineral project required under NI 43-101 <i>Standards of Disclosure for Mineral Projects</i> (NI 43-101).
1l.	Failure to file a mandatory news release.
1m.	Failure to file corporate governance disclosure as required by National Instrument 58 -101 <i>Disclosure of Corporate Governance Practices</i> .
1n.	Failure to file audit committee disclosure as required by Multilateral Instrument 52-110 <i>Audit Committees</i> or BC Instrument 52-509 <i>Audit Committees</i> .
1o.	Failure to include disclosure in an issuer's MD&A relating to disclosure controls and procedures and their effectiveness that is referred to in a certificate filed under MI 52-109.
2a.	Financial statements of the reporting issuer, or the auditors' report accompanying the financial statements, do not comply with the requirements of NI 51-102 <i>Continuous Disclosure Obligations</i> (NI 51-102), National Instrument 81-106 <i>Investment Fund Continuous Disclosure</i> (NI 81-106) or National Instrument 52-107 <i>Acceptable Accounting Principles, Auditing Standards and Reporting Currency</i> .
2b.	The reporting issuer has acknowledged that its financial statements, or the auditors' report accompanying the financial statements, may no longer be relied upon.
2c.	The reporting issuer's AIF, MD&A, MRFP, information circular, or business acquisition reports do not contain information for each of the content items required by NI 51-102 or NI 81-106.
2d.	The reporting issuer's technical disclosure or other reports do not comply with the disclosure requirements of NI 43-101 or NI 51-101.
3.	Failure to pay a fee required by the Act or the regulations.
4.	Failure to comply with any other requirement related to continuous disclosure.

Ontario Securities Commission
Commission des valeurs mobilières de l'Ontario

Issuer Name Nom d'émetteur assujetti	In Default En défaut	Nature of Default Nature du défaut	Cease Traded Ordonnance d'interdiction d'opérations	Order Date Date de l'ordonnance (YYYY/MM/DD)
Meritus Minerals Ltd.	Yes/Oui	1a, 1c, 1e, 3	Yes/Oui	2013/08/15
Merrill Lynch Financial Assets Inc.	--	--	--	--
Merrill Lynch Healthcare Fund, Inc.	Yes/Oui	1a, 1b, 3	--	--
Merus Labs International Inc.	--	--	--	--
Meryllion Resources Corporation	--	--	--	--
MetalCorp Limited	--	--	--	--
Metallic Minerals Corp.	--	--	--	--
Metallis Resources Inc.	--	--	--	--
Metallum Resources Inc.	--	--	--	--
Metalo Manufacturing Inc.	--	--	--	--
Metalore Resources Limited	--	--	--	--
Metals Creek Resources Corp.	--	--	--	--
Metanor Resources Inc.	--	--	--	--
Meteor Creek Resources Inc.	Yes/Oui	1a	Yes/Oui	2003/05/23
Methanex Corporation	--	--	--	--
Metro inc.	--	--	--	--
Metro Vancouver Properties Corp.	--	--	--	--
Metron Capital Corp.	--	--	--	--
Metropolitan Energy Corp.	--	--	--	--
Mettrum Health Corp.	--	--	--	--
Mexivada Mining Corp.	--	--	Yes/Oui	2012/11/21
Mezzotin Minerals Inc.	--	--	--	--
MGX Minerals Inc.	--	--	--	--
mHealth Capital Corp.	Yes/Oui	1a, 1c, 1e, 3	Yes/Oui	2013/05/13
Microbe Corporation	--	--	Yes/Oui	1990/10/09
Microbix Biosystems Inc.	--	--	--	--
Microcomp 83 R & D Program Limited Partnership	--	--	Yes/Oui	1987/09/08
Micromem Technologies Inc.	--	--	--	--
MicroPlanet Technology Corp.	Yes/Oui	1a, 1b, 1c, 1e, 3	Yes/Oui	2015/05/12

This is Exhibit " 6 " to the Affidavit of

Wolfgang Struss

Wolfgang Struss

Sworn before me this 5th day of

December, 2016

Cathy A. Shaffer

A Notary Public

In and for the State of Washington



Saskatchewan Securities Commission

Date Updated

Choose a Ministry



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Financial and Consumer Affairs Authority

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Reporting Issuers Search

Click on the first letter of the name of the company you are searching for.

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z Other

Or enter the first several letters of the company name below.

Company Name:

Data on these pages was updated on 02-Dec-2016 at 04:00 AM. We try to ensure our database is accurate. If you have questions about the data, please contact us at 787-5644.

Reporting Issuer List

Reporting Issuers Listing

Issuer Name	Start Date	Reporting Issuer?	Reporting By Order?	In Default	Cease Traded Date	Based In Sask?
Meritas Canadian Bond Fund	3/27/2001	Yes	No	No		No
Meritas Growth & Income Portfolio	4/12/2010	Yes	No	No		No
Meritas Growth Portfolio	10/12/2010	Yes	No	No		No
Meritas Income & Growth Portfolio	10/12/2010	Yes	No	No		No
Meritas Income Portfolio	4/6/2011	Yes	No	No		No
Meritas International Equity Fund	3/27/2001	Yes	No	No		No
Meritas Jantzi Social Index Fund	3/27/2001	Yes	No	No		No
Meritas Maximum Growth Portfolio	4/7/2011	Yes	No	No		No
Meritas Monthly Dividend and Income Fund	2/1/2006	Yes	No	No		No
Meritas Strategic Income Fund	3/27/2001	Yes	No	No		No
Meritas U.S. Equity Fund	3/27/2001	Yes	No	No		No
Merrill Lynch Financial Assets Inc.	6/16/1995	Yes	No	No		No
Merus Labs International Inc.	12/19/2011	Yes	No	No		No
Meteor Creek Resources Inc. (T)	12/12/2000	Yes	No	Yes		No
Methanex Corporation	10/21/1982	Yes	No	No		No
Metro Inc.	5/17/1993	Yes	No	No		No
Metro Vancouver Properties Corp.	10/29/1999	Yes	No	No		No
Mettrum Health Corp.	5/4/2016	Yes	No	No		No
Micro Mining Technologies Ltd. (T)	12/20/2000	Yes	No	Yes		No
Microcomp 83 R & D Program L.P. (CT)	11/1/1983	Yes	No	Yes	2/17/1993	No
MicroPlanet Technology Corp.	6/1/2004	Yes	No	Yes		No

This is Exhibit " 7 " to the Affidavit of
Wolfgang Struss *Wolfgang Struss*
Sworn before me this 5th day of
December 2016

Cathy A. Shaffer
A Notary Public

In and for the State of Washington





NEX Listed Companies

As of November 11th, 2016

<u>Company Name</u>	<u>Symbol</u>	<u>Trading Status</u>
3MV Energy Corp.	TMV.H	SUSPEND
A.I.S. Resources Limited	AIS.H	TRADING
AMG Bioenergy Resources Holdings Ltd.	ABG.H	SUSPEND
ASB Capital Inc.	ASB.H	HALT
Abcana Capital Inc.	ABQ.H	HALT
Abzu Gold Ltd	ABS.H	SUSPEND
Accend Capital Corporation	ADP.H	SUSPEND
Access International Education Ltd.	AOE.H	SUSPEND
Ace Aviation Holdings Inc.	ACE.H	TRADING
Acme Resources Corp	ACY.H	HALT
Adent Capital Corp.	ANT.H	SUSPEND
Afrasia Mineral Fields Inc.	AFS.H	TRADING
Afri-Can Marine Minerals Corporation	AFA.H	SUSPEND
Africa Hydrocarbons Inc.	NFK.H	TRADING
Aftermath Silver Ltd.	AAG.H	SUSPEND
AgriMinco Corp.	ANO.H	SUSPEND
Aim Explorations Ltd.	AXN.H	TRADING
Aintree Resources Inc.	AIN.H	TRADING
Alba Minerals Ltd.	AA.H	TRADING
Aldershot Resources Ltd.	ALZ.H	TRADING
AlkaLi3 Resources Inc.	ALK.H	TRADING
All in West! Capital Corporation	ALW.H	SUSPEND
Allante Resources Ltd.	ALL.H	TRADING
Amador Gold Corp.	AGX.H	TRADING
Amanta Resources Ltd.	AMH.H	SUSPEND
Amato Exploration Ltd	AMT.H	TRADING
Amseco Exploration Ltd	AEL.H	SUSPEND
AndeanGold Ltd	AAU.H	SUSPEND
Angel Bioventures Inc	DDD.H	HALT
Antler Hill Oil & Gas Ltd.	AHO.H	HALT
Aquarius Coatings Inc.	AQC.H	SUSPEND
Arcland Resources Inc.	ADR.H	TRADING
Arcturus Ventures Inc.	AZN.H	TRADING
Ardonblue Ventures Inc.	ARB.H	TRADING
Argonaut Exploration Inc	AGA.H	SUSPEND
Arkadia Capital Corp.	AKC.H	SUSPEND
Aroway Energy Inc.	ARW.H	SUSPEND
Asbestos Corporation Limited	AB.H	TRADING
Atlantic Industrial Minerals Inc.	ANL.H	TRADING
Atom Energy Inc.	AGY.H	TRADING
Atoro Capital Corp.	TTO.H	TRADING
Austpro Energy Corp.	AUS.H	TRADING
Automodular Corporation	AM.H	TRADING
Avidus Management Group Inc.	AVD.H	SUSPEND
Axis Auto Finance Inc.	AXS	TRADING
Ayubowan Capital Ltd.	AYB.H	TRADING
Azabache Energy Inc	AZA.H	SUSPEND

Margaux Red Capital Inc.	MXC.H	TRADING
Marquis Ventures Inc.	MQV.H	TRADING
Martina Minerals Corp.	MTN.H	TRADING
Match Capital Resources Corporation	MHC.H	HALT
Mazarin Inc.	MAZ.H	TRADING
Mega View Digital Entertainment Corp.	MVD.H	TRADING
Mena Hydrocarbons Inc.	MNH.H	SUSPEND
Meritus Minerals Limited	MER.H	SUSPEND
Metropolitan Energy Corp.	MOE.H	TRADING
Mexivada Mining Corp	MNV.H	SUSPEND
MicroPlanet Technology Corp.	MP.H	SUSPEND
Midasco Capital Corp.	MGC.H	TRADING
Milner Consolidated Silver Mines Ltd.	MCA.H	TRADING
Miza Enterprises Inc.	MZA.H	TRADING
Monster Uranium Corp.	MU.H	TRADING
Montreux Capital Corp.	MRX.H	TRADING
Morgan Resources Corp.	MOR.H	TRADING
Mountainview Energy Ltd.	MVW.H	SUSPEND
Mukuba Resources Limited	MKU.H	TRADING
NSX Silver Inc.	NSY.H	HALT
Navasota Resources Inc.	NAV.H	SUSPEND
Nebo Capital Corp.	NBO.H	TRADING
New Klondike Exploration Ltd.	NK.H	SUSPEND
Newcastle Energy Corp	NGY.H	TRADING
Newton Energy Corporation	NTN.H	HALT
Nexia Health Technologies Inc.	NGH.H	TRADING
Nextraction Energy Corp.	NE.H	SUSPEND
Nordic Oil and Gas Ltd.	NOG.H	SUSPEND
North American Tungsten Corporation Ltd.	NTC.H	SUSPEND
North Bluff Capital Corp	NBK.H	SUSPEND
Norzan Enterprises Ltd.	NRZ.H	SUSPEND
Oakham Capital Corp.	OKM.H	HALT
Octant Energy Corp.	OEL.H	HALT
Odesia Group Inc.	ODS.H	SUSPEND
Odyssey Resources Limited	ODX.H	HALT
Oil Optimization Inc	OOI.H	SUSPEND
One World Investments Inc	OWI.H	HALT
OneCap Investment Corporation	OIC.H	SUSPEND
Open Gold Corp	OPG.H	HALT
Ord Mountain Resources Corp.	OMR.H	HALT
Oriana Resources Corporation	OUP.H	TRADING
Oxford Resources Inc.	OXI.H	SUSPEND
P&P Ventures Inc.	PPV.H	TRADING
Pacific Arc Resources Ltd.	PAV.H	TRADING
Pacific Cascade Minerals Inc	PCV.H	SUSPEND
Pacific Geolnfo Corp.	PGO.H	TRADING
Pacific Link Mining Corp	PKC.H	TRADING
Pacific Topaz Resources Ltd	PPZ.H	TRADING
Pacific Wildcat Resources Corp.	PAW.H	SUSPEND
Paloma Resources Inc.	PLO.H	TRADING
Panda Capital Inc	PDA.H	TRADING
Passport Potash Inc.	PPI.H	SUSPEND
Peace River Capital Corp.	PRC.H	TRADING
Pedro Resources Ltd.	PED.H	TRADING
PetroCorp Group Inc.	PCG.H	SUSPEND

This is Exhibit " 8 " to the Affidavit of
Wolfgang Struss *Wolfgang Struss*
Sworn before me this 5th day of
December 2016
Cathy A. Shaffer
A Notary Public
In and for the State of Washington



SEE LEGENDS ON REVERSE SIDE

NUMBER
75

SHARES
-44,267,940-



INCORPORATED UNDER THE LAWS OF THE STATE OF WASHINGTON

MICROPLANET, INC.

Authorized to issue 150,000,000 Shares of Capital Stock-- No Par Value
100,000,000 SHARES COMMON STOCK
50,000,000 SHARES PREFERRED STOCK

COMMON STOCK

This Certificate that

HF Capital Corp.

is the owner of

Forty-Four Million Two Hundred Sixty-Seven Thousand Nine Hundred Forty-- *fully paid and non-assessable*
Shares of the above Corporation transferable only on the books of the Corporation
by the holder hereof in person or by a duly authorized Attorney upon surrender of
this Certificate properly endorsed.

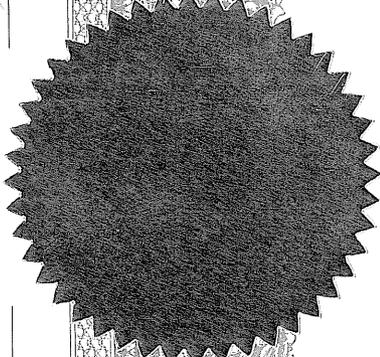
In Witness Whereof, the said Corporation has caused this Certificate to be signed
by its duly authorized officers and to be sealed with the Seal of the Corporation.

Dated April 8, 2005

Greg Wiegand

Greg Wiegand, Secretary

D. Brian Reedy, President



This is Exhibit " 9 " to the Affidavit of
Wolfgang Struss *Wolfgang Struss*
Sworn before me this 5th day of
December, 2016
Cathy A. Shaffer
A Notary Public
In and for the State of Washington



SEE RESTRICTIONS ON REVERSE SIDE

NUMBER 76



INCORPORATED UNDER THE LAWS OF THE STATE OF WASHINGTON

SHARES 44,267,940
Common Stock

MICROPLANET, INC.

~~The~~ **Articles of Incorporation**

Microplanet Technology Corp.

is the owner of

Forty-Four Million Two Hundred Sixty-Seven Thousand Nine Hundred Forty

fully paid and non-assessable

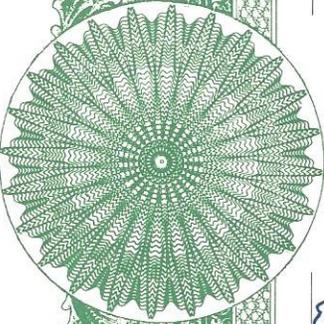
Shares of the above Corporation transferable only on the books of the Corporation by the holder hereof in person or by a duly authorized Attorney upon surrender of this Certificate properly endorsed.

The Witness Whereof the said Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the Seal of the Corporation.

Dated December 1, 2016

William Steun
President

William Steun
Secretary



This is Exhibit " 10 " to the Affidavit of
Wolfgang Struss *Wolfgang Struss*
Sworn before me this 5th day of
December 2016

Cathy A. Shaffer
A Notary Public

In and for the State of Washington





Audited Annual Consolidated Financial Statements
For the Financial Year ended December 31, 2012

CORRECTED AUDITOR'S REPORT

Following are the audited annual consolidated financial statements of MicroPlanet Technology Corp. for the financial year ended December 31, 2012 including the notes thereto and independent auditor's report thereon. The copy of the independent auditor's report of Grant Thornton LLP that was attached to our financial statements for this period as originally filed with applicable Canadian securities regulatory authorities neglected to include the consolidated financial position of MicroPlanet Technology Corp. as at December 31, 2010 in listing the statements which comprise the consolidated financial statements of MicroPlanet Technology Corp. and on which Grant Thornton LLP expressed their opinion. That error, particulars of which are described below, has been corrected in the independent auditor's report that follows. There is no change in our 2012 annual financial statements (including the notes thereto) between the copy that follows and the copy originally filed on April 30, 2013 and available electronically at www.sedar.com.

The first paragraph of the corrected auditor's report that follows properly includes the consolidated financial position of MicroPlanet Technology Corp. as at December 31, 2010 in listing the accompanying statements which comprise the consolidated financial statements of MicroPlanet Technology Corp. Solely for purposes of this notice to readers, the corrected language below which was previously excluded has been highlighted by being italicized and underlined and the deleted language which is no longer appropriate being highlighted with a double strikethrough.

We have audited the accompanying consolidated financial statements of MicroPlanet Technology Corp., which comprise the consolidated statements of financial position as at December 31, 2012, ~~and~~ December 31, 2011, and December 31, 2010 and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ~~then~~ ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

The Opinion paragraph on page two of the corrected auditor's report that follows properly includes the reference to the consolidated financial position of MicroPlanet Technology Corp. as at December 31, 2010 on which Grant Thornton LLP has expressed their opinion. Solely for purposes of this notice to readers, the corrected language below which was previously excluded has been highlighted by being italicized and underlined and the deleted language which is no longer appropriate being highlighted with a double strikethrough.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of MicroPlanet Technology Corp. as at December 31, 2012, ~~and~~ December 31, 2011, and December 31, 2010 and its financial performance and its cash flows for the years ~~then~~ ended December 31, 2012, and December 31, 2011 in accordance with International Financial Reporting Standards.

Correction of this error of excluding the listing and reference to December 31, 2010 in the auditor's report constitutes the only change from our 2012 annual consolidated financial statement filing for the year ended December 31, 2012, as originally filed on April 30, 2013.

DATED: May 21, 2013

MicroPlanet Technology Corp.

Consolidated Financial Statements

(Expressed in United States Dollars)

December 31, 2012 and 2011

Contents

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Independent Auditor's Report

Grant Thornton LLP
Suite 1600, Grant Thornton Place
333 Seymour Street
Vancouver, BC
V6B 0A4
T +1 604 687 2711
F +1 604 685 6569
www.GrantThornton.ca

To the shareholders of MicroPlanet Technology Corp.

We have audited the accompanying consolidated financial statements of MicroPlanet Technology Corp., which comprise the consolidated statements of financial position as at December 31, 2012, December 31, 2011, and December 31, 2010 and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of MicroPlanet Technology Corp. as at December 31, 2012, December 31, 2011, and December 31, 2010 and its financial performance and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 3.1 in the consolidated financial statements which indicates that the Company has incurred only operating losses to date and as of December 31, 2012, the Company's current liabilities exceeded its total assets by \$3,259,770. These conditions, along with other matters as set forth in Note 3.1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that may result from the outcome of this uncertainty.



Vancouver, Canada

April 29, 2013

Chartered accountants

MicroPlanet Technology Corp.**Consolidated Statements of Financial Position**

(Expressed in United States dollars)

	December 31, 2012	December 31, 2011 (as restated - note 20)	December 31, 2010 (as restated - note 20)
Assets			
Current			
Cash and cash equivalents (note 4)	\$ 17,682	\$ 183,471	\$ 194,419
Accounts receivable	-	27,740	638,110
Inventory (note 5)	96,316	184,067	534,489
Prepaid expenses and deposits (note 6)	9,750	39,544	174,178
	<u>123,748</u>	<u>434,822</u>	<u>1,541,196</u>
Non-current			
Equipment, net of accumulated depreciation (note 7)	674	13,151	77,279
	<u>674</u>	<u>13,151</u>	<u>77,279</u>
Total assets	<u>\$ 124,422</u>	<u>\$ 447,973</u>	<u>\$ 1,618,475</u>
Liabilities and shareholders' deficiency			
Current liabilities			
Accounts payable and accrued liabilities (note 8)	\$ 734,828	\$ 908,229	\$ 900,471
Provisions (note 8)	120,693	119,693	83,892
Deferred revenue	53,503	53,503	53,503
Equipment lease obligations	-	-	13,059
Line of credit	-	-	502,715
Loans from investors (note 14)	50,000	-	-
Warrants, current (note 11)	353,092	-	-
Interest payable, current (note 10)	337,805	39,695	80,655
Convertible notes, current (note 10)	1,734,271	1,933,747	3,910,032
	<u>3,384,192</u>	<u>3,054,867</u>	<u>5,544,327</u>
Non-current liabilities			
Warrants, net of current (note 11)	-	933,669	250,383
Interest payable, net of current (note 10)	67,776	-	-
Convertible notes, net of current (note 10)	1,433,002	-	-
	<u>1,500,778</u>	<u>933,669</u>	<u>250,383</u>
Total liabilities	<u>4,884,970</u>	<u>3,988,536</u>	<u>5,794,710</u>
Shareholders' deficiency			
Share capital (note 13)	\$ 22,795,222	\$ 21,575,211	\$ 19,935,756
Contributed surplus	4,082,365	4,043,410	3,876,460
Deficit	(31,638,135)	(29,159,184)	(27,988,451)
	<u>(4,760,548)</u>	<u>(3,540,563)</u>	<u>(4,176,235)</u>
Total shareholders' deficiency	<u>(4,760,548)</u>	<u>(3,540,563)</u>	<u>(4,176,235)</u>
Total liabilities and shareholders' deficiency	<u>\$ 124,422</u>	<u>\$ 447,973</u>	<u>\$ 1,618,475</u>

Approved on behalf of the Board of Directors

"David W. Andrews"

Director

"Alan Richardson"

Director

See accompanying notes to the consolidated financial statements

MicroPlanet Technology Corp.
Consolidated Statements of Operations and
Comprehensive Loss

(Expressed in United States dollars)

Year ended December 31	2012	2011 (as restated - note 20)
Sales	\$ 77,962	\$ 1,505,169
Cost of sales	<u>48,512</u>	<u>1,087,107</u>
Gross margin	<u>29,450</u>	<u>418,062</u>
Expenses		
Research and development	1,156,010	1,271,209
Marketing and market development	448,108	503,328
General and administrative	<u>614,806</u>	<u>1,153,283</u>
	<u>2,218,924</u>	<u>2,927,820</u>
Loss from operations	(2,189,474)	(2,509,758)
Other Income (expense)		
Interest expense	(308,861)	(404,291)
Interest income	154	212
Foreign exchange gain (loss)	(86,426)	126,888
Change in fair value of warrants liability (note 11)	580,577	1,681,012
Change in fair value of compound convertible note liability (note 10)	(474,921)	(45,616)
Financing fee	-	(20,960)
Amortization of gain on equipment sale	<u>-</u>	<u>1,780</u>
	<u>(289,477)</u>	<u>1,339,025</u>
Loss and comprehensive loss for the year	<u>\$ (2,478,951)</u>	<u>\$ (1,170,733)</u>
Basic and diluted loss per share	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding	<u>109,991,441</u>	<u>83,342,885</u>

See accompanying notes to the consolidated financial statements

MicroPlanet Technology Corp.**Consolidated Statements of Changes in Equity**

(Expressed in United States dollars)

	Share capital	Contributed surplus	Deficit	Total equity
Balance at December 31, 2011 (as restated - note 20)	\$ 21,575,211	\$ 4,043,410	\$ (29,159,184)	\$ (3,540,563)
Changes to equity				
Share-based compensation	\$ -	\$ 50,727	\$ -	\$ 50,727
Issuance of shares	1,220,011	(11,772)	-	1,208,239
Convertible notes equity	-	-	-	-
Total comprehensive loss for the year	-	-	(2,478,951)	(2,478,951)
Total activity for the year	<u>1,220,011</u>	<u>38,955</u>	<u>(2,478,951)</u>	<u>(1,219,985)</u>
Balance at December 31, 2012	<u>\$ 22,795,222</u>	<u>\$ 4,082,365</u>	<u>\$ (31,638,135)</u>	<u>\$ (4,760,548)</u>
	Share capital	Contributed surplus	Deficit	Total equity
Balance at December 31, 2010 (as restated - note 20)	\$ 19,935,756	\$ 3,876,460	\$ (27,988,451)	\$ (4,176,235)
Changes to equity				
Share-based compensation	\$ 10,175	\$ 166,950	\$ -	\$ 177,125
Issuance of shares	4,074,123	-	-	4,074,123
Shares issued in lieu of interest	46,066	-	-	46,066
Warrants issued for private placement	(2,490,909)	-	-	(2,490,909)
Total comprehensive loss for the year	-	-	(1,170,733)	(1,170,733)
Total activity for the year	<u>1,639,455</u>	<u>166,950</u>	<u>(1,170,733)</u>	<u>635,672</u>
Balance at December 31, 2011 (as restated - note 20)	<u>\$ 21,575,211</u>	<u>\$ 4,043,410</u>	<u>\$ (29,159,184)</u>	<u>\$ (3,540,563)</u>

See accompanying notes to the consolidated financial statements

MicroPlanet Technology Corp.**Consolidated Statements of Cash Flows**

(Expressed in United States dollars)

Year ended December 31	2012	2011 (as restated - note 20)
Cash provided by (used for) the following activities:		
Operating:		
Loss for the year	\$ (2,478,951)	\$ (1,170,733)
Depreciation	12,477	64,128
Unrealized foreign exchange (gain) loss	86,426	(126,888)
Change in fair value of warrants liability	(580,577)	(1,681,012)
Change in fair value of convertible notes (note 10)	474,921	45,616
Shares issued in lieu of interest on convertible notes (note 10)	-	46,066
Warrants issued for finders fee (note 11)	-	20,960
Share-based compensation (note 13)	50,727	177,125
Amortization of gain on equipment sale-leaseback	-	(1,780)
Change in non-cash operating working capital	548,024	1,382,064
	<u>(1,886,954)</u>	<u>(1,244,454)</u>
Financing:		
Proceeds from equity financing	1,024,373	2,561,975
Proceeds from issuance of convertible notes	1,081,074	-
Payments on convertible notes	(393,629)	(535,256)
Proceeds from investor loans	50,000	-
Proceeds from inventory financing	138,484	-
Payments on inventory financing	(138,484)	-
Proceeds from line of credit	-	103,135
Payments on line of credit	-	(618,813)
Payments on equipment lease obligations	-	(13,059)
Interest paid	(40,808)	(264,688)
Interest received	154	212
	<u>1,721,164</u>	<u>1,233,506</u>
Decrease in cash and cash equivalents	(165,789)	(10,948)
Cash and cash equivalents, beginning of year	183,471	194,419
Cash and cash equivalents, end of year	<u>\$ 17,682</u>	<u>\$ 183,471</u>

See accompanying notes to the consolidated financial statements

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

1. Nature of operations

MicroPlanet Technology Corp., an Alberta corporation, and its wholly-owned subsidiary MicroPlanet, Inc., a Washington corporation (together, “MicroPlanet” or the “Company”) are in the business of developing technologies for energy conservation as it relates primarily to electrical energy and voltage compliance for the utility, commercial and residential markets. The Company's products are sold to electric utilities and businesses for the purposes of conserving electricity and regulating voltage within compliance standards. Customers are located in the United States, Canada, Australia, New Zealand, Ireland, and United Kingdom.

2. General information and statement of compliance with IFRS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

MicroPlanet Technology Corp. is the sole owner of MicroPlanet, Inc., which is a corporation organized under the laws of the State of Washington, USA. The address of MicroPlanet's principal place of business is 15530 Woodinville-Redmond Road NE, Suite B100, Woodinville, Washington, 98072 USA. MicroPlanet Technology Corp.'s shares are listed on the Toronto Venture Stock Exchange under the trading symbol “MP” and trade under the symbol “MCTYF” on the OTC:PK. MicroPlanet, Inc. is the sole subsidiary of MicroPlanet Technology Corp.

The consolidated financial statements were approved for issue by the Board of Directors on April 29, 2013.

3. Significant accounting policies

3.1 Basis of presentation and going concern

These consolidated financial statements have been prepared on a going concern basis using historical cost accounting except for certain financial instruments (convertible notes and warrants) measured at their fair value (notes 10 and 11). If the going concern basis were not appropriate, adjustments to the carrying amounts of the Company's assets and liabilities would be required to measure them on a liquidation basis. Such adjustments, if any, could be material. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The Company has incurred only operating losses to date and as of December 31, 2012, the Company has an accumulated deficit of \$31,638,135 and current liabilities exceed its total assets by \$3,259,770. The Company will be required to raise additional capital over the next 12 months to fund the development of new products, manufacture of existing products, development of existing and new markets, as well as to fund other aspects of ongoing operations. There is significant risk to the Company's ability to raise additional capital which presents material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. In the event the Company is unsuccessful in raising additional capital, the Company will have no alternative but to cease operations. The Company's objectives and policies for managing capital, credit risk and liquidity risk are described in notes 15 and 16.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

These consolidated financial statements have been prepared on the basis of IFRS standards that are effective at December 31, 2012.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3.2 Basis of consolidation

These consolidated financial statements include the accounts of the parent company, MicroPlanet Technology Corp. and its wholly-owned subsidiary, MicroPlanet, Inc. All intercompany transactions and balances are eliminated on consolidation.

3.3 Use of estimates and management judgments

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and notes thereto. Actual amounts may ultimately differ from these estimates.

The following are significant management judgments, estimates and assumptions in applying the accounting policies of the Company that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses:

3.3.1 Management judgments

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

3.3.2 Management estimates

Impairment of long-lived assets

In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utilization of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utilization of certain software and equipment.

Inventories

The Company estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

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Share-based payment

The Company measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Provision for warranties

The Company provides for warranty expenses by setting aside a percentage of sales towards the warranty provision account. The percentage is based on the Company's historical warranty claims. Uncertainty relates to the timing and amount of actual warranty claims that can vary from the Company's estimation.

3.4 Currency

The functional currency of the Company and its subsidiary is the United States dollar and these consolidated financial statements are presented in United States dollars.

Transactions of the Company that are denominated in foreign currencies are recorded in United States dollars at exchange rates in effect at the related transaction date. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the reporting date. Exchange gains and losses arising from the translation of foreign currency denominated monetary assets and liabilities are included in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.5 Cash and Cash Equivalents

The cash and cash equivalents consist of bank accounts and short-term investments with maturity dates of three months or less when purchased and are carried at fair value.

3.6 Allowance for Doubtful Accounts

The Company establishes an allowance for doubtful accounts through review of open accounts, and historical collection experience. To date, the Company has experienced no write-offs of uncollectible accounts. Given the creditworthiness of its clients, the nature of its products and the level of specificity in its sales contracts, the Company has determined that an allowance is not required at the reporting date.

3.7 Inventory

The Company's inventory consists of finished goods. Finished goods are comprised of the component parts and contract manufacturing charges. Inventory is recorded using the average cost method. The carrying value of inventory that is identified as obsolete is removed from the inventory asset account and

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

charged to the appropriate expense category. For the year ended December 31, 2012, research and development expenses includes \$nil (2011: \$65,135) related to the write down of obsolete research and development supplies to zero value.

3.8 Equipment

Equipment is recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from three to five years, commencing upon the utilization of the asset.

3.9 Warranty Reserve

The Company has established a warranty reserve for repair and replacement costs to be incurred during the warranty period for its products. The Company estimates an amount to be added to the reserve for each product shipped, based on material and labor costs and the likelihood of product failure within the warranty period. As warranty costs are incurred, the warranty reserve is reduced accordingly. The warranty reserve is included in provisions.

3.10 Convertible Notes

Convertible debt issued by the Company is separated into liability and equity components and presented separately on the consolidated statement of financial position. The Company determines the carrying amount of the financial liability by discounting the stream of future payments at the prevailing market rate for a similar liability. The carrying amount of the equity instrument represented by the option to convert the instrument into common shares is then determined by deducting the carrying amount of the financial liability from the amount of the compound instrument as a whole.

3.11 Capital Stock Issued for Other Than Cash

Capital stock issued for other than cash is valued at the price at which the stock traded on the principal stock exchange on which the stock trades at the time the agreement to issue the stock is made or, if such issuance is at the option of the Company, at the time the Company determines to issue such stock.

3.12 Research and Development

The Company is engaged in research and development. Research and development costs include design fees, materials, outside testing, and salaries of employees directly involved in research and development activities. Research costs are expensed as incurred. Development costs are expensed in the period incurred, unless certain criteria related to technical, market and financial feasibility are met, in which case development costs are deferred and amortized over the estimated life of the related products. Management reviews the applicable criteria on a regular basis and if the criteria are no longer met, any remaining unamortized balance is written off as a charge to profit or loss. At December 31, 2012 and December 31, 2011, the Company had not deferred any development costs.

3.13 Revenue Recognition

The Company recognizes revenue when product is shipped from its premises or the premises of the Company's contract manufacturer, as appropriate, assuming a definitive agreement has been reached with

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

the customer identifying the goods sold and consideration to be received, the Company has neither continuing involvement with nor control over the goods sold, and collectability is probable. The Company documents its arrangements with customers with sales orders.

When the proceeds of sales are received in advance of earning those revenues, the revenues are deferred and brought into income as delivery occurs, assuming all other revenue recognition criteria have been met.

3.14 Stock-based Compensation

The Company has a stock option plan (note 13.3). For stock options granted to employees, officers and directors, the Company records compensation expense over the vesting period of the option based on the fair value method of accounting, measured on the date of grant. Stock-based awards to non-employees are measured at fair value and expensed at the time the related goods or services are received.

The fair value of transactions with employees and others providing similar services is measured by reference to the fair value of the equity instruments granted. The fair value of transactions with parties other than employees is determined by the fair value of services received unless that fair value cannot be estimated reliably.

3.15 Loss per Share

Basic loss per share amounts are calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method. This method assumes that common shares are issued for the exercise of warrants and options and that the assumed proceeds from the exercise of warrants and options are used to purchase common shares at the average market price during the year. The difference between the number of shares assumed issued and the number of shares assumed purchased is then added to the basic weighted average number of shares outstanding to determine the diluted number of common shares outstanding. No exercise or conversion is assumed during the years in which a net loss is incurred as the effect is anti-dilutive. The securities that are excluded from the calculation of basic loss per share include: stock options, warrants and agents' options.

3.16 Financial Instruments

The Company classifies all financial instruments into the following categories: held-for-trading, held-to-maturity, available-for-sale, loans and receivables, or other financial liabilities. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost. Available-

for-sale instruments are measured at fair value with changes in fair value recognized in other comprehensive income until the instrument is derecognized or impaired. Instruments classified as held-for-trading are measured at fair value with changes in fair value recognized in profit or loss.

The Company has classified its financial instruments as follows:

Cash and cash equivalents.....	Loans and receivables
Accounts receivable.....	Loans and receivables

MicroPlanet Technology Corp.

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(Expressed in United States dollars)

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Accounts payable and accrued liabilities,
line of credit, interest payable, warrants,
and convertible notes.....Other financial liabilities

The Company accounts for purchases and sales of financial assets at the trade date.

Transaction costs for financial assets and liabilities classified or designated as held for trading are recognized immediately as an expense. Transaction costs for financial assets classified as available for sale, loans and receivables, held to maturity and other financial liabilities are added to the value of the instrument at the date of acquisition or issuance.

3.17 Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the consolidated statement of operations and comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred taxes are recorded using the statement of financial position liability method. Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority, and when the Company intends to settle its current tax assets and liabilities on a net basis.

The Company accounts for tax credits in accordance with IAS 12 Income taxes.

3.18 Future Accounting Pronouncements

In 2012, the Company has early adopted the Annual Improvements to IFRSs 2009-2011 Cycle of IAS 1 Presentation of Financial Statements. The amendments to IAS 1 clarifies the requirements for comparative information when entities apply accounting policies retrospectively, makes a retrospective restatement of items in the financial statements, or when items are reclassified in its financial statements. The amendments are effective for annual periods beginning on or after January 1, 2013 but can be applied earlier.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

The following new accounting pronouncements have been issued but are not effective and may have an impact on the Company:

Effective for annual periods beginning on or after January 1, 2013:

The International Accounting Standards Board (IASB) has issued Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities). The amendments clarify the transition guidance in IFRS 10 Consolidated

Financial Statements. The effective date of the amendments is annual periods beginning on or after January 1, 2013, which is aligned with the effective date of IFRS 10, 11 and 12.

IFRS 10 Consolidated Financial Statements builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 Consolidated Financial Statements replaces SIC-12 Consolidation-Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. Based on current facts and circumstances, the Company does not expect to be materially affected by the application of this standard.

IFRS 11 Joint Arrangements provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities-Non-monetary Contributions by Venturers. Based on current facts and circumstances, the Company does not have any joint arrangements as defined by IFRS 11, and hence, does not expect to be affected by the application of this standard.

IFRS 12 Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The effective date is annual periods beginning on or after January 1, 2013. Based on current facts and circumstances, the Company does not expect to be materially affected by the application of this standard.

IFRS 13 Fair Value Measurements explains how to measure fair value by providing a clear definition and introducing a single set of guidance for (almost) all fair value measurements. It clarifies how to measure fair value when a market becomes less active and improves transparency through additional disclosures. The effective date is annual periods beginning on or after January 1, 2013. Based on current facts and circumstances, the Company does not expect to be materially affected by the application of this standard.

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(Expressed in United States dollars)

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The amendments to IAS 1 Presentation of Financial Statements require companies to group together items within Other Comprehensive Income ("OCI") that may be reclassified to the profit or loss section of the statement of operations and comprehensive loss. The amendments also reaffirm existing requirements that

items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments to this standard do not change the nature of the items that are currently recognized in OCI. The effective date is annual periods beginning on or after July 1, 2012. Based on current facts and circumstances, the Company does not expect to be materially affected by the application of this standard.

Effective for annual periods beginning on or after January 1, 2015:

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement, and is currently being developed in stages by the IASB. The IASB has decided to delay implementation until periods beginning on or after January 1, 2015, with early application permitted. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on the consolidated financial statements.

4. Cash and cash equivalents

	December 31, <u>2012</u>	December 31, <u>2011</u>
Cash on deposit	\$ 17,682	\$ 183,471

5. Inventory

	December 31, <u>2012</u>	December 31, <u>2011</u>
Finished goods	\$ 96,316	\$ 184,067

For the year ended December 31, 2012, the Company recognized inventories of \$45,311 (2011:\$626,635) as expense.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

6. Prepaid expenses and deposits

	December 31, 2012	December 31, 2011
Prepaid expenses	\$ 1,750	\$ 31,544
Deposits	8,000	8,000
	<u>\$ 9,750</u>	<u>\$ 39,544</u>

7. Equipment

	December 31, 2012		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 436,792	\$ 436,210	\$ 582
Furniture and fixtures	18,599	18,507	92
Equipment under finance lease	72,674	72,674	-
	<u>\$ 528,065</u>	<u>\$ 527,391</u>	<u>\$ 674</u>

	December 31, 2011		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 436,792	\$ 424,024	\$ 12,768
Furniture and fixtures	18,599	18,216	383
Equipment under finance lease	72,674	72,674	-
	<u>\$ 528,065</u>	<u>\$ 514,914</u>	<u>\$ 13,151</u>

8. Accounts payable, accrued liabilities and provisions

	December 31, 2012	December 31, 2011
Accounts payable	\$ 512,373	\$ 716,570
Accrued liabilities	222,455	191,659
	<u>\$ 734,828</u>	<u>\$ 908,229</u>

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

The following provisions are recorded for the Company's warranty reserve.

	<u>Warranty provision</u>
Balance at January 1, 2011	\$ 83,892
Additional provision	<u>35,801</u>
Balance at December 31, 2011	\$ 119,693
Additional provision	<u>1,000</u>
Balance at December 31, 2012	<u>\$ 120,693</u>

9. Line of credit

During 2009, the Company announced that it had entered into an agreement with a syndicate of lenders to provide a line of credit of up to CDN\$1,000,000 ("CDN\$" refers to Canadian dollars). The credit line carried an interest rate of 9% per annum on amounts drawn, payable monthly in arrears. In conjunction with the credit line, an aggregate of 4,000,000 purchase warrants were issued to the lenders in the syndicate. Each warrant was exercisable for one common share at a price of \$0.25 per share for a period of 24 months from the closing date (note 11). These warrants expired unexercised during the year ended December 31, 2011. The credit line was secured by a general security agreement and, subject to early payment by the Company, repayable 24 months from the closing date.

All outstanding amounts were repaid in full during 2011, at which point the line of credit was terminated.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

10. Convertible notes

	<u>USD</u>
Balance at December 31, 2010 (as restated)	\$ 3,910,032
Change in fair value at maturity/extension	\$ 82,590
Unrealized foreign exchange (gain) loss	<u>\$ 24,842</u>
	4,017,464
Convertible debt redeemed	(2,029,535)
Change in fair value of compound convertible note liability	<u>(54,182)</u>
Balance at December 31, 2011 (as restated)	\$ 1,933,747
Change in fair value at maturity/extension	55,407
Unrealized foreign exchange (gain) loss	<u>34,946</u>
	2,024,100
Convertible note issuance	1,081,074
Redemptions	(393,629)
Change in fair value of compound convertible note liability	419,514
Unrealized foreign exchange (gain) loss	<u>36,214</u>
Balance at December 31, 2012	<u>\$ 3,167,273</u>

During 2012 the Company issued a total of \$1,081,074 (CDN\$1,100,000) in convertible notes (the Notes). These convertible notes were issued in two separate tranches beginning in June \$782,626 (CDN\$800,000) and ending in August \$298,448 (CDN\$300,000). The notes have a two-year term and

carry an interest rate of twelve percent (12%) per annum payable at the end of the term. The holders have the option to convert the principal amount plus accrued interest into common shares in the capital of the Company at a conversion price of \$0.10 per share, or receive full payment in cash at the end of the term.

Certain members of management and the Company's board of directors participated in the issuance by acquiring CDN\$50,000 in principal amount of the convertible notes.

Due to the fact that these notes are denominated in a currency other than the Company's functional currency, the Company has determined that the conversion feature contained within these Notes represents an embedded derivative to be accounted at fair value. As such, the Company can either bifurcate the instrument into its component parts and account separately for the host contract and embedded derivative at amortized cost and fair value respectively, or can elect to carry the entire instrument on a combined basis at fair value through profit and loss. The Company has chosen to carry

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

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December 31, 2012 and 2011

the entire instrument on a combined basis at fair value through profit and loss. Changes in fair value are reflected in the Statement of Operations and Comprehensive Loss for each reporting period. For presentation purposes, the Company's policy is to report interest paid to note holders as a separate line item in the Statement of Operations and Comprehensive Loss, rather than aggregating such payments with the other changes in fair value of the notes each period.

During 2009, the Company issued a total of CDN\$4,000,000 in convertible notes. These convertible notes (the Notes) were issued in three separate tranches beginning in June and completed in October. The Notes had a two-year term and carried interest at the rate of twelve percent (12%) per annum payable semi-annually in arrears. The holders have the option to convert the principal amount into common shares in the capital of the Company at a conversion price of CDN\$0.17 per share, or receive full repayment in cash at the end of the term. At the option of the convertible note holder, interest payments may be made in the form of common shares at an issue price equal to the market price at the time of settlement. The Notes are secured by a security position on all Company assets.

The Notes in tranches one and two reached maturity during June, 2011. Convertible notes in the amount of CDN\$400,000 were redeemed, with CDN\$875,000 convertible notes extended until June 30, 2012 and the balance of CDN\$1,462,000 were exchanged for common shares and warrants (notes 10 and 11). These notes were subsequently extended until December 31, 2013. The Notes in tranche three reached maturity in October, 2011. Convertible notes in the amount of CDN \$125,000 were redeemed, with CDN \$1,138,000 convertible notes extended until October 14, 2012. These notes were subsequently extended until December 31, 2013.

In April, 2011 the Company issued 303,202 common shares at CDN\$0.105 per share to certain Note holders in lieu of \$33,638 (CDN\$31,836) cash interest payments. In October, 2011 the Company issued 99,116 common shares at CDN\$0.13 per share in lieu of \$12,428 (CDN\$12,885) cash interest payments. The common shares issued were subject to a four month hold period in accordance with TSX Venture exchange requirements.

Upon receiving consent of debt reduction from Note holders, during August, 2012 the Company redeemed for cash the principal amount of \$393,629 (CDN\$388,000) for maturing convertible notes. Of that amount, \$292,178 (CDN\$288,000) was paid to certain members of management and directors. The entire principal amount of redeemed Notes was reinvested into common shares of the Company (note 13).

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

11. Warrants

Upon issuance, warrants are measured at their fair value in Canadian dollars using the Black-Scholes option pricing model, which considers the following inputs: risk free rate, dividend yield, volatility, and warrant life. Warrants with an exercise price denominated in a currency other than the Company's functional currency (US dollars) represent derivative financial instruments. As such, they are reported on the statement of financial position as a derivative financial liability and are measured at fair value on a quarterly basis with all fair value changes being reflected as a component of profit or loss. The resulting foreign-currency denominated liability is translated into the Company's functional currency at the rate in effect at year end, with any resulting foreign currency gain or loss also reported in profit or loss for the year.

	Fair value USD	Fair value CDN \$	Warrants	Weighted average exercise price
Outstanding, January 1, 2011	\$ 250,383	\$ 260,992	14,295,310	0.18
Granted	2,511,869	2,435,914	40,248,970	0.15
Expired	-	-	(4,000,000)	0.25
Change in fair value of warrants	(1,681,012)	(1,734,956)		
Unrealized foreign exchange gain	(147,571)	-		
Outstanding, December 31, 2011	\$ 933,669	\$ 961,950	50,544,280	0.15
Expired	\$ -	-	(10,295,310)	0.15
Change in fair value of warrants	(580,577)	(610,659)		
Outstanding, December 31, 2012	\$ 353,092	\$ 351,291	40,248,970	0.15

The Company issued nil warrants in conjunction with the private placement equity financings (note 13) completed during the year ended December 31, 2012 (year ended December 31, 2011: 40,248,970). For warrants issued during 2011, each whole warrant was exercisable for one common share at a price of CDN\$0.15 per share for a period of 24 months from the closing date. The total fair value of these warrants of \$2,511,869 was determined using the Black-Scholes option pricing model with the following assumptions:

	2011
Risk free interest rate	0.25% - 0.50%
Dividend yield	Nil
Expected volatility	70% - 75%
Expected warrant life	2.0 years

At December 31, 2012 the weighted-average remaining contractual life for all outstanding warrants is 0.51 years.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

12. Income Tax

The relationship between the expected tax expense based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the consolidated statement of comprehensive income can be reconciled as follows:

	For the years ended December 31,	
	2012	2011
Loss before income taxes	\$ (2,478,951)	\$ (1,170,733)
Statutory tax rate	25.0%	26.5%
	\$ (619,738)	\$ (310,244)
Recovery of income taxes based on the combined Canadian federal and provincial statutory rates		
Share-based remuneration	16,519	44,733
Effect of rate change	(103,879)	(105,500)
Other differences	75,790	(215,062)
Unrecognized future tax benefits	631,308	586,073
Income tax expense	\$ -	\$ -

Deferred tax assets that are not recognized by the Company are as follows:

	December 31, 2012	December 31, 2011
Non-capital loss carry forwards	\$ 9,682,349	\$ 9,040,482
Capital assets	5,425	(2,753)
Inventory and other reserves	41,036	179,260
	\$ 9,728,810	\$ 9,216,989

As at December 31, 2012, the Company has loss carry forward balances for income tax purposes of approximately \$30,400,000 that are available to reduce income taxes in the future periods, if any, expiring at various times through to the year 2032. The potential tax benefits related to the loss carry forwards and other temporary differences, the application of which may be restricted, have not been recognized in these consolidated financial statements as it is currently uncertain whether such assets will be realized in the carry forward period. Also, the availability of the above deductions for income tax purposes have been restricted due to previous changes in control of companies in the group and may be further restricted if there are future changes in control. U.S. net operating loss carry forwards of \$3,735,000 are limited annually to an amount calculated by reference to the fair market value of MicroPlanet, Inc. on the date of the change in ownership. The expected limitation is approximately \$600,000 per year.

MicroPlanet Technology Corp.

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(Expressed in United States dollars)

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13. Share capital and contributed surplus

13.1 Authorized

At December 31, 2012 the Company had authorized an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. The shares have no par value.

13.2 Issued and Outstanding

At December 31, 2012, there are 127,540,292 common shares outstanding.

- a) On July 31, 2012, the Company completed an equity financing of \$277,196 (CDN\$278,000) by issuing 5,560,000 common shares at CDN\$.05 per share. Certain members of management and the Company's Board of Directors participated in the private placements by acquiring 3,060,666 shares for \$152,574 (CDN\$153,017). Common stock issued through this private placement is subject to a four-month hold period per TSX Venture exchange rules.
- b) On September 12, 2012, the Company completed an equity financing of \$549,074 (CDN\$534,358) by issuing 10,687,167 common shares at CDN\$.05 per share. Certain members of management and the Company's Board of Directors participated in the private placements by acquiring 1,500,000 shares for \$77,065 (CDN\$75,000). Common stock issued through this private placement is subject to a four-month hold period per TSX Venture exchange rules.
- c) On November 12, 2012, the Company issued 3,919,028 common shares at fair value of CDN\$.05 per share to satisfy outstanding obligations of \$195,637 (CDN\$195,951) to employees and directors. Common stock issued through this private placement is subject to a four-month hold period per TSX Venture exchange rules.
- d) On November 15, 2012, the Company completed an equity financing of \$198,103 (CDN\$198,600) by issuing 3,972,000 common shares at CDN\$.05 per share. Common stock issued through this private placement is subject to a four-month hold period per TSX Venture exchange rules.
- e) During 2011 a bonus of 100,000 shares was paid to employees. The total value of the common shares issued for bonus was \$10,175.
- f) During 2011, the Company issued 303,202 common shares on April 30, at their fair value of CDN\$0.105 per share in lieu of \$33,638 (CDN\$31,836) and 99,116 common shares on October 31, at their fair value of CDN\$0.13 per share in lieu of \$12,428 (CDN\$12,885) cash interest payments. The common shares issued are subject to a four month hold period in accordance with stock exchange requirements.
- g) During April, 2011, the Company completed an equity financing of \$404,344 (CDN\$399,152) by issuing a total of 3,991,520 units at CDN\$0.10 per share. During May, 2011, the Company completed an equity financing of \$918,180 (CDN\$900,000) by issuing a total of 9,000,000 units at CDN\$0.10

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

per unit. During July, 2011 the Company completed an equity financing of \$996,801 (CDN\$963,745) by issuing a total of 9,637,450 units at CDN\$0.10 per unit. During December, 2011, the Company completed an equity financing \$242,650 (CDN\$250,000) by issuing a total of 2,500,000 units at CDN\$0.10 per unit. During 2011 each unit issued consisted of one common share and one common share purchase warrant entitling the holder to purchase one share of the common stock of the Company for CDN\$0.15 per share. Upon issuance the warrants were assigned a value of \$1,328,500 (CDN\$1,293,860). These warrants are exercisable for 24 months from the grant date. Certain members of management and the Company's Board of Directors participated in the private placements by acquiring 9,531,580 units for CDN\$953,158. The common stock issued through this private placement is subject to a four-month hold period per TSX Venture exchange rules.

- h) On July 12, 2011 the Company closed a non-brokered private placement financing which was an exchange of convertible notes. The Company sold 14,620,000 Units to investors in Canada for CDN\$0.10 per Unit. Each Unit provided one share of the common stock of the Company, and a warrant to purchase one additional share at CDN\$0.15 per share for a period of 24 months from the date of close of the private placement. The common stock issued through this private placement is subject to a four-month hold period per TSX Venture exchange rules.

13.3 Stock Options

The Company has adopted a stock option plan (the "Plan") for the benefit of directors, officers, employees and consultants of the Company whereby a maximum of 10% of the issued and outstanding common shares of the Company are reserved for issuance pursuant to the exercise of stock options to be granted under the Plan. Options granted under the Plan vest over various time periods from the grant date to three years at the discretion of the Board of Directors. Exercise prices on options granted under the Plan are determined by calculating the weighted average of the market price of the Company's common shares during the 5 days immediately preceding the date of grant.

Stock option activity for the years ended December 31, 2012 and December 31, 2011:

	2012		2011	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding, beginning of year	6,145,000	\$ 0.18	4,345,000	\$ 0.21
Granted	3,660,000	0.05	2,100,000	0.13
Forfeited	(700,000)	0.12	(100,000)	0.12
Expired unexercised	(710,000)	0.50	(200,000)	0.26
Outstanding, end of year	8,395,000	\$ 0.10	6,145,000	\$ 0.18

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

A summary of the status of the Plan at December 31, 2012 is presented below:

Exercise prices	Outstanding			Exercisable	
	Number	Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
\$0.00 - \$0.20	8,150,000	3.5	\$ 0.09	6,764,825	\$ 0.09
\$0.21 - \$0.49	150,000	1.3	0.25	150,000	0.24
\$0.50 - \$1.00	95,000	0.1	0.71	95,000	0.72
\$0.00 - \$1.00	8,395,000	3.5	\$ 0.10	7,009,825	\$ 0.10

Included in options granted during the year ended December 31, 2012 are 2,100,000 options to purchase common shares at CDN\$0.05 per share awarded to directors and officers of the Company. The options granted to directors and officers during the period had exercise prices equal to the weighted average of the market price of the Company's common shares during the 5 days immediately preceding the date of grant. The director options vest 100% on the date of the grant, and the officer options vest 34% on the date of the grant, then 2.75% monthly for the remaining two years. The total fair value of these option grants of \$13,258 (CDN\$13,114) was determined using the Black-Scholes option pricing model. All options issued during the period were valued with the following assumptions:

Risk free interest rate	0.25% - 0.65%
Dividend yield	Nil
Expected volatility	0.70% - 0.80%
Expected option life	5.0 years

13.4 Agents' Options

In addition to the foregoing options, the Company has issued options to agents in connection with certain financings. These options were valued using the Black-Scholes option pricing model.

	2012		2011	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding, beginning of year	-	\$ -	308,824	\$ 0.17
Granted	-	-	-	-
Expired unexercised	-	-	(308,824)	0.17
Outstanding, end of year	-	\$ -	-	\$ -

The options were granted to agents to purchase one share of the common stock of the Company, at a price of CDN\$0.17 for a period of 24 months, and expired on October 14, 2011.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

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14. Related party transactions

14.1 2012 Activity

14.1.1 Quarter 1, 2012

The Company sold finished goods to a member of management and a director at cost. Proceeds from the sales were used to fund working capital requirements. These transactions, consummated in January and February 2012, totaled \$138,484. Cash was received at the date of each transaction and title transferred at the point of sale. Pursuant to the terms of each sale, the Company was obligated to repurchase the units to satisfy future sales orders from its customers. As a result, the transactions have been accounted for as financings that did not result in the recognition of additional revenue to the Company.

14.1.2 Quarter 2, 2012

The Company borrowed and repaid subsequently repaid \$25,000 from an officer and significant shareholder which was used to fund working capital requirements.

The Company extended convertible notes until December 31, 2013 (note 10). Of these notes a director and a member of management hold notes in the amount of CDN\$663,000.

14.1.3 Quarter 3, 2012

Upon obtaining consent of debt reduction from Note holders, the Company redeemed convertible notes that were previously extended until December 31, 2013 (note 10). Of these Notes a member of management and a director were paid CDN\$288,000. The entire amount was subsequently reinvested in 4,560,000 common shares of Company (note 13.2). The common stock issued through these private placements was subject to a four-month hold period per TSX Venture exchange rules.

A retention payment was issued to an officer in the amount of CDN\$153,000.

Convertible notes in the amount of CDN\$50,000 were issued to an officer (note 10).

The Company issued to directors 950,000 options to purchase common shares at CDN\$0.05 per share (note 13.3).

14.1.4 Quarter 4, 2012

The Company issued to a director and an officer 1,150,000 options to purchase common shares at CDN\$0.05 per share (note 13.3).

The Company borrowed CDN\$50,000 from an officer which was used to fund working capital requirements. The loan required no set-up fee, carried no interest rate, required no collateral, and does not carry an expiry date.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

The Company issued 921,895 common shares at fair value of CDN\$.05 per share to satisfy outstanding obligations of CDN\$46,094 to directors. The common stock issued through these private placements was subject to a four-month hold period per TSX Venture exchange rules.

14.2 2011 Activity

During the year ended December 31, 2011, certain members of management and the Company's Board of Directors participated in the private placement equity financings (note 13.2) by acquiring 9,531,580 Units for \$978,663 (CDN\$953,158). The common stock issued through these private placements was subject to a four-month hold period per TSX Venture exchange rules.

In April, 2011, 134,882 common shares were issued to certain directors and members of management in lieu of interest paid on convertible notes at CDN\$0.105 per share in the amount of \$14,965 (CDN\$14,163). In October, 2011, 52,583 common shares were issued at CDN\$0.13 per share in the amount of \$6,593 (CDN\$6,836) in lieu of interest paid on convertible notes (note 10 and note 13.2).

During the year ended December 31, 2011, the line of credit (note 9) was repaid in full.

During the year ended 2011, certain members of management and the Company's Board of Directors redeemed convertible notes that were due for \$311,040 (CDN\$300,000). Convertible notes of \$678,672

(CDN\$663,000) owing to certain members of management and the company's Board of Directors were extended (note 10).

The table below presents a summary of compensation paid by the Company to its directors and officers, who are defined as related parties under IFRS:

	December 31, 2012	December 31, 2011
	<u> </u>	<u> </u>
Compensation accrued to directors	\$ 83,650	\$ 149,178
Compensation accrued to officers	471,643	446,092
Interest accrued to directors and officers	<u>94,603</u>	<u>116,126</u>
Total	<u>\$ 649,896</u>	<u>\$ 711,396</u>

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

15. Financial instruments

For certain of the Company's financial assets and liabilities, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, line of credit, interest payable, warrants and convertible notes, the carrying amounts approximate their fair values due to the relatively short periods to maturity of the instruments. The classification and fair values of the Company's financial instruments as at December 31, 2012 and December 31, 2011 are summarized as follows:

	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Loans and receivables	\$ 17,682	\$ 17,682	\$ 211,211	\$ 211,211
Other financial liabilities	4,884,970	4,884,970	3,988,536	3,988,536

15.1 Credit Risk

The Company's credit risk is primarily attributable to its accounts receivable. The Company has a limited number of customers, many of which are electric utilities. Historically, the Company has not had to write off any receivables. As the Company's sales and number of customers increases, the Company will evaluate whether an increased allowance for doubtful accounts is warranted.

As at December 31, 2012, December 31, 2011, the aging for the Company's receivables is as follows:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Current	\$ -	\$ 27,376
31 - 60 days	-	-
61 - 90 days	-	364
91 - 150 days	-	-
Total	<u>\$ -</u>	<u>\$ 27,740</u>

The Company has not provided any allowance for doubtful accounts related to these accounts receivable.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

15.2 Market Risk

15.2.1 Interest Rate Risk:

The Company is exposed to financial risk that arises from changes in the market interest rate relative to the rates on its cash and cash equivalents and convertible notes. Changes in variable interest rates could cause unanticipated fluctuations in the Company's interest income. The Company's debt instruments at December 31, 2012 and December 31, 2011 bear interest at fixed rates. Accordingly, to the extent that market interest rates change, the impact to the Company would be a decreased/increased return on cash and cash equivalents without a corresponding decrease/increase in the interest payments made on long-term debt. A 1% change in interest rates would have a significant impact on interest expense but would be immaterial to operating results.

15.2.2 Foreign Currency Risk:

The Company has customers in several countries, and upon request, bills its customers in the currencies of their domiciles. Sales and receivables have been converted from the currency of the customer to U.S. dollars when sales are recorded. Significant fluctuations in currency valuations between those that existed at the point of sale and at the point of receipt of cash could impact amounts actually received from customers.

Although the headquarters of the Company's wholly-owned subsidiary are located in the United States, where the primary operations of the business are conducted, the Company has historically raised money in Canadian dollars. The proceeds from those financings have been received in Canadian dollars by the corporate parent and then distributed over time to the subsidiary in US dollars. To the extent that Canadian dollar financial instruments are retained, the Company remains exposed to foreign currency risk.

The Company does not hold significant cash or cash equivalents in foreign currencies at the end of year. A 1% change in foreign exchange rates would have a significant impact on the assets, liabilities or net income of the Company but would be immaterial to operating results.

15.3 Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined below (note 16). It also manages liquidity risk by continuously monitoring cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

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December 31, 2012 and 2011

The table below provides a summary of the contractual obligations and payments related to financial liabilities as at December 31, 2012. The amounts disclosed are the contractual undiscounted cash flows.

Contractual obligations	Total	Less than one year	1 to 3 years	4 to 5 years	After 5 years
Accounts payable and accrued liabilities	\$ 734,828	\$ 734,828	\$ -	\$ -	\$ -
Loans from investors	50,000	50,000	-	-	-
Interest on convertible notes	405,581	337,805	67,776	-	-
Convertible notes	3,167,273	1,734,271	1,433,002	-	-
Total	\$ 4,357,682	\$ 2,856,904	\$ 1,500,778	\$ -	\$ -

16. Capital management

The capital structure of the Company consists of shareholders' deficiency, convertible notes, and line of credit.

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern
- to provide adequate and efficient funding for operations
- to provide an adequate return to shareholders.

Since the Company is not generating positive cash flow from operations, it meets its objectives for managing capital by budgeting for its working capital needs, and securing debt and equity financing in order to fund the operations of the business. Historically, the Company has secured financing from a combination of: (i) debt collateralized by certain assets of the Company, (ii) convertible notes and (iii) the issuance of common shares.

The Company's objectives are met by retaining adequate liquidity to provide for the possibility that cash flows from product sales will not be sufficient to meet future cash requirements.

The Company does not have any externally imposed capital requirements.

The Company's overall capital management strategy remains unchanged from prior periods, which was to secure adequate debt and equity financing to fund the working capital needs of the Company. Working capital of the Company at December 31, 2012 was a deficit of \$3,260,444 (December 31, 2011: \$2,620,045).

17. Significant customers

Historically, a significant portion of the Company's sales voltage optimization products have been from a single customer on which the Company has been economically dependent. During the year ended December 31, 2012, there were no sales to this customer (year ended December 31, 2011, 70%). This customer accounted for none of the accounts receivable balance at December 31, 2012 or December 31, 2011). This customer is not a related party to the Company.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

18. Segment information

Consistent with disclosures in prior years, the Company has one reportable segment. The Company currently derives its revenues primarily from three products aimed at: (i) voltage compliance and peak load reduction for electric utilities; (ii) energy savings for commercial businesses and (iii) energy savings for residential applications. Revenues by product are as follows:

	<u>2012</u>	<u>2011</u>
Utility	\$ 77,962	\$ 1,263,302
Commercial	-	241,867
Total Revenues	<u>\$ 77,962</u>	<u>\$ 1,505,169</u>

Information about the geographic revenue and assets is provided below:

	<u>2012</u>	<u>2011</u>
Revenues		
United States	\$ -	\$ 241,867
Australia	77,962	1,263,302
	<u>\$ 77,962</u>	<u>\$ 1,505,169</u>
Assets		
United States	\$ 101,353	\$ 349,815
Canada	23,069	98,158
	<u>\$ 124,422</u>	<u>\$ 447,973</u>

All of the Company's equipment is located in the United States.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2012 and 2011

19. Events after the reporting date

19.1 Private Placement

On March 28, 2013, the Company closed a non-brokered private placement of convertible notes in the principal amount of CDN\$374,000, subject to TSX Venture Exchange approval. The Company received conditional approval from the TSX Venture Exchange on April 2, 2013, and final approval on April 10, 2013. The notes mature December 31, 2013 and bear interest at a rate of fourteen percent (14%) per annum payable in arrears upon maturity. The holders of the notes have the option to convert all or any portion of the principal amount and all accrued, but unpaid, interest into common shares in the capital of the Company at a conversion price of \$0.10 per share, or receive full repayment in cash at the end of the term.

19.2 Loan from Investor

During March 2013, a director and significant investor of the Company advanced CDN\$21,000 to the Company. This loan was provided without security and does not bear interest and was used by the Company to retire an outstanding obligation.

20. Adjustment to a Prior Period

During 2012 the Company identified an error in the presentation of its convertible note obligations (the "Notes"), described in note 10. Previously, the Notes were recognized upon issuance at their fair value using a discounted cash flow approach, with the residual amount remaining assigned to the conversion feature which was treated as an equity element. The Notes were subsequently carried at amortized cost. Due to the fact that these Notes are denominated in a currency other than the Company's functional currency, the Company has since determined that the conversion feature contained within these Notes represents an embedded derivative to be accounted for at fair value.

Under IFRS the Company can either bifurcate the instrument into its component parts and account separately for the host contract and embedded derivative at amortized cost and fair value respectively, or can elect to carry the entire instrument on a combined basis at fair value through profit and loss. The Company has chosen to carry the entire instrument on a combined basis at fair value through profit and loss. Changes in fair value are reflected in the Statement of Operations and Comprehensive Loss for each reporting period. For presentation purposes, the Company's policy is to report interest paid to note holders as a separate line item in the Statement of Operations and Comprehensive Loss, rather than aggregating such payments with the other changes in fair value of the notes each period.

In order to properly reflect opening balances under IFRS and to present accurate comparable values for the year ended December 31, 2011, the Company has corrected this error by adjusting affected balances on the Statement of Financial Position, Statement of Operations and Comprehensive Loss, Statement of Changes in Equity, and Statement of Cash Flows for the year ended December 31, 2011, as shown in the table below.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

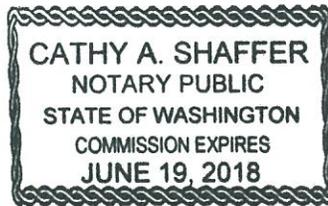
(Expressed in United States dollars)

December 31, 2012 and 2011

Summary of Adjustments to a Prior Period:

Statement	Line Item	Previously Reported	Adjustments	Restated
Consolidated Statements of Financial Position at December 31, 2011	Convertible Notes, current	1,979,351	(45,604)	1,933,747
	Contributed Surplus	4,297,270	(253,860)	4,043,410
	Deficit	29,458,648	(299,464)	29,159,184
Consolidated Statements of Financial Position at December 31, 2010	Convertible Notes, current	3,947,738	37,706	3,910,032
	Contributed Surplus	4,130,320	253,860	3,876,460
	Deficit	28,280,017	291,566	27,988,451
Consolidated Statements of Operations and Comprehensive Loss for the year ended December 31, 2011	Interest Expense	(479,761)	75,470	(404,291)
	Foreign exchange gain	148,844	(21,956)	126,888
	Change in Fair Value of compound Note	-	(45,616)	(45,616)
Consolidated Statements of Changes in Equity	Deficit balance as of December 31, 2010	(28,280,017)	291,566	(27,988,451)
	Loss for the year ended December 31, 2011	(1,178,631)	7,898	(1,170,733)
Consolidated Statements of Cash Flow For the year ended December 31, 2011	Loss for the year	(1,178,631)	7,898	(1,170,733)
	Accretion on convertible notes	75,470	(75,470)	-
	Unrealized foreign exchange gain	(148,844)	21,956	(126,888)
	Change in Fair Value of compound Note	-	45,616	45,616

This is Exhibit " 11 " to the Affidavit of
Wolfgang Struss *Wolfgang Struss*
Sworn before me this 5th day of
December, 2016
Cathy A. Shaffer
A Notary Public
In and for the State of Washington



MicroPlanet Technology Corp.

Consolidated Financial Statements

(Expressed in United States Dollars)

December 31, 2013 and 2012



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Independent auditor's report

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To the shareholders of MircoPlanet Technology Corp.:

We have audited the accompanying consolidated financial statements of MircoPlanet Technology Corp., which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012, and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of MircoPlanet Technology Corp. as at December 31, 2013 and

December 31, 2012 and its financial performance and its cash flows for the years then ended in accordance International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 3.1 in the consolidated financial statements which indicates that the Company has incurred only operating losses to date and as of December 31, 2013, the Company's current liabilities exceeded its total assets by \$4,655,806. These conditions, along with other matters as set forth in Note 3.1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty.

Vancouver, Canada
April 30, 2014

Grant Thornton LLP
Chartered accountants

MicroPlanet Technology Corp.
Consolidated Statements of Financial Position
(Expressed in United States dollars)

	December 31, 2013	December 31, 2012
Assets		
Current		
Cash and cash equivalents (note 4)	\$ 5,056	\$ 17,682
Accounts receivable (note 5)	113,829	-
Inventory (note 6)	155,672	96,316
Prepaid expenses and deposits (note 7)	20,927	9,750
	<u>295,484</u>	<u>123,748</u>
Non-current		
Equipment, net of accumulated depreciation (note 8)	163	674
	<u>163</u>	<u>674</u>
Total assets	<u>\$ 295,647</u>	<u>\$ 124,422</u>
Liabilities and shareholders' deficiency		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	\$ 1,105,128	\$ 734,828
Provision for warranty reserves (note 10)	115,078	120,693
Deferred revenue (note 11)	53,503	53,503
Loans (note 12)	-	50,000
Interest payable, current (note 13)	693,823	337,805
Convertible notes, current (note 13)	2,733,408	1,734,271
Warrants (note 14)	250,513	353,092
	<u>4,951,453</u>	<u>3,384,192</u>
Non-current liabilities		
Interest payable, net of current (note 13)	-	67,776
Convertible notes, net of current (note 13)	-	1,433,002
	<u>-</u>	<u>1,500,778</u>
Total liabilities	<u>4,951,453</u>	<u>4,884,970</u>
Shareholders' deficiency		
Share capital (note 16)	23,722,987	22,795,222
Contributed surplus	4,196,785	4,082,365
Deficit	(32,575,578)	(31,638,135)
	<u>(4,655,806)</u>	<u>(4,760,548)</u>
Total shareholders' deficiency	<u>(4,655,806)</u>	<u>(4,760,548)</u>
Total liabilities and shareholders' deficiency	<u>\$ 295,647</u>	<u>\$ 124,422</u>

Approved on behalf of the Board of Directors

"David W. Andrews", CPA, CA

Director

"Alan Richardson"

Director

See accompanying notes to the consolidated financial statements

MicroPlanet Technology Corp.
Consolidated Statements of Operations and
Comprehensive Loss

(Expressed in United States dollars)

Years ended December 31	2013	2012
Sales	\$ 380,245	\$ 77,962
Cost of sales	205,018	48,512
Gross margin	175,227	29,450
Expenses		
Research and development	622,522	1,156,010
Marketing and market development	441,280	448,108
General and administrative	1,143,591	614,806
	2,207,393	2,218,924
Loss from operations	(2,032,166)	(2,189,474)
Other Income (expense)		
Interest expense	(351,146)	(308,861)
Interest income	19	154
Foreign exchange gain (loss)	283,817	(86,426)
Change in fair value of warrants liability (note 14)	731,839	580,577
Change in fair value of compound convertible notes liability (note 13)	430,194	(474,921)
	1,094,723	(289,477)
Loss and comprehensive loss for the year	\$ (937,443)	\$ (2,478,951)
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	141,085,240	109,991,441

See accompanying notes to the consolidated financial statements

MicroPlanet Technology Corp.**Consolidated Statements of Changes in Equity**

(Expressed in United States dollars)

	Shares	Share capital	Contributed surplus	Deficit	Total equity
Balance at December 31, 2012	127,540,292	\$ 22,795,222	\$ 4,082,365	\$ (31,638,135)	\$ (4,760,548)
Changes to equity					
Issuance of shares	32,832,075	\$ 927,765	-	-	927,765
Stock-based compensation		-	114,420	-	114,420
Net loss for the year		-	-	(937,443)	(937,443)
Balance at December 31, 2013	<u>160,372,367</u>	<u>\$ 23,722,987</u>	<u>\$ 4,196,785</u>	<u>\$ (32,575,578)</u>	<u>\$ (4,655,806)</u>
	Shares	Share capital	Contributed surplus	Deficit	Total equity
Balance at December 31, 2011	103,402,097	\$ 21,575,211	\$ 4,043,410	\$ (29,159,184)	\$ (3,540,563)
Changes to equity					
Stock-based compensation		\$ -	\$ 50,727	\$ -	\$ 50,727
Issuance of shares	24,138,195	1,220,011	(11,772)	-	1,208,239
Net loss for the year		-	-	(2,478,951)	(2,478,951)
Balance at December 31, 2012	<u>127,540,292</u>	<u>\$ 22,795,222</u>	<u>\$ 4,082,365</u>	<u>\$ (31,638,135)</u>	<u>\$ (4,760,548)</u>

See accompanying notes to the consolidated financial statements

MicroPlanet Technology Corp.**Consolidated Statements of Cash Flows**

(Expressed in United States dollars)

Years ended December 31	2013	2012
Cash provided by (used for) the following activities:		
Operating:		
Net loss for the year	\$ (937,443)	\$ (2,478,951)
Depreciation	511	12,477
Unrealized foreign exchange (gain) loss	(283,817)	86,426
Change in fair value of warrants liability (note 14)	(731,839)	(580,577)
Change in fair value of convertible notes (note 13)	(430,194)	474,921
Stock-based compensation (note 17)	114,420	50,727
Change in non-cash operating working capital	546,631	548,024
	<u>(1,721,731)</u>	<u>(1,886,953)</u>
Financing:		
Proceeds from equity financing	1,566,626	1,024,373
Proceeds from issuance of convertible notes	368,128	1,081,074
Payments on convertible notes	(158,933)	(393,629)
Proceeds from Investor loans	28,750	50,000
Payments on Investor loans	(78,750)	-
Proceeds from inventory financing	-	138,484
Payments on inventory financing	-	(138,484)
Interest paid	(16,735)	(40,808)
Interest received	19	154
	<u>1,709,105</u>	<u>1,721,164</u>
Decrease in cash and cash equivalents	(12,626)	(165,789)
Cash and cash equivalents, beginning of year	17,682	183,471
Cash and cash equivalents, end of period	<u>\$ 5,056</u>	<u>\$ 17,682</u>

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2013 and 2012

1. Nature of operations

MicroPlanet Technology Corp., an Alberta corporation, and its wholly-owned subsidiary MicroPlanet, Inc., a Washington corporation (together, “MicroPlanet” or the “Company”) are in the business of developing and commercializing its technologies to precisely regulate voltage as for the utility, commercial and residential markets. The Company's products are sold to electric utilities and businesses for the purposes of regulating voltage within compliance standards, conserving electricity and increasing equipment life. Customers are located in the United States, Canada, New Zealand, Ireland, United Kingdom and, most significantly, in Australia.

2. General information and statement of compliance with International Financial Reporting Standards (IFRS)

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

MicroPlanet Technology Corp. is the sole owner of MicroPlanet, Inc., which is a corporation organized under the laws of the State of Washington, USA. The address of MicroPlanet's principal place of business is 15530 Woodinville-Redmond Road NE, Suite B100, Woodinville, Washington, 98072 USA. MicroPlanet Technology Corp.'s shares are listed on the Toronto Venture Stock Exchange under the trading symbol “MP” and trade under the symbol “MCTYF” on the OTC:PK. MicroPlanet, Inc. is the sole subsidiary of MicroPlanet Technology Corp.

The Board of Directors approved the consolidated financial statements for issue on April 29, 2014.

3. Significant accounting policies

3.1 Basis of presentation and going concern

At December 31, 2013, the Company has a working capital deficiency of \$4,655,969, an accumulated deficit of \$32,575,578, a shareholders' deficiency of \$4,655,806 and convertible debentures that are due currently and are in default (notes 13 and 22). The Company will be required to raise additional capital over the next 12 months to fund the development of new products, manufacture of existing products, development of existing and new markets, as well as to fund other aspects of ongoing operations. There is significant risk to the Company's ability to raise additional capital, which presents material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. In the event the Company is unsuccessful in raising additional capital, the Company will have no alternative but to cease operations. The Company's objectives and policies for managing capital, credit risk and liquidity risk are described in notes 19 and 20.

These consolidated financial statements have been prepared on a going concern basis using historical cost accounting except for certain financial instruments (convertible notes and warrants) measured at their fair value (notes 13 and 14). If the going concern basis were not appropriate, adjustments to the carrying amounts of the Company's assets and liabilities would be required to measure them on a liquidation basis. Such adjustments, if any, could be material. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2013 and 2012

These consolidated financial statements have been prepared on the basis of IFRS standards that are effective at December 31, 2013.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3.2 Basis of consolidation

These consolidated financial statements include the accounts of the parent company, MicroPlanet Technology Corp. and its wholly-owned subsidiary, MicroPlanet, Inc. All intercompany transactions and balances are eliminated on consolidation.

3.3 Use of estimates and management judgments

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and notes thereto. Actual amounts may ultimately differ from these estimates.

The following are significant management judgments, estimates and assumptions in applying the accounting policies of the Company that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses:

3.3.1 Management judgments

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

3.3.2 Management estimates

Impairment of long-lived assets

In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utilization of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utilization of certain software and equipment.

Inventories

The Company estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2013 and 2012

Stock-based payment

The Company measures the cost of equity settled transactions and warrants by reference to the fair value of the instruments at the date at which they are granted. Estimating fair value for these items requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Provision for warranties

The Company provides for warranty expenses by setting aside a percentage of sales towards the warranty provision account. The percentage is based on the Company's historical warranty claims. Uncertainty relates to the timing and amount of actual warranty claims that can vary from the Company's estimation.

3.4 Currency

The functional currency of the Company and its subsidiary is the United States dollar and these consolidated financial statements are presented in United States dollars.

Transactions of the Company that are denominated in foreign currencies are recorded in United States dollars at exchange rates in effect at the related transaction date. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the reporting date. Exchange gains and losses arising from the translation of foreign currency denominated monetary assets and liabilities are included in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.5 Cash and Cash Equivalents

The cash consists of cash on deposit.

3.6 Allowance for Doubtful Accounts

The Company establishes an allowance for doubtful accounts through review of open accounts, and historical collection experience. To date, the Company has experienced no write-offs of uncollectible accounts. Given the creditworthiness of its clients, the nature of its products and the level of specificity in its sales contracts, the Company has determined that an allowance is not required at the reporting date.

3.7 Inventory

The Company's inventory consists primarily of raw material and finished goods with a lesser amount of work in process. Finished goods represents the costs incurred on individual products available for sale and are comprised of component parts, assembly and contract manufacturing charges required to manufacture and test its energy conservation and voltage management devices. Work in process represents the costs incurred on individual products that are not finished goods at the reporting date and include some, but not all, of a product's component parts, assembly and contract manufacturing charges.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2013 and 2012

Inventories are carried at the lower of average cost and net realizable value, with cost determined using a weighted average cost method. Net realizable value is the estimated selling price less applicable selling expenses. If carrying value exceeds net realizable amount, a write down is recognized. The write down may be reversed in a subsequent period if there is clear evidence that the inventory has increased in value and circumstances that caused the loss in value no longer exist.

3.8 Equipment

Equipment is recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from three to five years, commencing when the asset is available for use.

3.9 Provision for Warranty Reserve

The Company has established a warranty reserve for repair and replacement costs to be incurred during the warranty period for its products. The Company estimates an amount to be added to the reserve for each product shipped, based on material and labor costs and the likelihood of product failure within the warranty period. As warranty costs are incurred, the warranty reserve is reduced accordingly. The Company may issue replacement product to customer from its inventory in satisfaction of a warranty claim, decreasing both inventory and provision for warranty reserve by like amounts.

3.10 Convertible Notes

As the convertible notes issued by the Company are denominated in a currency other than the Company's functional currency, the Company treats the conversion feature as an embedded derivative to be accounted at fair value. The Company has elected to carry the entire instrument on a combined basis at fair value through profit and loss. Changes in fair value are reflected in the Statements of Operations and Comprehensive Loss for each reporting period. For presentation purposes, the Company's policy is to report interest paid to note holders as a separate line item in the Statements of Operations and Comprehensive Loss, rather than aggregating such payments with the other changes in fair value of the notes each period.

3.11 Capital Stock Issued for Other Than Cash

Capital stock issued for other than cash is valued at the price at which the stock traded on the principal stock exchange on which the stock trades at the time the agreement to issue the stock is made or, if such issuance is at the option of the Company, at the time the Company determines to issue such stock.

3.12 Research and Development

The Company is engaged in research and development. Research and development costs include design fees, materials, outside testing, and salaries of employees directly involved in research and development activities. Research costs are expensed as incurred. Development costs are expensed in the period incurred, unless certain criteria related to technical, market and financial feasibility are met, in which case development costs are deferred and amortized over the estimated life of the related products. Management reviews the applicable criteria on a regular basis and if the criteria are no longer met, any remaining unamortized balance is written off as a charge to profit or loss. At December 31, 2013 and 2012, the Company had not deferred any development costs.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2013 and 2012

3.13 Revenue Recognition

The Company recognizes revenue when product is shipped from its premises or the premises of the Company's contract manufacturer, as appropriate, assuming a definitive agreement has been reached with the customer identifying the goods sold and consideration to be received, the Company has neither continuing involvement with nor control over the goods sold, and collectability is probable. The Company documents its arrangements with customers with sales quotes followed by customer purchase orders and invoices upon shipment.

When the proceeds of sales are received in advance of earning those revenues, the revenues are deferred and brought into income as delivery occurs, assuming all other revenue recognition criteria have been met.

3.14 Stock-based Compensation

The Company has a stock option plan (note 17). For stock options granted to employees, officers, directors and consultants, the Company records compensation expense over the vesting period of the option based on the fair value method of accounting, measured on the date of grant. Stock-based awards to non-employees are measured at fair value and expensed at the time the related goods or services are received.

The fair value of transactions with employees and others providing similar services is measured by reference to the fair value of the equity instruments granted. The fair value of transactions with parties other than employees is determined by the fair value of services received unless that fair value cannot be estimated reliably.

3.15 Loss per Share

Basic loss per share amounts are calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method. This method assumes that common shares are issued for the exercise of warrants and options and that the assumed proceeds from the exercise of warrants and options are used to purchase common shares at the average market price during the year. The difference between the number of shares assumed issued and the number of shares assumed purchased is then added to the basic weighted average number of shares outstanding to determine the diluted number of common shares outstanding. No exercise or conversion is assumed during the years in which a net loss is incurred as the effect is anti-dilutive. The securities that are excluded from the calculation of basic loss per share include: stock options, warrants and agents' options.

3.16 Financial Instruments

The Company classifies all financial instruments into the following categories: held-for-trading, held-to-maturity, available-for-sale, loans and receivables, or other financial liabilities. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost. Available-for-sale instruments are measured at fair value with changes in fair value recognized in other comprehensive income until the instrument is derecognized or impaired. Instruments classified as held-for-trading are measured at fair value with changes in fair value recognized in profit or loss.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2013 and 2012

The Company has classified its financial instruments as follows:

Cash and cash equivalents.....	Loans and receivables
Accounts receivable.....	Loans and receivables
Accounts payable and accrued liabilities, interest payable and loans	Other financial liabilities
Warrants and convertible notes	Fair value liability through profit and loss

The Company accounts for purchases and sales of financial assets at the trade date.

Transaction costs for financial assets and liabilities classified or designated as held for trading are recognized immediately as an expense. Transaction costs for financial assets classified as available for sale, loans and receivables, held to maturity and other financial liabilities are added to the value of the instrument at the date of acquisition or issuance.

3.17 Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the consolidated statement of operations and comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred taxes are recorded using the statement of financial position liability method. Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority, and when the Company intends to settle its current tax assets and liabilities on a net basis.

The Company accounts for tax credits in accordance with IAS 12 Income Taxes.

3.18 New standards and interpretations issued but not yet adopted

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement, and is currently being developed in stages by the IASB. The IASB has decided to delay implementation until an unspecified future date, with early application permitted. The new standard replaces the current

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2013 and 2012

multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on the consolidated financial statements.

IAS 32 has been amended to clarify the requirements for offsetting financial assets and liabilities. The amendment clarifies that the right to offset must be available on the current date and cannot be contingent on a future event. The amendment to IAS 32 is effective for annual periods beginning on or after January 1, 2014, with retrospective application. The Company is currently evaluating the impact of adopting this amendment on its consolidated financial statements.

3.19 New and amended standards adopted by the Company

The Company adopted the following amendments to IFRS that were effective for the first time for the financial year beginning on or after January 1, 2013.

IAS 1, Presentation of Financial Statements (“IAS 1”) was amended and requires companies to group items presented within Other Comprehensive Income based on whether they may be subsequently reclassified to profit or loss. This amendment to IAS 1 is effective for annual periods beginning on or after July 1, 2012 with full retrospective application. The adoption of this amendment did not result in any adjustments to other comprehensive income or comprehensive income.

IFRS 7, Financial Instruments: Disclosures (“IFRS 7”) has been amended to provide more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting or similar arrangements. This amendment to IFRS 7 is effective for annual periods beginning on or after January 1, 2013, with retrospective application. The adoption of this amendment resulted in additional disclosures that are included in these consolidated financial statements.

IFRS 10 Consolidated Financial Statements builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 Consolidated Financial Statements replaces SIC-12 Consolidation-Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. The adoption of IFRS 10 did not result in any change in the consolidation status of any of the Company’s subsidiaries.

IFRS 11 Joint Arrangements provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities-Non-monetary Contributions by Venturers. The adoption of IFRS 11 did not result in any changes in the accounting for joint arrangements.

IFRS 12 Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements,

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2013 and 2012

associates, special purpose vehicles and other off-balance sheet vehicles. The effective date is annual periods beginning on or after January 1, 2013. The adoption of IFRS 11 did not result in any changes in the accounting for joint arrangements.

IFRS 13 Fair Value Measurements explains how to measure fair value by providing a clear definition and introducing a single set of guidance for (almost) all fair value measurements. It clarifies how to measure fair value when a market becomes less active and improves transparency through additional disclosures. The effective date is annual periods beginning on or after January 1, 2013. The adoption of IFRS 13 did not require any adjustment to the valuation techniques used by the Company to measure fair value and accordingly, did not result in any measurement adjustment as at January 1, 2013.

4. Cash and cash equivalents

	December 31, 2013	December 31, 2012
Cash on deposit	\$ 5,056	\$ 17,682

5. Accounts receivable

The Company recognizes accounts receivable for three transaction types upon issuance of invoices to customers, upon shipment of product, potential customers, issuance of invoices upon Company acceptance of a purchase order which contains an obligation to pay a deposit to the Company (deposit) and upon the Company's receipt of invoices that include refundable Goods and Services Taxes charged by Canada and/or Australia on purchased goods or services (tax refunds).

	December 31, 2013	December 31, 2012
Receivables - Sales	\$ 105,988	\$ -
Receivables - Tax refunds	7,841	-
	\$ 113,829	\$ -

6. Inventory

	December 31, 2013	December 31, 2012
Raw materials	\$ 63,292	\$ -
Work in process	19,168	-
Finished goods	73,212	96,316
	\$ 155,672	\$ 96,316

The cost of the inventory sold included in cost of sales was \$196,545 and \$45,311 for the years ended December 31, 2013 and 2012, respectively. During the year ended December 31, 2013, inventory was

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2013 and 2012

increased by \$87,343 (2012: nil) for previously written down inventory that was used in production of inventory during the year, with a corresponding decrease in research and development expenses.

7. Prepaid expenses and deposits

	December 31, 2013	December 31, 2012
Prepaid expenses	\$ 12,927	\$ 1,750
Deposits	8,000	8,000
	<u>\$ 20,927</u>	<u>\$ 9,750</u>

8. Equipment

The following is a summary of equipment as at December 31, 2013:

<u>Cost</u>	Equipment	Furniture and fixtures	Equipment under finance lease	Total
Balance, December 31, 2011	\$ 436,792	\$ 18,599	\$ 72,674	\$ 528,065
Additions	-	-	-	-
Disposals	-	-	-	-
	<u>\$ 436,792</u>	<u>\$ 18,599</u>	<u>\$ 72,674</u>	<u>\$ 528,065</u>
Balance, December 31, 2012	\$ 436,792	\$ 18,599	\$ 72,674	\$ 528,065
Additions	-	-	-	-
Disposals	-	-	-	-
	<u>\$ 436,792</u>	<u>\$ 18,599</u>	<u>\$ 72,674</u>	<u>\$ 528,065</u>

<u>Accumulated Depreciation</u>	Equipment	Furniture and fixtures	Equipment under finance lease	Total
Balance, December 31, 2011	\$ 424,024	\$ 18,216	\$ 72,674	\$ 514,914
Additions	12,186	383	-	12,569
Disposals	-	-	-	-
	<u>\$ 436,210</u>	<u>\$ 18,507</u>	<u>\$ 72,674</u>	<u>\$ 527,391</u>
Balance, December 31, 2012	\$ 436,210	\$ 18,507	\$ 72,674	\$ 527,391
Additions	419	92	-	511
Disposals	-	-	-	-
	<u>\$ 436,629</u>	<u>\$ 18,599</u>	<u>\$ 72,674</u>	<u>\$ 527,902</u>

MicroPlanet Technology Corp.

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(Expressed in United States dollars)

December 31, 2013 and 2012

<u>Carrying amounts</u>	<u>Equipment</u>	<u>Furniture and fixtures</u>	<u>Equipment under finance lease</u>	<u>Total</u>
Balance, December 31, 2012	\$ 582	\$ 92	\$ -	\$ 674
Balance, December 31, 2013	\$ 163	\$ -	\$ -	\$ 163

9. Accounts payable and accrued liabilities

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Accounts payable	\$ 717,139	\$ 512,373
Accrued liabilities	387,990	222,455
	<u>\$ 1,105,128</u>	<u>\$ 734,828</u>

10. Provision for warranty reserve

The following provisions are recorded for the Company's warranty reserve.

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Balance at beginning of year	\$ 120,693	\$ 119,693
Warranty fullfillments	(18,365)	-
Additional provision	12,750	1,000
Balance at end of year	<u>\$ 115,078</u>	<u>\$ 120,693</u>

11. Deferred revenue

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Balance at beginning of year	\$ 53,503	\$ 53,503
Deposits Invoiced and received	161,790	39,243
Deposits applied to shipments	(161,790)	(39,243)
Balance at end of year	<u>\$ 53,503</u>	<u>\$ 53,503</u>

12. Loans

During 2012 and 2013, the Company borrowed \$50,000 and \$3,875, respectively, from a director and officer at the time that was used to fund working capital requirements. The loans required no collateral, and were repaid in full during the year ending December 31, 2013.

MicroPlanet Technology Corp.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

December 31, 2013 and 2012

13. Convertible notes and interest payable

	USD \$	CDN \$
Balance at December 31, 2011	\$ 1,933,747	\$ 1,957,897
Change in fair value at maturity/extension	55,407	55,103
Unrealized foreign exchange loss	71,160	-
Convertible note issuance	1,081,074	1,100,000
Redemptions	(393,629)	(388,000)
Change in fair value of compound convertible note liability	419,514	426,120
Balance at December 31, 2012	<u>\$ 3,167,273</u>	<u>\$ 3,151,120</u>
Balance at December 31, 2012	\$ 3,167,273	\$ 3,151,120
Issuances	368,128	374,000
Redemptions	(158,933)	(170,000)
Change in fair value of compound convertible note liability	(430,194)	(432,014)
Unrealized foreign exchange gain	(212,866)	-
Balance at December 31, 2013	<u>\$ 2,733,408</u>	<u>\$ 2,923,106</u>

Convertible notes reflect the fair value of convertible notes issued during three different private offerings.

2009 Convertible Notes. During 2009, the Company issued a total of CDN\$4,000,000 in convertible notes. Prior to 2012 the Company redeemed for cash, notes with a principal balance of CDN\$525,000 and notes with a principal balance of \$1,462,000 were exchanged for common shares and warrants. During August, 2012 the Company redeemed for cash the principal amount of \$393,629 (CDN\$388,000) for maturing convertible notes. Of that amount, \$292,178 (CDN\$288,000) was paid to certain members of management and certain directors. The entire principal amount of notes redeemed in 2012 was reinvested into common shares of the Company (note 16). These convertible notes had an original two-year term and carried interest at the rate of twelve percent (12%) per annum payable semi-annually in arrears. The holders have the option to convert the principal amount into common shares in the capital of the Company at a conversion price of CDN\$0.17 per share, or receive full repayment in cash at the end of the term. At the option of the convertible note holder, interest payments may be made in the form of common shares at an issue price equal to the market price at the time of settlement. The notes are secured by a security position on all Company assets.

2012 Convertible Notes. During 2012, the Company issued a total of \$1,081,074 (CDN\$1,100,000) in convertible notes. These convertible notes were issued in two separate tranches beginning in June, 2012, \$782,626 (CDN\$800,000) and ending in August, 2012, \$298,448 (CDN\$300,000). The notes have a two-year term and carry an interest rate of twelve percent (12%) per annum payable at the end of the term. The holders have the option to convert the principal amount plus accrued interest into common shares in the capital of the Company at a conversion price of \$0.10 per share, or receive full payment in cash at the end of the term.

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2013 Convertible Notes. On March 28, 2013, the Company issued a total of \$368,128 (CDN\$374,000) in convertible notes. The notes mature December 31, 2013 and bear interest at a rate of fourteen percent (14%) per annum payable in arrears upon maturity. The holders of the notes have the option to convert all or any portion of the principal amount and all accrued, but unpaid, interest into common shares in the capital of the Company at a conversion price of \$0.10 per share, or receive full repayment in cash at the end of the term. During October and November 2013 the Company redeemed for cash the principal amount of \$158,933 (CDN\$170,000) of these convertible notes. (See subsequent events note 22.)

Due to the fact that the convertible notes are denominated in a currency other than the Company's functional currency, the Company has determined that the conversion feature contained within these notes represents an embedded derivative to be accounted at fair value. As such, the Company can either bifurcate the instrument into its component parts and account separately for the host contract and embedded derivative at amortized cost and fair value respectively, or can elect to carry the entire instrument on a combined basis at fair value through profit and loss. The Company has chosen to carry the entire instrument on a combined basis at fair value through profit and loss. Changes in fair value are reflected in the Statement of Operations and Comprehensive Loss for each reporting period. For presentation purposes, the Company's policy is to report interest paid to note holders as a separate line item in the Statement of Operations and Comprehensive Loss, rather than aggregating such payments with the other changes in fair value of the notes each period.

The following table presents the principal and accrued interest due on convertible notes and their respective classifications as current liability as of December 31, 2013 and 2012 reflecting maturity dates of December 31, 2013 and March 31, 2014 in respect to the 2009 and 2013 convertible notes and June and July, 2014 maturity dates of the 2012 convertible notes.

Year Convertible notes originated	2013			2012		
	Current	Non-Current	Interest Payable	Current	Non-Current	Interest Payable
2009	\$ 1,519,543	\$ -	\$ 487,086	\$ 1,734,271	\$ -	\$ 337,805
2012	1,023,104	-	186,396	-	1,433,002	67,776
2013	190,761	-	20,341	-	-	-
	<u>\$ 2,733,408</u>	<u>\$ -</u>	<u>693,823</u>	<u>\$ 1,734,271</u>	<u>\$ 1,433,002</u>	<u>405,581</u>
Current			<u>(693,823)</u>			<u>(337,805)</u>
Non Current			<u>\$ -</u>			<u>\$ 67,776</u>

14. Warrants

Upon issuance, warrants are measured at their fair value in Canadian dollars using the Black-Scholes option pricing model, which considers the following inputs: risk free rate, dividend yield, volatility, and warrant life. Warrants with an exercise price denominated in a currency other than the Company's functional currency (US dollars) represent derivative financial instruments. As such, they are reported on

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the statement of financial position as a derivative financial liability and are measured at fair value on a quarterly basis with all fair value changes being reflected as a component of profit or loss. The resulting foreign-currency denominated liability is translated into the Company's functional currency at the rate in effect at period end, with any resulting foreign currency gain or loss also reported in profit or loss for the period.

During the 2013 the Company completed multiple financings with the issuance of Units (note 16.2 e), f) and g)). Each Unit was comprised of one common share in the capital of the Corporation and one common share purchase warrant. The table below sets forth the changes in the warrants outstanding during the year.

	Fair value USD \$	Fair value CDN \$	Warrants	Weighted average CDN\$ exercise price
Outstanding, December 31, 2011	\$ 933,669	\$ 961,950	50,544,280	\$ 0.15
Expired	-	-	(10,295,310)	0.15
Change in fair value of warrants	(580,577)	(610,659)	-	-
Outstanding, December 31, 2012	\$ 353,092	\$ 351,291	\$ 40,248,970	\$ 0.15
Issued - May, 2013	267,653	274,960	11,197,031	0.10
Issued - June, 2013	105,303	110,052	5,218,500	0.10
Issued - September, 2013	102,555	107,826	8,583,304	0.10
Issued - October, 2013	129,555	135,435	4,995,673	0.05
Issued - December, 2013	33,796	36,006	2,837,567	0.05
Expired - March, 2013	-	-	(3,991,520)	0.15
Expired - May, 2013	-	-	(9,500,000)	0.15
Expired - July, 2013	-	-	(24,257,450)	0.15
Expired - December, 2013	-	-	(2,500,000)	0.15
Change in fair value of warrants	(731,839)	(747,671)	-	-
Unrealized foreign exchange gain	(9,602)	-	-	-
Outstanding, December 31, 2013	<u>\$ 250,513</u>	<u>\$ 267,899</u>	<u>\$ 32,832,075</u>	<u>\$ 0.088</u>

At December 31, 2013 the weighted-average exercise price for all outstanding warrants is CDN\$0.088 and the remaining weighted-average contractual life is 2.59 years.

The 40,248,970 warrants that expired during the year were originally issued in conjunction with equity financings closed by the Company during 2011.

The total fair value of the 32,832,075 warrants issued during the year of \$638,862 was determined using the Black-Scholes option pricing model with the following assumptions:

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	<u>2013</u>
Risk free interest rate	1.14%-1.54%
Dividend yield	Nil
Expected volatility	82%-84%
Expected warrant life	3.0 Years

15. Income Tax

The relationship between the expected tax expense based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the consolidated statement of comprehensive income can be reconciled as follows for the years ended December 31:

	<u>2013</u>	<u>2012</u>
Loss before income taxes	\$(937,443)	\$(2,478,951)
Statutory tax rate	<u>25.0%</u>	<u>25.0%</u>
	\$(234,360)	\$(619,738)
Recovery of income taxes based on the combined Canadian federal and provincial statutory rates		
Stock-based compensation	28,605	16,519
Impact of foreign tax rates	(87,276)	(103,879)
Other permanent items	(27,504)	75,970
Unrecognized future tax benefits	<u>320,535</u>	<u>631,128</u>
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

Deferred tax assets that are not recognized by the Company are as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Non-capital loss carry forwards	\$10,042,042	\$9,682,349
Capital assets	5,453	5,425
Inventory and other reserves	<u>39,127</u>	<u>41,036</u>
	<u>\$10,086,622</u>	<u>\$9,728,810</u>

As at December 31, 2013, the Company has loss carry forward balances for income tax purposes of approximately \$31,375,000 that are available to reduce income taxes in the future periods, if any, expiring at various times through to the year 2033. The potential tax benefits related to the loss carry forwards and other temporary differences, the application of which may be restricted, have not been recognized in these consolidated financial statements as it is currently uncertain whether such assets will be realized in the

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carry forward period. Also, the availability of the above deductions for income tax purposes have been restricted due to previous changes in control of companies in the group and may be further restricted if there are future changes in control. U.S. net operating loss carry forwards of \$5,231,000 are limited annually to an amount calculated by reference to the fair market value of MicroPlanet, Inc. on the date of the change in ownership. The expected limitation is approximately \$600,000 per year.

16. Share capital

16.1 Authorized

At December 31, 2013 the Company had authorized an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. The shares have no par value.

16.2 Issued and Outstanding

- a) On July 31, 2012, the Company completed an equity financing of \$277,196 (CDN\$278,000) by issuing 5,560,000 common shares at CDN\$.05 per share. Certain members of management and the Company's Board of Directors participated in the private placements by acquiring 3,060,666 shares for \$152,574 (CDN\$153,017). Common stock issued through this private placement is subject to a four-month hold period per TSX Venture exchange rules.
- b) On September 12, 2012, the Company completed an equity financing of \$549,074 (CDN\$534,358) by issuing 10,687,167 common shares at CDN\$.05 per share. Certain members of management and the Company's Board of Directors participated in the private placements by acquiring 1,500,000 shares for \$77,065 (CDN\$75,000). Common stock issued through this private placement is subject to a four-month hold period per TSX Venture exchange rules.
- c) On November 12, 2012, the Company issued 3,919,028 common shares at fair value of CDN\$.05 per share to satisfy outstanding obligations of \$195,637 (CDN\$195,951) to employees and directors. Common stock issued through this private placement is subject to a four-month hold period per TSX Venture exchange rules.
- d) On November 15, 2012, the Company completed an equity financing of \$198,103 (CDN\$198,600) by issuing 3,972,000 common shares at CDN\$.05 per share. Common stock issued through this private placement is subject to a four-month hold period per TSX Venture exchange rules.
- e) During the second quarter, 2013, the Company issued 16,415,531 Units at a price of \$0.05 per Unit for gross proceeds of CDN\$820,776. The private placement was closed in two tranches on May 21, 2013, and June 14, 2013, 11,197,031 units for CDN\$559,851 and 5,128,500 units for CDN\$260,925, respectively. Each Unit was comprised of one common share in the capital of the Corporation and one common share purchase warrant. Each warrant entitles the holder to acquire one common share in the capital of the Corporation at any time until the date that is 36 months following the closing date upon payment of the exercise price of \$0.10 per common share.

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- f) On September 5, 2013, the Company issued 8,583,304 Units at a price of \$0.05 per Unit for gross proceeds of CDN\$429,165. Each Unit was comprised of one common share in the capital of the Corporation and one common share purchase warrant. Each warrant entitles the holder to acquire one common share in the capital of the Corporation at any time until the date that is 36 months following the closing date upon payment of the exercise price of \$0.10 per common share.
- g) On October 13, 2013 and December 7, 2013, the Company issued 4,995,673 and 2,837,567 Units, respectively, at a price of \$0.05 per Unit for gross proceeds of CDN\$391,662. Each Unit was comprised of one common share in the capital of the Corporation and one common share purchase warrant. Each warrant entitles the holder to acquire one common share in the capital of the Corporation at any time until the date that is 36 months following the closing date upon payment of the exercise price of \$0.05 per common share.

17. Stock Options

The Company has adopted a stock option plan (the “Plan”) for the benefit of directors, officers, employees and consultants of the Company whereby a maximum of 10% of the issued and outstanding common shares of the Company are reserved for issuance pursuant to the exercise of stock options to be granted under the Plan. Options granted under the Plan vest over various time periods from the grant date to three years at the discretion of the Board of Directors. Exercise prices on options granted under the Plan are determined by calculating the weighted average of the market price of the Company’s common shares during the 5 days immediately preceding the date of grant.

Stock option activity for the years ended December 31, 2013 and December 31, 2012:

	2013		2012	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at beginning of year	8,395,000	\$ 0.10	6,145,000	\$ 0.210
Issued	7,650,000	\$ 0.05	3,660,000	\$ 0.050
Forfeited	(158,453)	\$(0.05)	(700,000)	\$ 0.120
Expired	(336,547)	\$(0.25)	(710,000)	\$ 0.500
Outstanding at end of year	15,550,000	\$ 0.08	8,395,000	\$ 0.100

Included in options granted during the year ended December 31, 2013 and 2012 are 5,900,000 and 2,100,000 options, respectively, were awarded to directors and officers of the Company. The options granted to directors and officers during the 2013 and 2012 had exercise prices equal to the greater of the weighted average of the market price of the Company’s common shares during the 5 days immediately preceding the date of grant or CDN\$0.05. Of the 2013 grants, 1,250,000 options to purchase common shares were at CDN\$0.06 per share. All other option grants to directors and officers during 2013 and 2012 were granted with an exercise price of CDN\$0.05 per share. The director options vest 100% on the date of the grant, and the officer options vest 34% on the date of the grant, then 2.75% monthly for the remaining two years. The total fair value of all option grants was determined using the Black-Scholes option pricing model.

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All options issued during 2013 and 2012 were valued with the following assumptions:

	2013	2012
Risk free interest rate	1.12%-1.17%	1.25%-1.65%
Dividend yield	Nil	Nil
Expected volatility	82% - 84%	70% - 80%
Expected option life	5.0 years	5.0 years
Forfeiture rate	0%	0%

A summary of the status of the Plan at December 31, 2013 is presented below:

Exercise prices	Outstanding			Exercisable	
	Number	Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
\$0.00 - \$0.05	9,760,000	4.4	\$ 0.050	6,444,050	\$ 0.050
\$0.05 - \$0.10	1,692,500	3.7	\$ 0.070	1,142,500	\$ 0.075
Greater than \$0.10	4,097,500	1.6	\$ 0.140	4,097,500	\$ 0.140
\$0.00 - \$0.24	15,550,000	3.6	\$ 0.076	11,684,050	\$ 0.084

18. Related party transactions

18.1 Loans from Investor

During March 2013, a director at the time and significant investor of the Company advanced CDN\$24,875 to the Company. These advances were provided to the Company without security were included in accounts payable and accrued liabilities and were used by the Company to retire an outstanding obligation and purchase supplies. This CDN\$24,875 2013 advance and the 2012 loan of \$50,000 (note 12) were repaid in full in July 2013.

18.2 Stock Option Grants

On April 29, 2013 the Company's board of directors granted 1,250,000 stock options to an officer. The options were granted in accordance with the Company's Stock Option Plan with an exercise price of CDN\$0.06 and a five year term.

On October 10, 2013 the Company's board of directors granted a total of 4,650,000 stock options to officers, directors and a consultant. The options were granted in accordance with the Company's Stock Option Plan with an exercise price of CDN\$0.05 and a five year term.

Included in the director's compensation for 2013 is \$60,000 in fees earned by a director in accordance with the sales and sales management services agreement entered into with the Company.

Interest accrued to directors and officers for 2012 represented interest on notes due to a director and officer that resigned from these positions effective May 1, 2013. Accordingly, the accrued interest on

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these notes has not been included in compensation accrued to directors and officers during 2013, see also notes 2 and 13.

18.3 2012 Activity

18.3.1 Quarter 1, 2012

The Company sold finished goods to a member of management and a director at cost. Proceeds from the sales were used to fund working capital requirements. These transactions, consummated in January and February 2012, totaled \$138,484. Cash was received at the date of each transaction and title transferred at the point of sale. Pursuant to the terms of each sale, the Company was obligated to repurchase the units to satisfy future sales orders from its customers. As a result, the transactions have been accounted for as financings that did not result in the recognition of additional revenue to the Company.

18.3.2 Quarter 2, 2012

The Company borrowed and subsequently repaid \$25,000 from an officer and significant shareholder that was used to fund working capital requirements.

The Company extended convertible notes until December 31, 2013 (note 13). Of these notes a director and a member of management hold notes in the amount of CDN\$663,000.

18.3.3 Quarter 3, 2012

Upon obtaining consent of debt reduction from Note holders, the Company redeemed convertible notes that were previously extended until December 31, 2013 (note 13). Of these Notes, a member of management and a director were paid CDN\$288,000. The entire amount was subsequently reinvested in 4,560,000 common shares of Company (note 16.2 a) and b)). The common stock issued through these private placements was subject to a four-month hold period per TSX Venture exchange rules.

A retention payment was issued to an officer in the amount of CDN\$153,000.

Convertible notes in the amount of CDN\$50,000 were issued to an officer (note 13).

The Company issued to directors 950,000 options to purchase common shares at CDN\$0.05 per share (note 17).

18.3.4 Quarter 4, 2012

The Company issued to a director and an officer 1,150,000 options to purchase common shares at CDN\$0.05 per share (note 17).

The Company issued 921,895 common shares at fair value of CDN\$.05 per share to satisfy outstanding obligations of CDN\$46,094 to directors. The common stock issued through these private placements was subject to a four-month hold period per TSX Venture exchange rules.

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18.3.5 Quarter 1, 2013

On March 28, 2013 the Company issued a \$43,309 (CDN\$44,000) convertible note to a director in conjunction with his investment in the \$368,128 (CDN\$374,000) convertible note financing (note 13).

18.3.6 Quarter 2, 2013

On March 14, 2013 and June 14, 2013, the Company issued 2,106,785 and 130,000 Units, respectively, at a price of \$0.05 per Unit to officers in conjunction with their investments of \$102,500 and \$6,387, respectively, in the CDN\$820,776 equity financing (note 16.2e)).

18.3.7 Quarter 3, 2013

On September 5, 2013, the Company issued 875,252 Units to directors at a price of \$0.05 per Unit in conjunction with their investments of \$41,623 in the CDN\$429,165 equity financing (note 16.2f)).

18.3.8 Quarter 4, 2013

On December 7, 2013, the Company issued 263,773 Units to an officer at a price of \$0.05 per Unit in conjunction with his investment of \$12,500 in the CDN\$391,662 equity financing (note 16.2g)).

The table below presents a summary of compensation paid by the Company to its directors and officers, who are defined as related parties under IFRS:

	December 31, 2013	December 31, 2012
Compensation accrued to directors	\$ 251,331	\$ 83,650
Compensation accrued to officers	383,273	471,643
Interest accrued to directors and officers	-	94,603
Total	<u>\$ 634,604</u>	<u>\$ 649,896</u>

19. Financial instruments

For certain of the Company's financial assets and liabilities, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, interest payable, loans, warrants and convertible notes, the carrying amounts approximate their fair values due to the relatively short periods to maturity of the instruments. The classification and fair values of the Company's financial instruments as at December 31, 2013 and December 31, 2012 are summarized as follows:

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	December 31, 2013		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loans and receivables	\$ 118,885	\$ 118,885	\$ 17,682	\$ 17,682
Other financial liabilities	1,967,532	1,967,532	1,364,605	1,364,605
Fair value liability through profit and loss	2,983,921	2,983,921	3,520,365	3,520,365

The CFO performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information.

The valuation techniques used for instruments categorized as Level 3 are described below:

Convertible debt

The fair value of the convertible debt is estimated using a present value approach, which discounts the contractual cash flows using discount rates derived from observable market interest rates of similar loans with similar risk.

Warrants

The fair value of the warrants is determined through use of the Black-Scholes model. Inputs in the model are based on information obtained from the initial offerings, volatility estimates based on the Company's stock fluctuations and risk free rates that are observable in the market.

19.1 Credit Risk

The Company's credit risk is primarily attributable to its accounts receivable. The Company has a limited number of customers, many of which are electric utilities. Historically, the Company has not had to write off any receivables. As the Company's sales and number of customers increases, the Company will evaluate whether an increased allowance for doubtful accounts is warranted.

As at December 31, 2013 and December 31, 2012, the aging for the Company's receivables is as follows:

	December 31, 2013	December 31, 2012
Current	\$ 111,162	\$ -
31 - 60 days	2,667	-
61 - 90 days	-	-
91 - 150 days	-	-
Total	<u>\$ 113,829</u>	<u>\$ -</u>

The Company has not provided any allowance for doubtful accounts related to these accounts receivable.

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19.2 Market Risk

19.2.1 Interest Rate Risk:

The Company is exposed to financial risk that arises from changes in the market interest rate relative to the rates on its cash and convertible notes. Changes in variable interest rates could cause unanticipated fluctuations in the Company's interest income. The Company's debt instruments at December 31, 2013 and December 31, 2012 bear interest at fixed rates.

A 1% change in interest rates would be immaterial to operating results.

19.2.2 Foreign Currency Risk:

The Company has customers in several countries. The Company's current policy is to issue all sales quotes in US dollars, but on occasion it has invoiced customers in the currencies of their domiciles. Sales and receivables have been converted from the currency of the customer to U.S. dollars when sales are recorded. Significant fluctuations in currency valuations between those that existed at the point of sale and at the point of receipt of cash could impact amounts actually received from customers.

Although the headquarters of the Company's wholly owned subsidiary are located in the United States, where the primary operations of the business are conducted, the Company has historically raised money in Canadian dollars. The proceeds from those financings have been received in Canadian dollars by the corporate parent and then distributed over time to the subsidiary in US dollars. To the extent that Canadian dollar financial instruments are retained, the Company remains exposed to foreign currency risk.

The Company does not hold significant cash or cash equivalents in foreign currencies at the end of year. A 1% change in foreign exchange rates would not have a significant impact on the assets, liabilities or net income of the Company and would be immaterial to operating results.

19.3 Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined below (note 20). It also manages liquidity risk by continuously monitoring cash flows to best provide for it having sufficient liquidity to meet its liabilities when due.

The table below provides a summary of the contractual obligations and payments related to financial liabilities as at December 31, 2013. The amounts disclosed are the contractual undiscounted cash flows.

Contractual obligations	Total	Less than one year
Accounts payable and accrued liabilities	\$ 1,105,128	\$ 1,105,128
Interest on convertible notes	693,823	693,823
Convertible notes	2,733,408	2,733,408
Total	\$ 4,532,359	\$ 4,532,359

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20. Capital management

The capital structure of the Company consists of shareholders' deficiency and convertible notes.

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern
- to provide adequate and efficient funding for operations
- to provide an adequate return to shareholders.

Since the Company is not generating positive cash flow from operations, it meets its objectives for managing capital by budgeting for its working capital needs, and securing debt and equity financing in order to fund the operations of the business. The Company further seeks to manage its capital by entering into operational relationships that minimize the Company's commitment to fixed expenses. Historically, the Company has secured financing from a combination of: (i) debt collateralized by certain assets of the Company, (ii) convertible notes and (iii) the issuance of common shares with warrants.

The Company endeavors to meet its objectives by retaining adequate liquidity to provide for the possibility that cash flows from product sales will not be sufficient to meet future cash requirements and by reducing operating levels to reflect its liquidity position.

The Company does not have any externally imposed capital requirements.

The Company's overall capital management strategy remains unchanged from prior periods, which was to secure adequate debt and equity financing to fund the working capital needs of the Company. Sources for such financing includes from private placement financings and through strategic relationships. Working capital of the Company at December 31, 2013 was a deficit of \$4,655,969 (December 31, 2012: deficit of \$3,260,444).

21. Segment information

Consistent with disclosures in prior years, the Company has one reportable segment. The Company currently derives its revenues primarily from product lines in three market segments aimed at: (i) voltage compliance and peak load reduction for electric utilities; (ii) energy savings and equipment life enhancement for commercial businesses and (iii) energy savings for residential applications. Revenues by market segment are as follows:

	<u>2013</u>	<u>2012</u>
Product Sales:		
Utility	\$ 335,245	\$ 77,962
Government	45,000	-
Commercial	<u>-</u>	<u>-</u>
Total product sales	<u>\$ 380,245</u>	<u>\$ 77,962</u>

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Information about the geographic revenue and assets is provided below:

	2013	2012
Revenues		
United States	\$ 45,000	\$ -
Australia	335,245	77,962
	<u>\$ 380,245</u>	<u>\$ 77,962</u>
Assets		
United States	\$ 282,161	\$ 101,353
Canada	13,486	23,069
	<u>\$ 295,647</u>	<u>\$ 124,422</u>

All of the Company's equipment is located in the United States.

22. Events after the reporting date

22.1 Loan from Investor

During January 2014, an officer of the Company advanced \$17,000 to the Company. These advances were provided to the Company without security and used by the Company for payment of operating obligations.

22.2 Private Placement

On April 28, 2014 the Company had, subject to final TSXV approval, the final of three closings of a non-brokered private placement of Units at a price of CDN\$0.02 per Unit. The total gross proceeds received by the Company from the offering was CDN\$1,007,966 with the company issuing 50,398,310 Units. Each Unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share in the capital of the Company at any time until the date that is 36 months following the closing date upon payment of the exercise price of CDN\$0.02 per common share. Directors and officers of the Company participated in this offering by investing USD\$87,500 (CDN\$96,577) and receiving 4,828,862 Units.

22.3 Convertible Notes

During January 2014, the Company received extensions to March 31, 2014 of the December 31, 2013 due dates on the 2009 convertible notes and on \$116,888 (CDN\$125,000) of the \$190,761 (CDN\$204,000) 2013 convertible notes (note 13). As the Company has not had sufficient financial resources to redeem either the 2009 or the 2013 convertible notes at March 31, 2014 or thereafter, the Company is in default of the terms of both the 2009 and 2013 convertible notes with outstanding principal balances of \$1,519,544 (CDN\$1,625,000) and \$190,761 (CDN\$204,000), respectively.

This is Exhibit " 12 " to the Affidavit of
Wolfgang Struss *Wolfgang Struss*
Sworn before me this 5th day of
December, 2016
Cathy A. Shaffer
A Notary Public
In and for the State of Washington





MicroPlanet Technology Corp.

Interim Consolidated Financial Statements

(Unaudited, expressed in United States Dollars)

September 30, 2014 and 2013

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NOTICE TO READER OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The interim consolidated financial statements for MicroPlanet Technology Corp., comprised of the interim consolidated statements of financial position as at September 30, 2014 and for the year ended December 31, 2013, and the interim consolidated statements of operations and comprehensive loss, interim consolidated statements of changes in equity and cash flows for the three and nine month periods ending September 30, 2014 and September 30, 2013 are the responsibility of the Company's management.

The interim consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these interim consolidated financial statements in accordance with International Financial Reporting Standards.

The interim consolidated financial statements have not been reviewed by the Company's independent external auditors, Grant Thornton LLP.

"David W. Andrews", CPA, CA
David W. Andrews, CPA, CA, Director

"Alan Richardson"
Alan Richardson, Director

November 30, 2014

MicroPlanet Technology Corp.**Interim Consolidated Statements of Financial Position**

(Unaudited, expressed in United States dollars)

	September 30, 2014	December 31, 2013
Assets		
Current		
Cash and cash equivalents (note 4)	\$ 5,721	\$ 5,056
Accounts receivable (note 5)	18,551	113,829
Inventory (note 6)	143,242	155,672
Prepaid expenses and deposits (note 7)	19,627	20,927
	<u>187,141</u>	<u>295,484</u>
Non-current		
Equipment, net of accumulated depreciation	-	163
	<u>-</u>	<u>163</u>
Total assets	<u>\$ 187,141</u>	<u>\$ 295,647</u>
Liabilities and shareholders' deficiency		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 1,390,156	\$ 1,105,128
Provision for warranty reserves (note 9)	113,951	115,078
Deferred revenue (note 10)	53,503	53,503
Shareholders Loans (note 11)	23,000	-
Interest payable, current (note 12)	877,866	693,823
Convertible notes, current (note 12)	2,504,392	2,733,408
Warrants, current (note 13)	906,441	250,513
	<u>5,869,309</u>	<u>4,951,453</u>
Total liabilities	<u>5,869,309</u>	<u>4,951,453</u>
Shareholders' deficiency		
Share capital (note 14)	\$ 23,912,303	23,722,987
Contributed surplus	4,287,410	4,196,785
Deficit	<u>(33,881,881)</u>	<u>(32,575,578)</u>
Total shareholders' deficiency	<u>(5,682,168)</u>	<u>(4,655,806)</u>
Total liabilities and shareholders' deficiency	<u>\$ 187,141</u>	<u>\$ 295,647</u>

Approved on behalf of the Board of Directors

"David W. Andrews", CPA, CA

Director

"Alan Richardson"

Director

See accompanying notes to the interim consolidated financial statements

MicroPlanet Technology Corp.**Interim Consolidated Statements of Operations and
Comprehensive Income (Loss)**

(Unaudited, expressed in United States dollars)

	Three month period ending September 30, 2014	Three month period ending September 30, 2013	Nine month period ending September 30, 2014	Nine month period ending September 30, 2013
Sales	\$ -	\$ 33,195	\$ 14,502	\$ 205,833
Cost of sales	-	431	12,761	96,770
Gross margin	-	32,764	1,741	109,063
Expenses				
Research and development	105,292	105,482	337,731	445,621
Marketing and market development	66,750	171,998	220,669	374,432
General and administrative	205,506	264,452	700,805	896,541
Depreciation	-	-	163	365
	377,548	541,932	1,259,368	1,716,594
Loss from operations	(377,548)	(509,168)	(1,257,627)	(1,607,531)
Other Income (expense)				
Interest expense	(78,067)	(83,483)	(236,575)	(262,561)
Foreign exchange gain (loss)	246,425	(90,988)	164,667	127,626
Change in fair value of warrants liability (note 13)	311,896	120,982	28,717	607,321
Change in fair value of compound convertible note liability (note 12)	(481)	2,247	(5,486)	464,305
	479,774	(51,242)	(48,676)	936,691
Income (Loss) and Comprehensive Income (Loss) for the period	\$ 102,226	\$ (560,410)	\$ (1,306,303)	\$ (670,840)
Basic and diluted income (loss) per share	\$ 0.0005	\$ (0.0039)	\$ (0.0063)	\$ (0.0050)
Weighted average number of common shares outstanding	188,953,596	143,605,597	206,822,302	132,954,241

See accompanying notes to the interim consolidated financial statements

MicroPlanet Technology Corp.**Interim Consolidated Statements of Changes in Equity**

(Unaudited, expressed in United States dollars)

	Share capital	Contributed surplus	Deficit	Total equity
Balance at December 31, 2013	\$ 23,722,987	\$ 4,196,785	\$ (32,575,578)	\$ (4,655,806)
Changes to equity				
Share Issuance	189,316	-	-	189,316
Share-based compensation	-	90,625	-	90,625
Net loss for the period	-	-	(1,306,303)	(1,306,303)
Total activity for the period	<u>189,316</u>	<u>90,625</u>	<u>(1,306,303)</u>	<u>(1,026,361)</u>
Balance at September 30, 2014	<u>\$ 23,912,303</u>	<u>\$ 4,287,410</u>	<u>\$ (33,881,881)</u>	<u>\$ (5,682,168)</u>
	Share capital	Contributed surplus	Deficit	Total equity
Balance at December 31, 2012	\$ 22,795,222	\$ 4,082,365	\$ (31,638,135)	\$ (4,760,548)
Changes to equity				
Issuance of shares	718,651	-	-	718,651
Share-based compensation	-	37,583	-	37,583
Net loss for the period	-	-	(670,840)	(670,840)
Total activity for the period	<u>718,651</u>	<u>37,583</u>	<u>(670,840)</u>	<u>85,394</u>
Balance at September 30, 2013	<u>\$ 23,513,873</u>	<u>\$ 4,119,948</u>	<u>\$ (32,308,975)</u>	<u>\$ (4,675,154)</u>

See accompanying notes to the interim consolidated financial statements

MicroPlanet Technology Corp.**Interim Consolidated Statements of Cash Flows**

(Unaudited, expressed in United States dollars)

	Three month period ending September 30, 2014	Three month period ending September 30, 2013	Nine month period ending September 30, 2014	Nine month period ending September 30, 2013
Cash provided by (used for) the following activities:				
Operating:				
Net income (loss) for the period	\$ 102,226	\$ (560,410)	\$ (1,306,303)	\$ (670,840)
Depreciation	-	73	163	438
Unrealized foreign exchange (gain) loss	(246,425)	90,988	(164,667)	(127,626)
Change in fair value of warrants liability	(311,896)	(120,982)	(28,717)	(607,321)
Change in fair value of convertible notes (note 12)	481	(2,247)	5,486	(464,305)
Share-based compensation (note 14)	65,045	5,722	90,627	37,582
Change in non-cash operating working capital	264,675	(21,843)	592,180	338,092
	<u>(125,894)</u>	<u>(608,699)</u>	<u>(811,231)</u>	<u>(1,493,980)</u>
Financing:				
Proceeds from equity financing	(10,892)	406,017	915,517	1,194,161
Proceeds from issuance of convertible notes and loans	23,000	(53,875)	23,000	326,090
	<u>12,108</u>	<u>352,142</u>	<u>811,894</u>	<u>1,520,251</u>
Decrease in cash and cash equivalents	(113,785)	(256,556)	666	26,272
Cash and cash equivalents, beginning of period	119,507	300,510	5,056	17,682
Cash and cash equivalents, end of period	<u>\$ 5,722</u>	<u>\$ 43,954</u>	<u>\$ 5,722</u>	<u>\$ 43,954</u>

See accompanying notes to the interim consolidated financial statements

MicroPlanet Technology Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited, expressed in United States dollars)

September 30, 2014 and 2013

1. Nature of operations

MicroPlanet Technology Corp., an Alberta corporation, and its wholly-owned subsidiary MicroPlanet, Inc., a Washington corporation (together, “MicroPlanet” or the “Company”) are in the business of developing and commercializing its technologies to precisely regulate voltage for the utility, commercial and residential markets. The Company's products are sold to electric utilities and businesses for the purposes of regulating voltage within compliance standards, conserving electricity and increasing equipment life. Customers are located in the United States, Canada, New Zealand, Ireland, United Kingdom and, most significantly, in Australia.

2. General information and statement of compliance with IFRS

These interim consolidated financial statements are for the three and nine months ended September 30, 2014 (the “Period”) and are unaudited. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

MicroPlanet Technology Corp. is the sole owner of MicroPlanet, Inc., which is a corporation organized under the laws of the State of Washington, USA. The mailing address for MicroPlanet’s principal place of business is PO Box 1250, Woodinville, Washington, 98072 USA. MicroPlanet Technology Corp.’s shares are listed on the Toronto Venture Stock Exchange under the trading symbol “MP” and trade under the symbol “MCTYF” on the OTC:PK. MicroPlanet, Inc. is the sole subsidiary of MicroPlanet Technology Corp.

The Board of Directors approved the interim consolidated financial statements for issue on December 1, 2014.

3. Significant accounting policies

3.1 Basis of presentation and going concern

At September 30, 2014, the Company has a working capital deficiency of \$5,682,168, an accumulated deficit of \$33,881,881, a shareholders’ deficiency of \$5,682,168 and convertible debentures that are due currently and are in default (note 12). The Company will be required to raise additional capital over the next 12 months to fund the development of new products, manufacture of existing products, development of existing and new markets, development of strategic alternatives as well as to fund all other aspects of ongoing operations. There is significant risk to the Company’s ability to raise additional capital, which presents material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. In the event the Company is unsuccessful in raising additional capital, the Company will have no alternative but to cease operations. The Company’s objectives and policies for managing capital, credit risk and liquidity risk are described in notes 16 and 17.

These consolidated financial statements have been prepared on a going concern basis using historical cost accounting except for certain financial instruments (convertible notes and warrants) measured at their fair value (notes 12 and 13). If the going concern basis were not appropriate, adjustments to the carrying amounts of the Company’s assets and liabilities would be required to measure them on a liquidation basis. Such adjustments, if any, could be material. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

MicroPlanet Technology Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited, expressed in United States dollars)

September 30, 2014 and 2013

These consolidated financial statements have been prepared in accordance with IFRS that are effective at September 30, 2014.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3.2 Basis of consolidation

These consolidated financial statements include the accounts of the parent company, MicroPlanet Technology Corp. and its wholly-owned subsidiary, MicroPlanet, Inc. All intercompany transactions and balances are eliminated on consolidation.

3.3 Use of estimates and management judgments

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and notes thereto. Actual amounts may ultimately differ from these estimates.

The following are significant management judgments, estimates and assumptions in applying the accounting policies of the Company that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses:

3.3.1 Management judgments

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

3.3.2 Management estimates

Impairment of long-lived assets

In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utilization of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utilization of certain software and equipment.

Inventories

The Company estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

MicroPlanet Technology Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited, expressed in United States dollars)

September 30, 2014 and 2013

Stock-based payment and Warrant Liability

The Company measures the cost of equity settled transactions and warrants by reference to the fair value of the instruments at the date at which they are granted. The separation of value between Company warrants and shares when it issues private placement units is based upon the fair value of warrants. Estimating fair value for these items requires determining the most appropriate valuation models, which are dependent on the terms and conditions of the grant and warrant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option and warrant, the quoted trading price of the Company's shares, volatility and dividend yield and making assumptions about them and other relevant factors at the time of valuation.

Provision for warranties

The Company provides for warranty expenses by setting aside a percentage of sales towards the warranty provision account. The percentage is based on the Company's historical warranty claims. Uncertainty relates to the timing and amount of actual warranty claims that can vary from the Company's estimation.

3.4 Currency

The functional currency of the Company and its subsidiary is the United States dollar and these consolidated financial statements are presented in United States dollars. Transactions of the Company that are denominated in foreign currencies are recorded in United States dollars at exchange rates in effect at the related transaction date. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the reporting date. Exchange gains and losses arising from the translation of foreign currency denominated monetary assets and liabilities are included in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.5 Cash and Cash Equivalents

The cash consists of cash on deposit.

3.6 Allowance for Doubtful Accounts

The Company establishes an allowance for doubtful accounts through review of open accounts, and historical collection experience. To date, the Company has experienced no write-offs of uncollectible accounts. Given the creditworthiness of its clients, the nature of its products and the level of specificity in its sales contracts, the Company has determined that an allowance is not required at the reporting date.

3.7 Inventory

The Company's inventory consists primarily of raw material and finished goods with a lesser amount of work in process. Finished goods represents the costs incurred on individual products available for sale and are comprised of component parts, assembly and contract manufacturing charges required to manufacture and test its energy conservation and voltage management devices. Work in process represents the costs incurred on individual products that are not finished goods at the reporting date and include some, but not all, of a product's component parts, assembly and contract manufacturing charges.

MicroPlanet Technology Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited, expressed in United States dollars)

September 30, 2014 and 2013

Inventories are carried at the lower of average cost and net realizable value, with cost determined using a weighted average cost method. Net realizable value is the estimated selling price less applicable selling expenses. If carrying value exceeds net realizable amount, a write down is recognized. The write down may be reversed in a subsequent period if there is clear evidence that the inventory has increased in value and circumstances that caused the loss in value no longer exist.

3.8 Equipment

Equipment is recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from three to five years, commencing when the asset is available for use.

3.9 Provision for Warranty Reserve

The Company has established a warranty reserve for repair and replacement costs to be incurred during the warranty period for its products. The Company estimates an amount to be added to the reserve for each product shipped, based on material and labor costs and the likelihood of product failure within the warranty period. As warranty costs are incurred, the warranty reserve is reduced accordingly. The Company may issue replacement product to a customer from its inventory in satisfaction of a warranty claim, decreasing both inventory and provision for warranty reserve by like amounts.

3.10 Convertible Notes

As the convertible notes issued by the Company are denominated in a currency other than the Company's functional currency, the Company treats the conversion feature as an embedded derivative to be accounted at fair value. The Company has elected to carry the entire instrument on a combined basis at fair value through profit and loss. Changes in fair value are reflected in the Statements of Operations and Comprehensive Loss for each reporting period. For presentation purposes, the Company's policy is to report interest paid to note holders as a separate line item in the Statements of Operations and Comprehensive Loss, rather than aggregating such payments with the other changes in fair value of the notes each period.

3.11 Capital Stock Issued for Other Than Cash

Capital stock issued for other than cash is valued at the price at which the stock traded on the principal stock exchange on which the stock trades at the time the agreement to issue the stock is made or, if such issuance is at the option of the Company, at the time the Company determines to issue such stock.

3.12 Research and Development

The Company is engaged in research and development. Research and development costs include design fees, materials, outside testing, and salaries of employees directly involved in research and development activities. Research costs are expensed as incurred. Development costs are expensed in the period incurred, unless certain criteria related to technical, market and financial feasibility are met, in which case development costs are deferred and amortized over the estimated life of the related products. Management reviews the applicable criteria on a regular basis and if the criteria are no longer met, any remaining unamortized balance is written off as a charge to profit or loss. At September 30, 2014 and December 31, 2013 the Company had not deferred any development costs.

MicroPlanet Technology Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited, expressed in United States dollars)

September 30, 2014 and 2013

3.13 Revenue Recognition

The Company recognizes revenue when product is shipped from its premises or the premises of the Company's contract manufacturer, as appropriate, assuming a definitive agreement has been reached with the customer identifying the goods sold and consideration to be received, the Company has neither continuing involvement with nor control over the goods sold, and collectability is probable. The Company documents its arrangements with customers with sales quotes followed by customer purchase orders and invoices upon shipment.

When the proceeds of sales are received in advance of earning those revenues, the revenues are deferred and brought into income as delivery occurs, assuming all other revenue recognition criteria have been met.

3.14 Stock-based Compensation

The Company has a stock option plan (note 14). For stock options granted to employees, officers, directors and consultants, the Company records compensation expense over the vesting period of the option based on the fair value method of accounting, measured on the date of grant. Stock-based awards to non-employees are measured at fair value and expensed at the time the related goods or services are received.

The fair value of transactions with employees and others providing similar services are measured by reference to the fair value of the equity instruments granted. The fair value of transactions with parties other than employees is determined by the fair value of services received unless that fair value cannot be estimated reliably.

3.15 Loss per Share

Basic loss per share amounts are calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method. This method assumes that common shares are issued for the exercise of warrants and options and that the assumed proceeds from the exercise of warrants and options are used to purchase common shares at the average market price during the year. The difference between the number of shares assumed issued and the number of shares assumed purchased is then added to the basic weighted average number of shares outstanding to determine the diluted number of common shares outstanding. No exercise or conversion is assumed during the years in which a net loss is incurred as the effect is anti-dilutive. The securities that are excluded from the calculation of basic loss per share include: stock options, warrants and agents' options.

3.16 Financial Instruments

The Company classifies all financial instruments into the following categories: held-for-trading, held-to-maturity, available-for-sale, loans and receivables, or other financial liabilities. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost. Available-for-sale instruments are measured at fair value with changes in fair value recognized in other comprehensive income until the instrument is derecognized or impaired. Instruments classified as held-for-trading are measured at fair value with changes in fair value recognized in profit or loss.

MicroPlanet Technology Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited, expressed in United States dollars)

September 30, 2014 and 2013

The Company has classified its financial instruments as follows:

Cash and cash equivalents.....	Loans and receivables
Accounts receivable.....	Loans and receivables
Accounts payable and accrued liabilities, interest payable and loans	Other financial liabilities
Warrants and convertible notes	Fair value liability through profit and loss

The Company accounts for purchases and sales of financial assets at the trade date.

Transaction costs for financial assets and liabilities classified or designated as held for trading are recognized immediately as an expense. Transaction costs for financial assets classified as available for sale, loans and receivables, held to maturity and other financial liabilities are added to the value of the instrument at the date of acquisition or issuance.

3.17 Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the consolidated statement of operations and comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred taxes are recorded using the statement of financial position liability method. Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority, and when the Company intends to settle its current tax assets and liabilities on a net basis.

The Company accounts for tax credits in accordance with IAS 12 Income Taxes.

MicroPlanet Technology Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited, expressed in United States dollars)

September 30, 2014 and 2013

3.18 New standards and interpretations issued but not yet adopted

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement, and is currently being developed in stages by the IASB. This standard is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on the consolidated financial statements.

3.19 New and amended standards adopted by the Company

The Company adopted the following amendments to IFRS that were effective for the first time for the financial year beginning on or after January 1, 2013.

IAS 1, Presentation of Financial Statements (“IAS 1”) was amended and requires companies to group items presented within Other Comprehensive Income based on whether they may be subsequently reclassified to profit or loss. This amendment to IAS 1 is effective for annual periods beginning on or after July 1, 2012 with full retrospective application. The adoption of this amendment did not result in any adjustments to other comprehensive income or comprehensive income.

IAS 32 has been amended to clarify the requirements for offsetting financial assets and liabilities. The amendment clarifies that the right to offset must be available on the current date and cannot be contingent on a future event. The amendment to IAS 32 is effective for annual periods beginning on or after January 1, 2014, with retrospective application. The adoption of this amendment did not result in any adjustments to its consolidated financial statements.

IFRS 7, Financial Instruments: Disclosures (“IFRS 7”) has been amended to provide more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting or similar arrangements. This amendment to IFRS 7 is effective for annual periods beginning on or after January 1, 2013, with retrospective application. The adoption of this amendment resulted in additional disclosures that are included in these consolidated financial statements.

IFRS 10 Consolidated Financial Statements builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 Consolidated Financial Statements replaces SIC-12 Consolidation-Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. The adoption of IFRS 10 did not result in any change in the consolidation status of any of the Company’s subsidiaries.

MicroPlanet Technology Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited, expressed in United States dollars)

September 30, 2014 and 2013

IFRS 11 Joint Arrangements provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities-Non-monetary Contributions by Venturers. The adoption of IFRS 11 did not result in any changes in the accounting for joint arrangements.

IFRS 12 Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The effective date is annual periods beginning on or after January 1, 2013. The adoption of IFRS 11 did not result in any changes in the accounting for joint arrangements.

IFRS 13 Fair Value Measurements explains how to measure fair value by providing a clear definition and introducing a single set of guidance for (almost) all fair value measurements. It clarifies how to measure fair value when a market becomes less active and improves transparency through additional disclosures. The effective date is annual periods beginning on or after January 1, 2013. The adoption of IFRS 13 did not require any adjustment to the valuation techniques used by the Company to measure fair value and accordingly, did not result in any measurement adjustment as at January 1, 2013.

4. Cash and cash equivalents

	September 30, 2014	December 31, 2013
Cash on deposit	\$ 5,721	\$ 5,056

5. Accounts receivable

The Company recognizes accounts receivable for three transaction types upon issuance of invoices to customers, upon shipment of product, potential customers, issuance of invoices upon Company acceptance of a purchase order which contains an obligation to pay a deposit to the Company (deposit) and upon the Company's receipt of invoices that include refundable Goods and Services Taxes charged on purchased goods or services (tax refunds).

	September 30, 2014	December 31, 2013
Receivables - Sales	\$ 10,497	\$ 105,988
Receivables - Tax refunds	8,054	7,841
	\$ 18,551	\$ 113,829

MicroPlanet Technology Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited, expressed in United States dollars)

September 30, 2014 and 2013

6. Inventory

	September 30, 2014	December 31, 2013
Raw materials	\$ 63,238	\$ 63,292
Work in process	19,168	19,168
Finished goods	60,836	73,212
	<u>\$ 143,242</u>	<u>\$ 155,672</u>

For the period ended September 30, 2014 the Company recognized inventories of nil (2013 - \$66,474) as cost of sales.

7. Prepaid expenses and deposits

	September 30, 2014	December 31, 2013
Prepaid expenses	\$ 16,727	\$ 12,927
Deposits	2,900	8,000
	<u>\$ 19,627</u>	<u>\$ 20,927</u>

8. Accounts payable and accrued liabilities

	September 30, 2014	December 31, 2013
Accounts payable	\$ 735,250	\$ 717,139
Accrued liabilities	654,906	387,990
	<u>\$ 1,390,156</u>	<u>\$ 1,105,128</u>

9. Provision for warranty reserve

The following provision was recorded for the Company's warranty reserve.

	September 30, 2014	December 31, 2013
Balance at beginning of period	\$ 115,078	\$ 120,693
Warranty fulfillments	(2,127)	(18,365)
Additional provision	1,000	12,750
Balance at end of period	<u>\$ 113,951</u>	<u>\$ 115,078</u>

MicroPlanet Technology Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited, expressed in United States dollars)

September 30, 2014 and 2013

10. Deferred revenue

	September 30, 2014	December 31, 2013
Balance at beginning of period	\$ 53,503	\$ 53,503
Deposits invoiced and received	-	161,790
Deposits applied to shipments	-	(161,790)
Balance at end of period	<u>\$ 53,503</u>	<u>\$ 53,503</u>

11. Shareholders Loans

During the quarter ended September 30, 2014, shareholders of the Company advanced \$23,000 to the Company to be used by the Company for payment of operating obligations. These advances were provided to the Company without security. Accrued interest is at the rate of 14% per annum and these loans have a maturity date of December 31, 2014.

12. Convertible notes and interest payable

	USD \$	CDN \$
Balance at December 31, 2012	\$ 3,167,273	\$ 3,151,120
Issuances	368,128	374,000
Change in fair value of compound convertible note liability	(462,058)	(473,408)
Unrealized foreign exchange (gain) loss	(169,005)	-
Balance at September 30, 2013	<u>\$ 2,904,338</u>	<u>\$ 3,051,712</u>
Balance at December 31, 2013	\$ 2,733,408	\$ 2,923,106
Redemptions	\$ (126,624)	\$ (135,000)
Change in fair value of compound convertible note liability	28,717	5,894
Unrealized foreign exchange (gain) loss	(131,109)	-
Balance at September 30, 2014	<u>\$ 2,504,392</u>	<u>\$ 2,794,000</u>

Convertible notes reflect the fair value of convertible notes issued during three different private offerings.

2009 Convertible Notes. During 2009, the Company issued a total of CDN\$4,000,000 in convertible notes. Prior to 2012 the Company redeemed for cash, notes with a principal balance of CDN\$525,000 and notes with a principal balance of CDN\$1,462,000 were exchanged for common shares and warrants. During August 2012 the Company redeemed for cash the principal amount of \$393,629 (CDN\$388,000) for maturing convertible notes. Of that amount, \$292,178 (CDN\$288,000) was paid to certain members of management and certain directors. The entire principal amount of notes redeemed in 2012 was reinvested into common shares of the Company. These convertible notes had an original two-year term and carried interest at the rate of twelve percent (12%) per annum payable semi-annually in arrears. The holders have the option to convert the principal amount into common shares in the capital of the Company at a

MicroPlanet Technology Corp.

Notes to the Interim Consolidated Financial Statements

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conversion price of CDN\$0.17 per share, or receive full repayment in cash at the end of the term. At the option of the convertible note holder, interest payments may be made in the form of common shares at an issue price equal to the market price at the time of settlement. As of September 30, 2014 the 2009 convertible notes have matured without repayment by the Company. The notes are secured by a security position on all Company assets.

2012 Convertible Notes. During 2012 the Company issued a total of \$1,081,074 (CDN\$1,100,000) in convertible notes. These convertible notes were issued in two separate tranches beginning in June 2012, \$782,626 (CDN\$800,000), and ending in August 2012, \$298,448 (CDN\$300,000). The notes have a two-year term and carry an interest rate of twelve percent (12%) per annum payable at the end of the term. The holders have the option to convert the principal amount plus accrued interest into common shares in the capital of the Company at a conversion price of \$0.10 per share, or receive full payment in cash at the end of the term. As of September 30, 2014 the 2012 convertible notes have matured without repayment by the Company.

2013 Convertible Notes. On March 28, 2013 the Company issued a total of \$368,128 (CDN\$374,000) in convertible notes. The notes matured December 31, 2013 and bear interest at a rate of fourteen percent (14%) per annum payable in arrears upon maturity. The holders of the notes have the option to convert all or any portion of the principal amount and all accrued, but unpaid, interest into common shares in the capital of the Company at a conversion price of \$0.10 per share, or receive full repayment in cash at the end of the term. During October and November 2013 and in April 2014 the Company redeemed for cash the principal amount of \$158,933 (CDN\$170,000) and \$126,624 (CDN\$135,000) of these convertible notes. The entire principal amount of notes redeemed in 2013 and 2014 were reinvested into common shares of the Company. As of September 30, 2014 the remaining 2013 convertible notes principal balance of CDN\$69,000 have matured without repayment by the Company.

Due to the fact that the convertible notes are denominated in a currency other than the Company's functional currency, the Company has determined that the conversion feature contained within these notes represents an embedded derivative to be accounted at fair value. As such, the Company can either bifurcate the instrument into its component parts and account separately for the host contract and embedded derivative at amortized cost and fair value respectively, or can elect to carry the entire instrument on a combined basis at fair value through profit and loss. The Company has chosen to carry the entire instrument on a combined basis at fair value through profit and loss. Changes in fair value are reflected in the Statement of Operations and Comprehensive Loss for each reporting period. For presentation purposes, the Company's policy is to report interest paid to note holders as a separate line item in the Statement of Operations and Comprehensive Loss, rather than aggregating such payments with the other changes in fair value of the notes each period.

The following table presents the principal and accrued interest due on convertible notes and their respective classifications as current liability as of December 31, 2013 and September 30, 2014:

MicroPlanet Technology Corp.

Notes to the Interim Consolidated Financial Statements

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Year Convertible Notes Originated	September 30, 2014			December 31, 2013		
	Current	Non- Current	Interest Payable	Current	Non-Current	Interest Payable
2009	\$ 1,456,563	\$ -	\$ 597,630	\$ 1,519,543	\$ -	\$ 487,086
2012	985,981	-	267,165	1,023,104	-	186,396
2013	61,848	-	13,071	190,761	-	20,341
	<u>\$ 2,504,392</u>	<u>\$ -</u>	<u>877,866</u>	<u>\$2,733,408</u>	<u>\$ -</u>	<u>693,823</u>
Current			<u>(877,866)</u>			<u>(693,823)</u>
Non Current			<u>\$ -</u>			<u>\$ -</u>

13. Warrants

Upon issuance, warrants are measured at their fair value in Canadian dollars using the Black-Scholes option pricing model, which considers the following inputs: risk free rate, dividend yield, volatility, and warrant life. Warrants with an exercise price denominated in a currency other than the Company's functional currency (US dollars) represent derivative financial instruments. As such, they are reported on the statement of financial position as a derivative financial liability and are measured at fair value on a quarterly basis with all fair value changes being reflected as a component of profit or loss. The resulting foreign-currency denominated liability is translated into the Company's functional currency at the rate in effect at period end, with any resulting foreign currency gain or loss also reported in profit or loss for the period.

	Fair value USD \$	Fair value CDN \$	Warrants	Weighted average CDN \$ exercise price
Outstanding, December 31, 2013	\$ 250,513	\$ 267,899	32,832,075	\$ 0.09
Issued, March, 2014	172,948	190,871	12,691,820	0.02
Issued, April, 2014	81,599	89,554	5,597,148	0.02
Issued, May, 2014	471,655	511,982	31,998,868	0.02
Change in fair value of warrants	(28,717)	(49,045)	-	-
Unrealized foreign exchange gain	(41,557)	-	-	-
Outstanding, September 30, 2014	<u>\$ 906,441</u>	<u>\$1,011,261</u>	<u>83,119,911</u>	<u>\$ 0.05</u>

At September 30, 2014 the weighted-average remaining contractual life for all outstanding warrants is 2.30 years.

The total fair value of the 50,287,836 warrants issued during 2014 of \$726,201 was determined using the Black-Scholes option pricing model with the following assumptions:

MicroPlanet Technology Corp.

Notes to the Interim Consolidated Financial Statements

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September 30, 2014 and 2013

	<u>2014</u>
Risk free interest rate	1.14% - 1.24%
Dividend yield	Nil
Expected volatility	84-91%
Expected warrant life	3.0 Years

The fair value at initial recognition of warrants that have been issued in accordance with Company private placement of Units composed of warrants and shares are determined using the Black-Scholes pricing model as adjusted to reflect the Company's financial and credit risk. The Company's initial fair value recognition of warrant value is limited to a maximum of eighty percent (80%) of the proceeds received for such Unit issuance. Accordingly, the share capital recognized for shares issued in conjunction therewith is at a minimum equal to twenty (20%) of the proceeds received for such unit.

14. Share capital and contributed surplus

14.1 Authorized

At September 30, 2014 the Company had authorized an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. The shares have no par value.

14.2 Issued and Outstanding

At September 30, 2014, there were 210,660,303 common shares outstanding.

14.3 Stock Options

The Company has adopted a stock option plan (the "Plan") for the benefit of directors, officers, employees and consultants of the Company whereby a maximum of 10% of the issued and outstanding common shares of the Company are reserved for issuance pursuant to the exercise of stock options to be granted under the Plan. Options granted under the Plan vest over various time periods from the grant date to three years at the discretion of the Board of Directors. Exercise prices on options granted under the Plan are determined by calculating the weighted average of the market price of the Company's common shares during the 5 days immediately preceding the date of grant.

Stock option activity for the period from December 31, 2013 through September 30, 2014:

	<u>Options</u>	<u>Weighted average exercise price Cdn \$</u>
Outstanding, December 31, 2013	15,550,000	\$ 0.08
Granted	6,200,000	0.05
Forfeited	(88,655)	0.05
Expired	<u>(1,733,846)</u>	<u>0.13</u>
Outstanding, September 30, 2014	<u>19,927,500</u>	<u>\$ 0.06</u>

The total fair value of the 6,200,000 options granted during the quarter ended September 30, 2014 was determined using the Black-Scholes option pricing model with the following assumptions:

MicroPlanet Technology Corp.

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	2014
Risk free interest rate	1.71%
Dividend yield	Nil
Expected volatility	1
Expected option life	5.0 years
Forfeiture rate	0%

A summary of the status of the Plan at September 30, 2014 is presented below:

Exercise prices	Number	Outstanding		Exercisable	
		Average Remaining Contractual Life (Years)	Weighted Average Exercise Price Cdn\$	Number	Weighted Average Exercise Price Cdn\$
\$0.00 - \$0.05	15,560,000	4.0	\$ 0.050	9,994,000	\$ 0.050
\$0.05 - \$0.10	1,692,500	2.9	\$ 0.070	1,451,875	\$ 0.072
Greater than \$0.10	2,675,000	1.4	\$ 0.134	2,675,000	\$ 0.134
\$0.00 - \$0.24	19,927,500	3.6	\$ 0.063	14,120,875	\$ 0.068

15. Related party transactions

15.1 Compensation

The table below presents a summary of directors' and officers' compensation accrued by the Company for the three month periods ending September 30, who are defined as related parties under IFRS:

	September 30, 2014	September 30, 2013
Compensation accrued to directors	\$ 73,682	\$ 70,417
Compensation accrued to officers	87,186	87,891
Total	\$ 160,868	\$ 158,308

15.2 Stock and Warrant Issuance

During the three month periods ending June 30, 2014 and March 31, 2014 the Company conducted a non-brokered private placement of Units at a price of CDN\$0.02 per Unit. The total gross proceeds received by the Company from the offering was CDN\$1,005,759 with the company issuing 50,287,936 Units. Each Unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share in the capital of the Company at any time until the date that is 36 months following the closing date upon payment of the exercise price of CDN\$0.02 per common share. The private placement had closings during the period ending June 30, 2014 of CDN\$751,923, issuing 37,596,116 Units. Directors and officers of the Company

MicroPlanet Technology Corp.

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participated in the final closing of this offering by investing USD\$87,500 (CDN\$96,577) and receiving 4,828,862 Units.

16. Financial instruments

For certain of the Company's financial assets and liabilities, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, line of credit, interest payable, warrants and convertible notes, the carrying amounts approximate their fair values due to the relatively short periods to maturity of the instruments. The classification and fair values of the Company's financial instruments as at September 30, 2014 and December 31, 2013 are summarized as follows:

	September 30, 2014		December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loans and receivables	\$ 24,272	\$ 24,272	\$ 118,885	\$ 118,885
Other financial liabilities	2,458,476	2,458,476	1,967,532	1,967,532
Fair value liability through profit and loss	3,410,833	3,410,833	2,983,921	2,983,921

The Company performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information.

The valuation techniques used for instruments categorized as Level 3 are described below:

Convertible debt

The fair value of the convertible debt is estimated using a present value approach, which discounts the contractual cash flows using discount rates derived from observable market interest rates of similar loans with similar risk.

Warrants

The fair value of the warrants is determined primarily through use of the Black-Scholes model. Inputs in the model are based on information obtained from the initial offerings, volatility estimates based on the Company's stock fluctuations and risk free rates that are observable in the market as model as adjusted to reflect the Company's financial and credit risk. The initial fair value recognition of warrant value as determined with the use of the Black-Scholes model is adjusted as required to reflect the Company's financial and credit risk at such time by limiting such value to a maximum of eighty percent (80%) of the proceeds received for such Unit issuance.

16.1 Credit Risk

The Company's credit risk is primarily attributable to its accounts receivable. The Company has a limited number of customers, many of which are electric utilities. Historically, the Company has not had to write off any receivables. As the Company's sales and number of customers, the Company will evaluate whether an increased allowance for doubtful accounts is warranted.

As at September 30, 2014 and December 31, 2013 the aging for the Company's receivables is as follows:

MicroPlanet Technology Corp.

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	September 30, 2014	December 31, 2013
Current	\$ 8,055	\$ 111,162
31 - 60 days	-	2,667
61 - 90 days	10,496	-
91 - 150 days	-	-
Total	<u>\$ 18,551</u>	<u>\$ 113,829</u>

The Company has not provided any allowance for doubtful accounts related to these accounts receivable.

16.2 Market Risk

16.2.1 Interest Rate Risk:

The Company is exposed to financial risk that arises from changes in the market interest rate relative to the rates on its cash and cash equivalents and convertible notes. Changes in variable interest rates could cause unanticipated fluctuations in the Company's interest income. The Company's debt instruments at September 30, 2014 and December 31, 2013 bear interest at fixed rates.

A 1% change in interest rates would not have a significant impact on interest expense.

16.2.2 Foreign Currency Risk:

The Company has customers in several countries. The Company's current policy is to issue all sales quotes in US dollars, but on occasion it has invoiced customers in the currencies of their domiciles. Sales and receivables have been converted from the currency of the customer to U.S. dollars when sales are recorded. Significant fluctuations in currency valuations between those that existed at the point of sale and at the point of receipt of cash could impact amounts actually received from customers.

Although the headquarters of the Company's wholly owned subsidiary are located in the United States, where the primary operations of the business are conducted, the Company has historically raised money in Canadian dollars. The proceeds from those financings have been received in Canadian dollars by the corporate parent and then distributed over time to the subsidiary in US dollars. To the extent that Canadian dollar financial instruments are retained, the Company remains exposed to foreign currency risk.

The Company does not hold significant cash or cash equivalents in foreign currencies at the end of year. A 1% change in foreign exchange rates would not have a significant impact on the assets, liabilities or net income of the Company and would be immaterial to operating results.

16.3 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined below (note 16). It also manages liquidity risk by continuously monitoring cash flows in an effort to ensure sufficient liquidity to meet its liabilities when due.

MicroPlanet Technology Corp.

Notes to the Interim Consolidated Financial Statements

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September 30, 2014 and 2013

The table below provides a summary of the contractual obligations and payments related to financial liabilities as at September 30, 2014. The amounts disclosed are the contractual undiscounted cash flows.

Contractual obligations	Total	Less than one year	Greater than one year
Accounts payable and accrued liabilities	\$ 1,390,156	\$ 1,390,156	\$ -
Interest on convertible notes	877,866	877,866	-
Convertible notes and loans	2,527,392	2,527,392	-
Total	<u>\$ 4,795,414</u>	<u>\$ 4,795,414</u>	<u>\$ -</u>

17. Capital management

The capital structure of the Company consists of shareholders' deficiency and convertible notes.

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern
- to provide adequate and efficient funding for operations
- to provide an adequate return to shareholders.

Since the Company is not generating positive cash flow from operations, it endeavors to meet its objectives for managing capital by budgeting for its working capital needs, and securing debt and equity financing in order to fund the operations of the business. The Company further seeks to manage its capital by entering into operational relationships that minimize the Company's commitment to fixed expenses. Historically, the Company has secured financing from a combination of: (i) debt collateralized by certain assets of the Company, (ii) convertible notes and (iii) the issuance of common shares with warrants.

The Company endeavors to meet its objectives by retaining adequate liquidity to provide for the possibility that cash flows from product sales will not be sufficient to meet future cash requirements and by reducing operating levels to reflect its liquidity position.

The Company does not have any externally imposed capital requirements.

The Company's overall capital management strategy remains substantially unchanged from prior periods, which was to secure adequate debt and equity financing to fund the working capital needs of the Company. In addition the Company has been developing and implementing alternative strategies which include the development of strategic relationships. Sources for such prior and pursued financing include private placement financings, strategic relationships and licensing. Working capital deficiency of the Company at September 30, 2014 was \$5,682,167 (December 31, 2013: deficiency of \$4,655,969).

18. Segment information

Consistent with disclosures in prior years, the Company has one reportable segment. The Company currently derives its revenues primarily from product lines in three market segments aimed at: (i) voltage compliance and peak load reduction for electric utilities; (ii) energy savings and equipment life

MicroPlanet Technology Corp.

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enhancement for commercial businesses and (iii) energy savings for residential applications. Revenues for the three months ended September 30, by market segment are as follows:

	September 30, 2014	September 30, 2013
Product Sales:		
Utility	\$ -	\$ -
Government	-	33,195
Commercial	-	-
	<hr/>	<hr/>
Total product sales	<u>\$ -</u>	<u>\$ 33,195</u>

Information about the geographic revenue and assets is provided below:

	September 30, 2014	September 30, 2013
Revenues		
United States	\$ -	\$ 33,195
Australia	-	-
	<hr/>	<hr/>
	<u>\$ -</u>	<u>\$ 33,195</u>
	September 30, 2014	December 31, 2013
Assets		
United States	\$ 181,328	\$ 282,161
Canada	5,813	13,486
	<hr/>	<hr/>
	<u>\$ 187,141</u>	<u>\$ 295,647</u>

All of the Company's equipment is located in the United States.

18. Events after the reporting date

The Company has operated the business of its wholly owned subsidiary in a facility in Woodinville, WA on a sub-lease basis. With its landlord abrupt closure of its business, MicroPlanet, Inc. has been required to move and is currently in search of a new Washington operating facility.

Subsequent to September 30, 2014, shareholders of the Company have provided an additional \$21,157 in advances, \$9,257 through a purchase of assets at fair market value with the Company having a right to repurchase.

This is Exhibit " 13 " to the Affidavit of
Wolfgang Struss *Wolfgang Struss*
Sworn before me this 5th day of
December, 2016
Cathy A. Shaffer
A Notary Public
In and for the State of Washington



Unless permitted under securities legislation, the holder of this security must not trade this security before the date that is 4 months and a day hereof.

The Convertible Notes represented by this Certificate are subject to the provisions of an Intercreditor Agreement, which agreement contains restrictions relating to the rights hereunder, and notice of the terms and conditions of such agreement are hereby given.

PRINCIPAL AMOUNT: \$125,000
(hereinafter referred to as the "Principal Amount")

NUMBER: June 09-01

MICROPLANET TECHNOLOGY CORP.
Incorporated under the *Business Corporations Act* (Alberta)

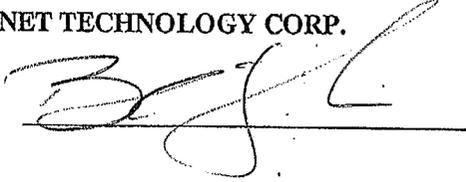
CONVERTIBLE NOTE

For value received, **MicroPlanet Technology Corp.** (hereinafter referred to as the "Corporation"), hereby acknowledges itself indebted to **CALAFATE HOLDINGS LTD.** (the "Holder"), and promises to pay to the Holder on June 17, 2011 or such earlier date as the Principal Amount may become due and payable (subject to and in accordance with the terms, conditions and provisions of Schedule "A" attached hereto and forming a part hereof) (the "Maturity Date"), the Principal Amount in lawful money of Canada at the head office of the Corporation (6310 NE 74th Street, Suite 104E, Seattle, Washington, 98115), or at such other place or places within Seattle, Washington or Calgary, Alberta, as may be designated by the Corporation from time to time by notice in writing to the Holder (together with all costs and expenses that may become payable to the Holder in accordance with Schedule "A"). The Corporation will pay interest on the Principal Amount outstanding from time to time at a rate of 12.00% per annum, calculated semi-annually and not in advance on the last business day of April and October of each year (each an "Interest Payment Date"), commencing October 31, 2009. At the option of the Holder, interest may be paid in cash or in common shares of the Corporation (the "Common Shares"), at an issue price equal to the Market Price (as defined herein) of the Common Shares on the TSX Venture Exchange at the time of settlement.

By its execution hereof, the Holder acknowledges and agrees to the terms and conditions hereof, including the terms set out in Schedule "A" hereto, which are incorporated herein by reference and form part of this Note.

IN WITNESS WHEREOF, the Corporation and the Holder have caused this Note to be executed as of June 17, 2009.

MICROPLANET TECHNOLOGY CORP.

Per: 

The Holder shall not trade this Note, except in accordance with applicable securities legislation.

SCHEDULE "A"

The following terms and conditions are applicable to the Convertible Note of **MicroPlanet Technology Corp.**, dated June 17, 2009 made in favour of the Holder.

ARTICLE 1 INTERPRETATION

1.1 Definitions

Whenever used in this Note, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the indicated meanings, respectively:

"**this Note**", "**the Note**", "**Note**", "**hereto**", "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions refer to the convertible note represented hereby and not to any particular Article, Section, Subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto and every debenture issued in replacement hereof;

"**Act**" means the *Business Corporations Act* (Alberta), as in effect on the date hereof;

"**business day**" means a day that is not a Saturday or Sunday or a civic or statutory holiday at the place where the Corporation has its registered office;

"**Capital Reorganization**" shall have the meaning ascribed thereto in **Paragraph 2.4(b)**;

"**Common Shares**" means common shares in the capital of the Corporation, as such shares exist at the close of business on the date of execution and delivery of this Note and shall include any and all shares resulting from any subdivision or consolidation of any shares of the Corporation or any corporation to which the Corporation may sell, lease or transfer or otherwise dispose of all or substantially all of its property and assets;

"**Corporation**" means Microplanet Technology Corp., a body corporate incorporated under the laws of the Province of Alberta and includes any successor corporation to or of the Corporation within the meaning of **Article 9**;

"**Corporation's Auditors**" or "**Auditors of the Corporation**" means an independent firm of chartered or certified public accountants duly appointed as auditors of the Corporation;

"**Conversion Price**" means \$0.17 per Common Share, unless such amount is adjusted in accordance with the provisions of **Section 2.4**, in which case it shall mean the adjusted amount in effect at the applicable time;

"**Counsel**" means a barrister or solicitor or firm of barristers or solicitors or other legal counsel retained by the Corporation;

"**Date of Conversion**" shall have the meaning ascribed therein in **Paragraph 2.2(b)**;

"**director**" means a director of the Corporation for the time being and "directors" or "board of directors" means the board of directors of the Corporation or, if duly constituted and whenever duly empowered, the executive committee of the board of directors of the Corporation for the time being, and reference to action by the directors means action by the directors of the Corporation as a board or action by the said executive committee as such committee;

"**Equivalent Note**" means any note issued by the Corporation from time to time on terms and conditions substantially similar to the terms of this Note;

"**Event of Default**" means any event specified in **Section 5.1**, which has not been waived, cured or remedied;

"**General Security Agreement**" means the agreement dated as of the date hereof between the Corporation and the Holder whereby the Corporation grants a general and continuing collateral security for the due payment of the Principal Amount, interest and all other monies payable hereunder and as security for the performance and observance of the covenants and agreements on the part of the Corporation herein contained;

"**Holder**" means the Person from time to time registered as the holder of this Note and includes any assignees or successors to or of the Holder;

"**Intercreditor Agreement**" means the intercreditor agreement among the Corporation, the Holder and the holders of Equivalent Notes from time to time, as amended, supplemented and restated from time to time;

"**Maturity Date**" means June 17, 2011;

"**Market Price**" means the last closing price of the Common Shares on the TSX Venture Exchange on the day immediately prior to the date of the specified event;

"**Offering**" shall have the meaning ascribed thereto in the Subscription Agreement;

"**Officers' Certificate**" means a certificate signed by a senior officer and/or a director of the Corporation;

"**Person**" includes individuals, partnerships, corporations, companies and other business or legal entities;

"**Principal Amount**" means the principal amount of this Note as set forth on the face page hereof;

"**Share Reorganization**" shall have the meaning ascribed thereto in **Paragraph 2.4(a)**;

"**Subscription Agreement**" means the agreement dated as of the date hereof between the Corporation and the Holder, pursuant to which the Holder subscribed for and agreed to purchase the Notes;

"**Subsidiary**" or "**Subsidiary Corporation**" means any corporation of which more than 50% of the outstanding voting shares are owned, directly or indirectly, by or for the Corporation;

"**Time of Expiry**" shall have the meaning ascribed thereto in **Paragraph 2.1(a)**; and

"**written direction of the Corporation**" means an instrument in writing signed by a senior officer and/or director of the Corporation.

1.2 Interpretation

Whenever used in this Note, words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the neuter or the feminine gender and vice versa.

1.3 Headings, Etc.

The division of this Note into Articles, Sections and Paragraphs, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Note.

1.4 Day Not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a business day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a business day.

1.5 Currency

All references to currency herein shall be to lawful money of Canada.

ARTICLE 2 CONVERSION OF NOTE AND ACCRUED INTEREST AMOUNT

2.1 Conversion of Note and Conversion Price

- (a) Upon and subject to the terms and conditions set out in this **Article 2**, the Holder shall have the right, at its option at anytime, and from time to time prior to the close of business on the Maturity Date (the "**Time of Expiry**"), and subject to the restrictions in Article 3, to convert all or any portion of the Principal Amount and all accrued, but unpaid, interest into fully paid and non-assessable Common Shares, at the Conversion Price in effect on the Date of Conversion.
- (b) The Conversion Price shall be subject to adjustment as provided in **Section 2.4**.
- (c) Fractional interests in Common Shares that would otherwise be issuable upon any conversion of the Principal Amount shall be adjusted in the manner provided in **Section 2.5**.

2.2 Manner of Exercise of Right to Convert

- (a) If the Holder wishes to convert the Principal Amount into Common Shares, the Holder shall, prior to the Time of Expiry or the events described in Article 3, surrender this Note to the Corporation at its principal office in the City of Seattle, Washington, together with written notice, substantially in the form of **Appendix 1** hereto, duly executed by the Holder or its legal representative or attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Corporation, exercising its right to convert all or any portion of the Principal Amount into Common Shares (the "**Exercised Amount**"). Thereupon, the Holder or, subject to the payment of all applicable security transfer taxes or other governmental charges by the Holder, its nominee(s) or assignee(s), shall be entitled to be entered in the books of the Corporation (as of the Date of Conversion) as the holder of the number of Common Shares into which the Exercised Amount is converted and, as soon as practicable thereafter, the Corporation shall deliver to the Holder or, subject as aforesaid, its nominee(s), or assignee(s), a certificate or certificates for such Common Shares. In the event that any amounts remain outstanding hereunder after giving effect to such conversion, the Corporation will issue and deliver a new Note representing the remaining indebtedness owing by the Corporation to the Holder, which Note shall include any accrued and outstanding interest and costs.

- (b) For the purposes of this **Article 2**, this Note shall be deemed to be surrendered for conversion by the Holder on the date (herein called the "**Date of Conversion**") on which it (and the notice contemplated by **Paragraph 2.2(a)** above) is actually received by the Corporation.
- (c) Upon the surrender of this Note pursuant to this **Section 2.2**, the Holder shall be entitled to receive accrued and unpaid interest in respect thereof up to the Date of Conversion. Common Shares issued upon conversion of the Exercised Amount by the Holder shall only be entitled to receive dividends declared in favour of shareholders of record on or after the Date of Conversion, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

2.3 Conversion of Accrued Interest Amount and Conversion Price

- (a) Upon and subject to the terms and conditions set out in this **Section 2.3**, the Holder shall have the right, at its option, and from time to time, prior to each Interest Payment Date, and subject to the restrictions in **Article 3**, to convert all or any portion of the accrued, but unpaid, interest (the "**Accrued Interest Amount**") into fully paid and non-assessable Common Shares, at the Market Price in effect on the day prior to the Interest Payment Date.
- (b) If the Holder wishes to convert the Accrued Interest Amount into Common Shares, the Holder shall, at least three (3) days prior to the respective Interest Payment Date, provide to the Corporation at its principal office in the City of Seattle, Washington, written notice, substantially in the form of **Appendix 2** hereto, duly executed by the Holder or its legal representative or attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Corporation, exercising its right to convert the Accrued Interest Amount into Common Shares. Thereupon, the Holder or, subject to the payment of all applicable security transfer taxes or other governmental charges by the Holder, its nominee(s) or assignee(s), shall be entitled to be entered in the books of the Corporation as the holder of the number of Common Shares into which the Accrued Interest Amount is converted and, as soon as practicable thereafter, the Corporation shall deliver to the Holder or, subject as aforesaid, its nominee(s), or assignee(s), a certificate or certificates for such Common Shares.
- (c) If less than the full Accrued Interest Amount is converted into Common Shares, the balance of the Accrued Interest Amount owing will be paid by the Corporation to the Holder in cash.
- (d) Fractional interests in Common Shares that would otherwise be issuable upon any conversion of the Accrued Interest Amount shall be adjusted in the manner provided in **Section 2.5**.

2.4 Adjustment of Conversion Price

- (a) If, and whenever at any time and from time to time the Corporation shall (i) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine, consolidate or change its then outstanding Common Shares into a lesser number of Common Shares, or (iii) issue Common Shares (or securities exchangeable or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of stock dividend or other distribution (other than a dividend in the ordinary course paid in Common Shares or

securities exchangeable or convertible into Common Shares) (any of such events being herein called a "**Share Reorganization**"), the Conversion Price shall be adjusted effective immediately after the effective date or record date for the Share Reorganization, by multiplying the Conversion Price in effect immediately prior to such effective date or record date by the quotient obtained when:

- (i) the number of Common Shares outstanding on such effective date or record date before giving effect to the Share Reorganization,

is divided by

- (ii) the number of Common Shares outstanding immediately after the completion of such Share Reorganization (but before giving effect to the issue of any Common Shares issued after such record date otherwise than as part of such Share Reorganization) including, in the case where securities exchangeable or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date.

- (b) If, and whenever there is a capital reorganization of the Corporation not otherwise provided for in **Paragraph 2.4** or a consolidation, merger, arrangement or amalgamation (statutory or otherwise) of the Corporation with or into another body corporate (any such event being called a "**Capital Reorganization**"), and the Holder has not exercised its right of conversion prior to the effective date or record date for such Capital Reorganization, then the Holder shall be entitled to receive and shall accept, upon any conversion of the Principal Amount after the effective date or record date for such Capital Reorganization, in lieu of the number of Common Shares to which it was theretofore entitled upon conversion, the aggregate number of Common Shares or other securities of the Corporation or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization that the Holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date thereof, it had been the registered holder of the number of Common Shares to which it was theretofore entitled upon the conversion of the Principal Amount; provided that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have been taken so that the Holder shall thereafter be entitled to receive such number of Common Shares or other securities of the Corporation or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization. The foregoing provisions of this **Paragraph 2.4(b)** shall apply *mutatis mutandis* in respect of any interest proposed to be paid through the issuance of Common Shares by the Corporation.

2.5 No Requirement to Issue Fractional Common Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of the Principal Amount into Common Shares or the payment of interest through the issuance of Common Shares pursuant to this **Article 2**. If any fractional interest in a Common Share would, except for the provisions of this **Section 2.5**, be deliverable upon the conversion of the Principal Amount or the payment of any accrued and unpaid interest in Common Shares, the Corporation shall, in lieu of issuing any such fractional interest, satisfy such fractional interest by issuing to the Holder one full Common Share and delivering a certificate representing such Common Share to the Holder.

2.6 Cancellation of Converted Note

Upon conversion of the Principal Amount pursuant to this **Article 2** and payment of all accrued and unpaid interest (whether in cash or Common Shares), this Note shall be cancelled and shall be of no further force or effect.

2.7 Certificate as to Adjustment

The Corporation shall from time to time, immediately after the occurrence of any event that requires an adjustment or readjustment as provided in **Section 2.4**, deliver an Officers' Certificate to the Holder (the "**Officer's Certificate**") specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, provided, however, that in the event the Holder does not agree with the adjustment as set forth in the Officer's Certificate, the Corporation shall obtain the certificate or opinion as to the appropriate adjustment from a firm of independent chartered accountants appointed by the Corporation (who may be the Auditors of the Corporation), which certificate or opinion shall be conclusive and binding on the Corporation and the Holder.

2.8 Notice of Special Matters

The Corporation covenants with the Holder that, so long as this Note remains outstanding, it will give notice to the Holder, in the manner provided in **Section 8.4**, of its intention to fix a record date or an effective date for any event referred to in **Section 2.4** that may give rise to an adjustment in the Conversion Price, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; and, if prepared or available as at the date that such notice is required to be given pursuant to this **Section 2.8**, such notice shall be accompanied by the material (i.e. proxy circulars, information booklets etc.) sent to the holders of Common Shares in respect of the event in question, provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date or effective date.

ARTICLE 3 COVENANTS

The Corporation hereby covenants and agrees with the Holder as follows.

3.1 To Pay Principal and Interest

The Corporation will, if the Principal Amount or any portion thereof is not converted as aforesaid, duly and punctually pay or cause to be paid to the Holder the principal of and interest accrued on this Note (or the applicable portion thereof) on the dates, at the places and in the manner mentioned in this Note.

3.2 To Carry on Business

Subject to the express provisions hereof, the Corporation will carry on and conduct its business in a proper and efficient manner consistent with past practice and, subject to the express provisions hereof, it will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and rights.

3.3 To Maintain Accurate Books and Records

The Corporation will keep and maintain proper books of account and records accurately covering all material aspects of the business affairs of the Corporation.

3.4 Notice of Event of Default

The Corporation will give notice in writing forthwith to the Holder of the occurrence of any Event of Default or other event that, with lapse of time and/or giving of notice or otherwise, would be an Event of Default, forthwith upon becoming aware thereof and specifying the nature of such default and/or Event of Default and the steps taken to remedy the same.

3.5 Dividends

The Corporation will not declare or pay any dividends on any of its outstanding Common Shares, unless all interest, principal and all other monies payable hereunder are current.

3.6 Replacement of Note Mutilated, Lost or Destroyed

If this Note is mutilated, lost or destroyed, the Corporation will issue and deliver to the Holder, a new Note of like tenor as the one mutilated, lost or destroyed, in exchange for and in place of and upon cancellation of such mutilated Note, or in lieu of and substitution for such lost or destroyed Note, provided, however, that the Corporation shall have first received an indemnity in form reasonably satisfactory to it.

ARTICLE 4 SECURITY

4.1 As general and continuing collateral security for the due payment of the Principal Amount, interest and all other monies payable hereunder or from time to time secured hereby and as security for the performance and observance of the covenants and agreements on the part of the Corporation herein contained, the Corporation will enter into the General Security Agreement.

ARTICLE 5 EVENTS OF DEFAULT

5.1 Events of Default

The happening of any one or more of the following events shall be considered an event of default (each an "Event of Default"):

- (a) if the Corporation defaults in the payment of the Principal Amount of the Note when the same becomes due and payable under any provision hereof;
- (b) if the Corporation defaults in the payment of any interest or other monies due pursuant to the Note and such default continues for a period of 30 days;
- (c) if any proceedings are commenced against the Corporation under the *Bankruptcy and Insolvency Act* (Canada) or under the *Winding-Up Act* (Canada) or any other similar legislation and not discharged within 60 days or if the Corporation makes a proposal under insolvency or restructuring statutes;

- (d) if a final judgment shall be rendered against the Corporation for an amount in excess of \$1,000,000 and such judgment is not within 60 days after entry thereof, bonded, discharged or stayed pending appeal or are not discharged within 60 days after the expiration of such stay;
- (e) the Corporation (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee, liquidator, sequestrator or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate or legally equivalent action for the purpose of any of the foregoing;
- (f) a court or governmental authority of competent jurisdiction enters an order appointing, without sent by the Corporation, a custodian, receiver, trustee, liquidator, sequestrator or other officer with similar powers with respect to it or with respect to any substantial part of this property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation for the Corporation, or any such petition shall be filed against the Corporation, and such petition shall not be dismissed within 60 days;
- (g) if the Corporation shall neglect to observe or perform any other covenant or condition herein contained on its part to be observed or performed and after notice in writing has been given by the Holder to the Corporation specifying such default and requiring the Corporation to rectify the same, the Corporation shall fail to make good such default within a period of 15 days unless the Holder (having regard to the subject matter of the default) shall have agreed to a longer period and in such event within the period agreed to by the Holder; and
- (h) if an encumbrancer shall lawfully take possession of the property of the Corporation or any part thereof which is a substantial part thereof and is not stayed or discharged within 30 days.

ARTICLE 6 TRANSFER OF NOTE AND PLEDGE OF NOTE

6.1 Transfer of Note

- (a) the Corporation shall cause to be kept a register in which shall be entered the names and addresses of the holders of the Notes and particulars of the Notes held by them respectively and of all transfers of the Notes. Such registration shall be noted on the Notes by the Corporation unless a new Note shall be issued upon such transfer;
- (b) no transfer of a Note shall be valid unless made on such register referred to in Section 6.1(a) by the registered holder or such holder's executors, administrators or other legal representatives or an attorney duly appointed by an instrument in writing in form and execution satisfactory to the Corporation upon surrender of the Notes together with a duly executed transfer in the form set out in **Appendix 3** hereto and upon compliance

with such other reasonable requirements as the Corporation may prescribe, nor unless the name of the transferee shall have been noted on the Note by the Corporation;

- (c) subject to any applicable securities laws, the transferee of a Note shall be entitled, after the appropriate form of transfer is lodged with the Corporation, to be entered on the register as the owner of such Note free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Note, save in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction;
- (d) the Corporation shall not be bound to take notice of or see to the execution of any trust whether express, implied or constructive, in respect of any Note, and may transfer the same on the direction of the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof;
- (e) Notes in any authorized form or denomination may be exchanged for Notes in any other authorized form or denomination of the same series and date of maturity, bearing the same interest rate and of the same aggregate principal amount as the Notes surrendered for exchange shall be cancelled;
- (f) for each Note exchanged, registered, transferred or discharged from registration, the Corporation, except as otherwise herein provided, may make a reasonable charge for its services and in addition may charge a reasonable sum for each new Note issued, and payment of such charges and reimbursement for any stamp taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange, registration, transfer or discharge from registration as a condition precedent thereto;
- (g) unless otherwise required by law, the person in whose name any registered Note is registered shall be and be deemed to be the owner thereof and payment of or on account of the principal of an premium, if any, on such Note and interest thereon shall be made to such registered holder; and
- (h) the registered holder for the time being of the Note shall be entitled to the principal, premium, if any, and/or interest evidenced by such instruments, respectively, free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt of any such registered holder for any such principal, premium or interest shall be good discharge to the Corporation for the same and the Corporation shall not be bound to inquire into the title of any such registered holder.

6.2 Pledge of Note

This Note may be assigned, deposited or pledged by the Holder as security for its present and future obligations provided that the recipient agrees to be bound by the provisions of the Intercreditor Agreement.

**ARTICLE 7
PRESENTMENT**

7.1 Presentment

The Corporation hereby expressly waives demand for payment, presentment, protest and notice of dishonour of this Note. Any failure or omission by the Holder to present this Debenture for payment, protest or provide notice of dishonour will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture.

**ARTICLE 8
MISCELLANEOUS**

8.1 Discharge

Upon payment by the Corporation to the Holder of the Principal Amount, interest thereon and other monies payable by the Corporation under this Note the Holder shall, upon the written request of the Corporation, deliver up this Note to the Corporation and shall at the expense of the Corporation execute and deliver to the Corporation such deeds and other documents as the Corporation may reasonably require to evidence the release and discharge of this Note.

8.2 Severability

If any covenant or provision herein is determined to be illegal, unenforceable or prohibited by applicable law such illegality, unenforceability or prohibition shall not affect or impair the validity of any other covenant or provision herein.

8.3 Laws of Alberta

This Note shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated in all respects as an Alberta contract. The Holder hereby irrevocably submits to the jurisdiction of the courts of the Province of Alberta in respect of any action, suit or any other proceeding arising out of or relating to this Note and any other agreement or instrument mentioned herein and any of the transactions contemplated thereby.

8.4 Notices

All notices, reports or other communications required or permitted by this Note must be in writing and either delivered by hand, mail or by any form of electronic communication by means of which a written or typed copy is produced at the address of the recipient and is effective on actual receipt unless sent (i) by mail in which case it shall be deemed to have been received and be effective on the date that is three business days following the date of mailing, or (ii) by electronic means in which case it is effective on the business day, next following the date of transmission, addressed to the relevant party, as follows:

- (a) if to the Corporation:

MicroPlanet Technology Corp.
6310 NE 74th Street, Suite 104E
Seattle, Washington 98115
Attention: President

Telecopier No.: (206) 625-0999

(b) if to the Holder:

Calafate Holdings Ltd.
710, 304 - 8 Ave S.W.
Calgary, AB T2P 1C2
Attention: Myron Tétreault

Telecopier No.: (403) 294-1154

or the last address or telecopier number of the addressee, notice of which was given in accordance with this **Paragraph 8.4**.

8.5 Enurement

This Note and all its provisions shall enure to the benefit of the Holder, its successors and assigns and shall be binding upon the Corporation and its successors and assigns.

8.6 Time of the Essence

Time shall be of the essence of this Agreement.

8.7 Maximum Rate Permitted by Law

Under no circumstances shall the Holder be entitled to receive nor shall it in fact receive a payment or partial payment of interest, fees or other amounts under or in relation to this Note at a rate that is prohibited by applicable law. Accordingly, notwithstanding anything herein or elsewhere contained, if and to the extent that under any circumstances, the effective annual rate of "interest" (as defined in Section 347 of the Criminal Code of Canada) received or to be received by a Holder (determined in accordance with such section) on any amount of "credit advanced" (as defined in that section) pursuant to these presents or any agreement or arrangement collateral hereto entered into in consequence or implementation hereof would, but for this **Section 8.7**, be a rate that is prohibited by applicable law, then the effective annual rate of interest, as so determined, received or to be received by the Holder on such amount of credit advanced shall be and be deemed to be adjusted to a rate that is one whole percentage point less than the lowest effective annual rate of interest that is so prohibited (the "**adjusted rate**"); and, if the Holder has received a payment or partial payment which would, but for this **Section 8.7**, be so prohibited then any amount or amounts so received by the Holder in excess of the lowest effective annual rate that is so prohibited shall and shall be deemed to have comprised a credit to be applied to subsequent payments on account of interest, fees or other amounts due to the Holder at the adjusted rate.

8.8 Entire Agreement

This Agreement and the Intercreditor Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supercedes any prior understandings and agreements between the parties hereto with respect thereto

ARTICLE 9 SUCCESSOR CORPORATION

9.1 Certain Requirements

The Corporation shall not, directly or indirectly, sell, lease, transfer or otherwise dispose of all or substantially all of its property and assets as an entirety to any other corporation (any such other corporation being herein referred to as a "**Successor Corporation**") unless the successor corporation shall

execute, prior to or contemporaneously with the consummation of any such transaction, an agreement together with such other instruments as are, in the opinion of counsel, necessary or advisable to evidence the assumption by the Successor Corporation of the due and punctual payment of this Note and the interest thereon and all other moneys payable hereunder and its agreement to observe and perform all the covenants and obligations of the Corporation under this Note.

APPENDIX 1 TO THE CONVERTIBLE NOTE
OF MICROPLANET TECHNOLOGY CORP.

Notice of Conversion

To: MicroPlanet Technology Corp.
6310 NE 74th Street, Suite 104E.
Seattle, Washington 98115

The undersigned registered Holder of the within convertible note (the "**Note**") hereby irrevocably elects to convert \$ _____, of principal amount of the Note (if less than the full principal amount of the Note, indicate the amount (which must be \$1,000 or an integral multiple thereof) converted) into Common Shares of MicroPlanet Technology Corp. in accordance with the terms of the Note, and directs that the Common Shares issuable and deliverable upon the conversion be issued and delivered to the Holder (or person indicated below)*.

DATED _____, 20____.

(Signature of Registered Holder)

Name:

(Address)

(City and Province)

* Print name above in which the Common Shares issued on conversion are to be issued, delivered and registered, if not the registered Holder. If Common Shares are to be registered in the name of a person other than the registered Holder of the Note, the signature of the registered Holder must be guaranteed by a bank, member of a recognized stock exchange or Investment Dealers Association of Canada in a manner satisfactory to the Corporation.

APPENDIX 2 TO THE CONVERTIBLE NOTE
OF MICROPLANET TECHNOLOGY CORP.

Notice of Conversion

To: MicroPlanet Technology Corp.
6310 NE 74th Street, Suite 104E.
Seattle, Washington 98115

The undersigned registered Holder of the within convertible note (the "Note") hereby irrevocably elects to convert \$ _____, of the Accrued Interest Amount payable on _____ (the "Interest Payment Date") into Common Shares of MicroPlanet Technology Corp. in accordance with the terms of the Note, and directs that the Common Shares issuable and deliverable upon the conversion, and any cash payment payable if less than the full Accrued Interest Amount is converted, be issued and/or delivered to the Holder (or person indicated below)*.

DATED _____, 20__.

(Signature of Registered Holder)

Name: _____

(Address)

(City and Province)

* Print name above in which the Common Shares issued on conversion are to be issued, delivered and registered, if not the registered Holder. If Common Shares are to be registered in the name of a person other than the registered Holder of the Note, the signature of the registered Holder must be guaranteed by a bank, member of a recognized stock exchange or Investment Dealers Association of Canada in a manner satisfactory to the Corporation.

**APPENDIX 3 TO THE CONVERTIBLE NOTE
OF MICROPLANET TECHNOLOGY CORP.**

Form of Transfer

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto who address and social insurance number, if applicable, are set forth below, this convertible note (the "Note") (or \$_____ principal amount hereof*) of MicroPlanet Technology Corp. (the "Corporation") standing in the name(s) of the undersigned in the register maintained by the Corporation with respect to such Notes and does hereby irrevocably authorize and direct the Corporation to transfer such Notes in such register, with full power of substitution in the premises.

Dated: _____

Address of Transferee: _____
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: _____

*If less than the full principal amount of the within Note is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof) to be transferred.

1. The signature(s) to this transfer must correspond with the name(s) as written upon the face of this Note in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of any acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".
2. The registered holder of this Note is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Note.

Signature of Guarantor:

Authorized Officer

Signature of transferring registered holder

Name of Institution

This is Exhibit " 14 " to the Affidavit of
Wolfgang Struss *Wolfgang Struss*
Sworn before me this 5th day of
December, 2016
Cathy A. Shaffer
A Notary Public
In and for the State of Washington



GENERAL SECURITY AGREEMENT

THIS AGREEMENT is made as of the 14th day of October, 2009,

BY:

MICROPLANET TECHNOLOGY CORP., a corporation incorporated under the laws of the Province of Alberta, having an office in the City of Seattle, Washington (the "**Debtor**")

IN FAVOUR OF:

MARK SHILLING, an individual resident in the City of Calgary, Alberta (the "**Secured Party**")

RECITALS:

WHEREAS

- A. The Secured Party has loaned to the Debtor the principal amount of \$25,000.00, which indebtedness is evidenced by the Note (as defined herein); and
- B. The Debtor has agreed to grant the Security Interest (as defined herein) to the Secured Party to secure its Obligations (as defined herein) to the Secured Party.

NOW THEREFORE in consideration of the Recitals above and the covenants and agreements contained herein, the Debtor agrees with the Secured Party as follows:

ARTICLE I **INTERPRETATION**

1.1 Definitions

In this Agreement, capitalized terms used herein which are not otherwise defined herein will have meanings ascribed thereto in the Note, and;

"**Affiliate**" has the meaning attributed thereto in the *Business Corporations Act* (Alberta);

"**this Agreement**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and any similar expressions refer to this Agreement, including the Recitals and the Schedules hereto as they may be amended or supplemented from time to time, and not to any particular Article, section or other portion hereof or thereof;

"**Business Day**" means a day, excluding Saturday and Sunday and statutory holidays in the Province of Alberta;

"**Collateral**" means all of the undertaking, property and assets of the Debtor subject to, or intended to be subject to, the Security Interest, and any reference to "**Collateral**" shall be deemed to be a reference to "**Collateral or any part thereof**" except where otherwise specifically provided;

"**Default Rate**" means an annual rate of interest equal to 15%;

"**Equivalent Notes**" means any convertible note issued by the Debtor from time to time on terms and conditions substantially similar to the terms of the Note;

"**Event of Default**" has the meaning attributed to such term in Section 8.1;

"**Inter-Creditor Agreement**" means the inter-creditor agreement among the Debtor, the Secured Party and the holders of Equivalent Notes from time to time, as amended, supplemented and restated from time to time;

"**Lien**" means any mortgage, pledge, charge, assignment, security interest, hypothec, lien or other encumbrance, including, without limitation, any agreement to give any of the foregoing, or any conditional sale or other title retention agreement;

"**Note**" means the convertible note dated as of the date hereof with the Secured Party, as the same may be amended, re-stated, supplemented or replaced from time to time;

"**Obligations**" means all of the obligations, liabilities and indebtedness of whatsoever nature or kind of the Debtor to the Secured Party (including interest thereon and legal fees and disbursements on a solicitor and his own client basis) from time to time, whether present or future, absolute or contingent, matured or not, extended or renewed, liquidated or unliquidated wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor be bound alone or with another or others and whether as principal or surety including, without limitation, all such obligations under the Note;

"**Permitted Encumbrance**" means the Liens described in Schedule "B" hereto or hereafter consented to by the Secured Party in writing;

"**Person**" includes any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

"**PPSA**" means the *Personal Property Security Act* (Alberta) as amended from time to time and any Act substituted therefor and amendments thereto and the regulations thereunder;

"**Principal Amount**" means the principal amount of the Note as set forth on the face page thereof;

"Receiver" has the meaning attributed to such term in Section 9.1; and

"Security Interest" has the meaning attributed to such term in Section 2.1.

1.2 Incorporated PPSA Definitions

In this Agreement, the terms "Accessions", "Account", "Certificated Security", "Chattel Paper", "Consumer Goods", "Document of Title", "Equipment", "Futures Intermediary", "Goods", "Instrument", "Intangible", "Inventory", "Investment Property", "Money", "Personal Property", "Proceeds", "Securities Intermediary", "Security", "Serial Number Goods", "Uncertificated Security" and "Value" shall have the respective meanings attributed to them in the PPSA.

1.3 Headings

The inclusion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

1.4 References to Articles and Sections

Whenever in this Agreement a particular Article, section or other portion thereof is referred to then, unless otherwise indicated, such reference pertains to the particular Article, section or portion thereof contained herein.

1.5 Currency

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in Canadian currency.

1.6 Gender and Number

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.7 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

1.8 Amendment, Waiver

No amendment or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

1.9 Governing Law, Attornment

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and the Debtor hereby irrevocably attorns to the jurisdiction of the courts of Alberta.

1.10 Schedules

The following Schedules are attached hereto and form an integral part of this Agreement:

- Schedule "A" - Locations
- Schedule "B" - Permitted Encumbrances

ARTICLE II **SECURITY INTEREST**

2.1 Creation of Security Interest

- (a) Subject to Sections 2.2 and 2.3 hereof, the Debtor hereby:
 - (i) transfers, mortgages, charges, hypothecates, assigns as and by way of a fixed and specific mortgage and charge and grants to the Secured Party a security interest in:
 - (A) all present and after-acquired Personal Property of the Debtor, including without limitation, all present and after-acquired Goods, Chattel Paper, Investment Property (including Securities) Documents of Title, Instruments, Intangibles (including Accounts) and Money;
 - (B) all additions and Accessions to any of the foregoing; and
 - (C) all Proceeds of any of the foregoing; and
 - (ii) charges as and by way of a floating charge to and in favour of the Secured Party all its undertaking, property and assets, both present and after-acquired, of every nature and kind and wherever situate (including without limitation all real property of the Debtor), other than such of its undertaking, property and assets as are otherwise validly and effectively subject to the transfer, mortgage, charge, assignment and security interest contained in paragraph (i) above.
- (b) The transfers, mortgages, charges, assignments and security interests to and in favour of the Secured Party herein created are collectively called the "Security Interest".

2.2 Exception for Last Day of Leases

The Security Interest granted hereby does not and shall not extend to, and Collateral shall not include, the last day of the term of any lease or sublease, oral or written, or any agreement therefor, now held or hereafter acquired by the Debtor, but upon the sale of the leasehold interest or any part thereof the Debtor shall stand possessed of such last day in trust to assign the same as the Secured Party may direct.

2.3 Exception for Contractual Rights

The Security Interest granted hereby does not and shall not extend to, and Collateral shall not include, any agreement, right, franchise, license or permit (the "contractual rights") to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the Security Interest therein would constitute a breach of the terms of or permit any Person to terminate the contractual rights, but the Debtor shall hold its interest therein in trust for the Secured Party and shall assign such contractual rights to the Secured Party forthwith upon obtaining the consent of the other party thereto. The Debtor agrees that it shall, upon the request of the Secured Party, use all commercially reasonable efforts to obtain any consent required to permit any contractual rights to be subjected to the Security Interest.

2.4 Attachment

The attachment of the Security Interest has not been postponed and the Security Interest shall attach to any particular Collateral as soon as the Debtor has rights in such Collateral.

ARTICLE III **OBLIGATIONS SECURED**

3.1 Obligations Secured

The Security Interest granted hereby secures payment, performance and satisfaction of the Obligations.

ARTICLE IV **REPRESENTATIONS AND WARRANTIES**

4.1 Representations and Warranties

The Debtor represents and warrants, and so long as this Agreement remains in effect shall be deemed continuously to represent and warrant, that:

- (a) it is duly incorporated and validly existing under the laws of its jurisdiction of incorporation and has the corporate power and capacity to own its properties and assets and to carry on its business as presently carried on by it;

- (b) it has the corporate power and capacity to enter into this Agreement and to do all acts and things as are required or contemplated hereunder to be done, observed and performed by it;
- (c) it has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement;
- (d) the entering into of this Agreement and the performance by the Debtor of its obligations hereunder does not and will not contravene, breach or result in any default under the articles, by-laws or other organizational documents of the Debtor or under any mortgage, lease, agreement or other legally binding instrument, license, permit or law to which the Debtor is a party or by which the Debtor or any of its properties or assets may be bound and will not result in or permit the acceleration of the maturity of any indebtedness, liability or obligation of the Debtor under any mortgage, lease, agreement or other legally binding instrument of or affecting the Debtor;
- (e) no authorization, consent or approval of, or filing with or notice to, any Person is required in connection with the execution, delivery or performance of this Agreement by the Debtor;
- (f) except as disclosed in writing to the Secured Party, no (i) court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), (ii) arbitration or other dispute settlement procedure, (iii) investigation or enquiry by any government body, or (iv) any similar matter or proceeding (collectively "**proceedings**") against or involving the Debtor is current or, to the best of its knowledge, pending or threatened, which, if determined adversely to the Debtor, would materially adversely affect its business, property, financial condition or prospects or its ability to perform any of the provisions of this Agreement; to its knowledge, no event has occurred which might give rise to any proceedings and there is no judgment, decree, injunction, rule, award or order of any governmental body outstanding against the Debtor which has or may have a material adverse effect on its business, property, financial condition or prospects;
- (g) the Debtor owns the Collateral free of all Liens, except for Permitted Encumbrances;
- (h) to its knowledge, each Account, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the Person obligated to pay the same, and the amount represented by the Debtor to the Secured Party from time to time as owing by each such Person or by all such Persons will be the correct amount actually and unconditionally owing by such Person or Persons, except for normal cash discounts where applicable;
- (i) with the exception of goods in transit and goods on lease or consignment, all tangible assets comprising the Collateral are located at the locations referred to in

Schedule "A", and all fixtures or Goods about to become fixtures which comprise the Collateral are situate at one of such locations; and

- (j) the Debtor's sole place of business, or if the Debtor has more than one place of business, its chief executive office, is located at the place described in Schedule "A".

ARTICLE V

AGREEMENTS OF THE DEBTOR

5.1 General Agreements

The Debtor agrees that:

- (a) it shall defend the Collateral against the claims and demands of any other Person to the extent failure to do so would materially adversely affect its business, property or prospects or its obligation to perform any of the provisions of this Agreement in any material respect;
- (b) it shall keep the Collateral in good order, condition and repair and shall not use the Collateral in violation of the provisions of this Agreement or any other agreement between the Debtor and the Secured Party relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance to the extent failure to do so would materially adversely affect its business, property or prospects or its obligation to perform any of the provisions of this Agreement in any material respect;
- (c) it shall prevent any Collateral, except Inventory leased as permitted hereby, from being or becoming an Accession to property not covered by this Agreement;
- (d) it shall pay all taxes, rates, levies, assessments and other charges of every kind which may be lawfully levied, assessed or imposed against or in respect of it or the Collateral as and when the same become due and payable, unless it is, in good faith, contesting the same with adequate reserves provided in accordance with generally accepted accounting principals;
- (e) it shall not change its name, or change the location of its chief executive office, without the prior written consent of the Secured Party;
- (f) it shall notify the Secured Party promptly of:
 - (i) the details of any significant acquisition of Collateral other than Inventory in the ordinary course of business;
 - (ii) the serial number (as prescribed by the regulations made under the PPSA for use in registrations under the PPSA), model year, make and model of any motor vehicle, trailer, mobile home, aircraft airframe, boat, outboard

motor for a boat or other Serial Number Goods (as such term is defined in the regulations made under the PPSA) at any time included in the Collateral which is held as Equipment, including in circumstances where the Debtor ceased holding the same as Inventory and began holding the same as Equipment;

- (iii) any loss of or damage to the Collateral which would materially adversely affect its business, property or prospects or its obligation to perform any of the provisions of this Agreement in any material respect;
 - (iv) any default by any Person in payment or other performance of its obligations with respect to Collateral which would materially adversely affect the Debtor's business, property, or prospects or its obligation to perform any of the provisions of this Agreement in any material respect;
 - (v) the occurrence of any Event of Default; and
 - (vi) the acquisition by it of any Investment Property;
- (g) upon the occurrence of any Event of Default, it shall, subject to the terms and provisions of the Inter-Creditor Agreement, deliver to the Secured Party from time to time promptly upon request:
- (i) any Documents of Title, Instruments, Securities (which shall be, if in registered form, endorsed to or accompanied by an effective endorsement to the Secured Party) and Chattel Paper constituting, representing or relating to the Collateral; and
 - (ii) such information concerning the Collateral, the Debtor and its business and affairs as the Secured Party may reasonably request;
- (h) it shall, subject to the terms and provisions of the Inter-Creditor Agreement, do, execute, acknowledge and deliver such financing statements and further assignments, transfers, documents, acts, matters and things (including further schedules to this Agreement) as may be reasonably requested by the Secured Party or with respect to Collateral in order to give effect to this Agreement;
- (i) it shall not hold any Investment Property constituting, representing or relating to the Collateral by or through a Securities Intermediary or a Futures Intermediary without the prior written consent of the Secured Party; and
- (j) if requested by the Secured Party (acting reasonably), it shall use all reasonable commercial efforts to obtain a written agreement from any Securities Intermediary or Futures Intermediary, whereby such Securities Intermediary or Futures Intermediary, as the case may be, agrees that it will comply with instructions from the Secured Party without the further consent of the Debtor, and acknowledges the Security Interest and the right of the Secured Party to enforce

the Security Interest in priority to any claim of such Securities Intermediary or Futures Intermediary.

5.2 Restrictions on Dealings with Collateral

Except as provided in Section 5.3, the Debtor agrees that it shall not, without the prior consent in writing of the Secured Party:

- (a) sell, assign, transfer, exchange, lease, consign or otherwise dispose of any Collateral; or
- (b) create, assume or suffer to exist any Lien upon the Collateral other than Permitted Encumbrances.

No provision hereof shall be construed as a subordination or postponement of the Security Interest to or in favour of any other Lien, whether or not such Lien is a Permitted Encumbrance.

5.3 Permitted Dealings with Collateral

The Debtor may at any time prior to the occurrence of an Event of Default, without the consent of the Secured Party:

- (a) sell, assign, transfer, exchange, lease, consign or otherwise dispose of any Collateral in the ordinary course of its business;
- (b) subject to Section 7.1, collect Accounts in the ordinary course of its business; and
- (c) use Money available to the Debtor.

5.4 Verification of Collateral

The Secured Party shall have the right at any time and from time to time to verify the existence and state of the Collateral and the Debtor agrees to furnish all assistance and information and to perform all such acts as the Secured Party may reasonably request in connection therewith and for such purpose to grant to the Secured Party or its agents access to all places where Collateral may be located and to all premises occupied by the Debtor.

5.5 Expenses

Subject to the terms and provisions of the Inter-Creditor Agreement, the Debtor shall pay to the Secured Party, on demand, all of the Secured Party's reasonable costs, charges and expenses (including, without limitation, legal fees on a solicitor and his own client basis and Receiver's fees) in connection with the preparation, registration or amendment of this Agreement, the perfection or preservation of the Security Interest, the enforcement by any means of any of the provisions hereof or the exercise of any rights, powers or remedies hereunder, including, without limitation, all such costs, charges and expenses in connection with taking possession of Collateral, carrying on the Debtor's business, collecting the Debtor's accounts and taking custody of, preserving, repairing, processing, preparing for disposition and disposing of

Collateral, together with interest on such costs, charges and expenses from the dates incurred to the date of payment at the Interest Rate.

ARTICLE VI **SECURITIES**

6.1 Securities

If the Collateral at any time includes Securities, the Debtor authorizes the Secured Party (i) to require the issuer of any Uncertificated Securities to issue Certificated Securities in replacement of all or part thereof; and (ii) to transfer any Securities or any part thereof into its own name or that of its nominee or nominees so that the Secured Party or its nominee or nominees may appear as the sole owner of record thereof; provided that, until the occurrence of an Event of Default which is continuing, the Secured Party shall deliver promptly to the Debtor all notices or other communications received by the Secured Party or its nominee or nominees as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall grant to the Debtor or its nominee a proxy to vote and take all action with respect to such Securities. After the occurrence of an Event of Default which is continuing, the Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee as such registered owner and agrees that no proxy granted by the Secured Party to the Debtor or its nominee or nominees as aforesaid shall thereafter be effective.

ARTICLE VII **COLLECTION OF DEBTS**

7.1 Collection of Debts

After the occurrence of an Event of Default, the Secured Party may, subject to the terms and provisions of the Inter-Creditor Agreement, give notice of the Security Interest to any Person obligated to pay any debt or liability constituting Collateral and may also direct such Person to make all payments on account of any such debt or liability to the Secured Party. The Debtor acknowledges that any payments received by the Debtor from such Persons after an Event of Default which is continuing, whether before or after notification of the Security Interest to such Persons, shall be received and held by the Debtor in trust for the Secured Party and shall, subject to the terms and provisions of the Inter-Creditor Agreement, be turned over to the Secured Party upon request. After the occurrence of an Event of Default which is continuing, the Debtor agrees to deposit all Proceeds resulting from the disposition of Inventory into its account with a bank and a branch location approved by the Secured Party from time to time or at any time and to inform such bank of the Security Interest and the trust established herein in favour of the Secured Party attaching to the funds in such account.

ARTICLE VIII
EVENTS OF DEFAULT

8.1 Event of Default

An "**Event of Default**" shall have the meaning attributed thereto in the Note.

8.2 Acceleration

Upon the occurrence of an Event of Default or at any time thereafter, the Secured Party, in its sole discretion, may declare all or any part of the Obligations which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind. The provisions of this Security Agreement are not intended in any way to and shall not affect any rights of the Secured Party with respect to any Obligation which may now or hereafter be payable on demand.

ARTICLE IX
ENFORCEMENT

9.1 Remedies

Upon the occurrence and during the continuance of any Event of Default, the Secured Party will, subject to the terms and provisions of the Inter-Creditor Agreement, be entitled to exercise any of the remedies specified below:

- (a) **Receiver.** The Secured Party may appoint by instrument in writing one or more receivers, managers or receiver/ manager for the Collateral or the business and undertaking of the Debtor pertaining to the Collateral (the "Receiver"). Any such Receiver will have, in addition to any other rights, remedies and powers which a Receiver may have at Law, in equity or by statute, the rights and powers set out in clauses (b) through (d) in this Section 9.1. In exercising such rights and powers, any Receiver will act as and for all purposes will be deemed to be the agent of the Debtor and the Secured Party will not be responsible for any act or default of any Receiver. The Secured Party may remove any Receiver and appoint another from time to time. No Receiver appointed by the Secured Party need be appointed by, nor need its appointment be ratified by, or its actions in any way supervised by, a court.

- (b) **Power of Sale.** Any Receiver may sell, consign, lease or otherwise dispose of any Collateral by public auction, private tender, private contract, lease or deferred payment with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor. Any Receiver may, at its discretion establish the terms of such disposition, including terms and conditions as to credit, upset, reserve bid or price. All payments made pursuant to such dispositions will be credited against the Principal Amount only as they are actually received. Any Receiver may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Receiver has taken possession of the Collateral.

- (c) **Pay Liens and Borrow Money.** Any Receiver may pay any liability secured by any actual or threatened mortgage, pledge, charge, assignment, security interest, hypothec, lien or other encumbrance, including, without limitation, any agreement to give any of the foregoing, or any conditional sale or other title retention agreement (each, a "**Lien**") against any Collateral. Any Receiver may borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor pertaining to the Collateral and may grant Liens in any Collateral (in priority to the Security Interest or otherwise) as security for the money so borrowed. The Debtor will forthwith upon demand reimburse the Receiver for all such payments and borrowings and such payments and borrowings will be secured hereby and will be added to the money hereby secured and bear interest at the rate set forth in the Note.
- (d) **Dealing with Collateral.** Any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Collateral in such manner, upon such terms and conditions and at such time as it deems advisable, including without limitation:
- (i) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral;
 - (ii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection with Section 9.1(d)(i);
 - (iii) to file any claims or take any action or institute any proceedings which the Secured Party may deem to be necessary or desirable for the collection of the Collateral or to enforce compliance with the terms and conditions of any contract or any account; and
 - (iv) to perform the affirmative obligations of the Debtor hereunder (including all obligations of the Debtor pursuant to the Note).
- (e) **Carry on Business.** The Secured Party or any Receiver may carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, Debtor.
- (f) **Right to Have Court Appoint a Receiver.** The Secured Party may, at any time, apply to a court of competent jurisdiction for the appointment of a Receiver, or other official, who may have powers the same as, greater or lesser than, or otherwise different from, those capable of being granted to a Receiver appointed by the Secured Party pursuant to this Agreement.
- (g) **Retention of Collateral.** The Secured Party may elect to retain any Collateral in satisfaction of the Principal Amount. The Secured Party may designate any part of the Principal Amount to be satisfied by the retention of particular Collateral

which the Secured Party considers to have a net realizable value approximating the amount of the designated part of the Principal Amount, in which case only the designated part of the Principal Amount will be deemed to be satisfied by the retention of the particular Collateral.

- (h) **Limitation of Liability.** The Secured Party will not be liable or accountable for any failure to take possession of, seize, collect, realize, dispose of, enforce or otherwise deal with any Collateral and the Secured Party will not be bound to institute proceedings for any such purposes or for the purpose of reserving any rights, remedies and powers of the Secured Party, the Debtor or any other Person in respect of any Collateral. If any Receiver or the Secured Party takes possession of any Collateral, neither the Secured Party nor any Receiver will have any liability as a mortgagee in possession or be accountable for anything except actual receipts.
- (i) **Extensions of Time.** Following the occurrence and during the continuance of any Event of Default, the Secured Party may grant renewals, extensions of time and other indulgences, accept compositions, grant releases and discharges, and otherwise deal or fail to deal with the Debtor, debtors of the Debtor, guarantors, sureties and others and with any Collateral as the Secured Party may see fit, all without prejudice to the liability of the Debtor to the Secured Party or the Secured Parties rights, remedies and powers under the Note.
- (j) **Validity of Sale.** No person dealing with the Secured Party or any Receiver, or with any officer, employee, agent or solicitor of the Secured Party or any Receiver will be required to inquire whether the Security Interests have become enforceable, whether the right, remedy or power of the Secured Party or the Receiver has become exercisable, whether the Principal Amount remaining outstanding or otherwise as to the proprietary or regularity of any dealing by the Secured Party or the Receiver with any Collateral or to see to the application of any money paid to the Secured Party or the Receiver, and in the absence of fraud on the part of such person such dealings will be deemed, as regards such person, to be within the rights, remedies and powers hereby conferred and to be valid and effective accordingly.
- (k) **Effect of Appointment of Receiver.** As soon as the Secured Party takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the Debtor including, without limitation, any such powers, functions, rights and privileges which have been delegated to directors, officers of the Debtor or committees with respect to such Collateral will cease, unless specifically continued by the written consent of the Secured Party or the Receiver.
- (l) **Time for Payment.** If the Secured Party demands payment of the Principal Amount that is payable on demand or if the Principal Amount is otherwise due by maturity or acceleration, it will be deemed reasonable for the Secured Party to exercise its remedies immediately if such payment is not made, and any days of

grace or any time for payment that might otherwise be required to be afforded to the Debtor at law or in equity is hereby irrevocably waived.

- (m) **No Implied Waiver.** The rights of the Secured Party (whether arising under the Note, any other agreement or at law or in equity) will not be capable of being waived or varied otherwise than by an express waiver or variation in writing, and in particular any failure to exercise or any delay in exercising any of such rights will not operate as a waiver or variation of that or any other such right; any defective or partial exercise of any of such rights will not preclude any other or further exercise of that or any other such right, and no act or course of conduct or negotiation on the part of the Secured Party or on its behalf will in any way preclude the Secured Party from exercising any such right or constitute a suspension or any variation of any such right.
- (n) **Rights Cumulative.** The rights, remedies and powers conferred by this Section 9.1 are in addition to, and not in substitution for, any other rights, remedies or powers that the Secured Party may have under the Note, at law, in equity, by or under the Personal Property Security Act (Alberta) or by any other statute or agreement. The Secured Party may proceed by way of any action, suit or other proceeding at law or in equity and no right, remedy or power of the Secured Party will be exclusive of or dependent on any other. The Secured Party may exercise any of its rights, remedies or powers separately or in combination and at any time

9.2 Application of Amounts Received

Subject to the terms and provisions of the Inter-Creditor Agreement, the proceeds of or any other amount from time to time received by the Secured Party or the Receiver will be applied as follows: first, to the payment in full of all reasonable fees of the Secured Party and all reasonable out-of-pocket costs, fees and expenses (including reasonable legal fees on a solicitor and his own client substantial indemnity basis) incurred by the Secured Party and any Receiver or other enforcement agent appointed by the Secured Party or a court of competent jurisdiction, as the case may be, in connection with the collection or enforcement of the Principal Amount owed to the Secured Party, the enforcement of the Security Interest or the preservation of the Collateral; second, in payment to the Secured Party of the Principal Amount and other amounts payable hereunder; and third, the balance, if any, will be paid, subject to applicable law, to the Debtor.

9.3 Deliver Possession

Subject to the terms and provisions of the Inter-Creditor Agreement, if the Secured Party or any Receiver exercises its rights herein to take possession of the Collateral, the Debtor will upon request from the Secured Party or any such Receiver, assemble and deliver possession of the Collateral at such place or places as directed by the Secured Party or any such Receiver.

9.4 Release

If the Debtor pays to the Secured Party the balance of the Principal Amount (including, without limitation, all amounts forming part thereof pursuant to the term of the Note) with

interest thereon as set forth in the Note and any and all other amounts that are payable to the Secured Party on or in relation to the repayment thereof, then the Secured Party will, at the written request and sole expense of the Debtor, if applicable, reassign and reconvey the Collateral to the Debtor and will release the Security Interest.

ARTICLE X
ATTORNEY IN FACT

10.1 Attorney In Fact

Subject to the terms and provisions of the Inter-Creditor Agreement, the Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer, nominee or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to time in the Secured Party's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and which the Debtor being required to take or execute has failed to take or execute. The Debtor hereby ratifies all that said attorneys will lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and will be irrevocable until the Principal Amount has been unconditionally and irrevocably paid and performed in full.

ARTICLE XI
EXPENSES

11.1 Expenses

Subject to the terms and provisions of the Inter-Creditor Agreement, the Debtor agrees to pay the Secured Party forthwith on demand all reasonable costs, charges and expenses, including, without limitation, all reasonable legal fees (on a solicitor and his own client basis), incurred by the Secured Party in connection with the recovery or enforcement of payment of any amounts payable hereunder whether by realization or otherwise. All such sums will be secured hereby and will be added to the money hereby secured and bear interest at the rate set forth in the Note.

ARTICLE XII
APPLICATION OF PROCEEDS

12.1 Application of Proceeds

Subject to applicable law, all Proceeds arising from the enforcement of the Security Interest shall be applied, subject to the terms and provisions of the Inter-Creditor Agreement, against the Obligations in such manner as the Secured Party, in its absolute discretion, determine or at the option of the Secured Party may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Secured Party or any Receiver, and any surplus shall be accounted for as required by law.

ARTICLE XIII
GENERAL

13.1 Power of Attorney

Subject to the terms and provisions of the Inter-Creditor Agreement, the Debtor hereby appoints the Secured Party as the Debtor's attorney, with full power of substitution, in the name and on behalf of the Debtor, to execute, deliver and do all such acts, deeds, leases, documents, transfers, demands, conveyances, assignments, contracts, assurances, consents, financing statements and things as the Debtor has herein agreed to execute, deliver and do or as may be required by the Secured Party or any Receiver to give effect to this Agreement or in the exercise of any rights, powers or remedies hereby conferred on the Secured Party, and generally to use the name of the Debtor in the exercise of all or any of the rights, powers or remedies hereby conferred on the Secured Party. This appointment, coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the Debtor or for any other reason.

13.2 Set-Off

The Secured Party may at any time and from time to time, without notice to the Debtor or to any other Person, set-off, appropriate and apply any and all deposits, general or special, matured or unmatured, held by or for the benefit of the Debtor with the Secured Party, and any other indebtedness and liability of the Secured Party to the Debtor, matured or unmatured, against and on account of the Obligations when due, in such order of application as the Secured Party may from time to time determine.

13.3 Dealings with Others

Subject to the terms and provisions of the Inter-Creditor Agreement, the Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, make settlements, grant releases and discharges and otherwise deal with the Debtor and sureties of the Debtor's obligations and, after the occurrence of an Event of Default which is continuing, with debtors of the Debtor or other Persons, as the Secured Party sees fit, without prejudice to the liability of the Debtor to the Secured Party or the rights, powers and remedies of the Secured Party under this Agreement.

13.4 No Obligation to Advance

Nothing herein contained shall in any way obligate the Secured Party to advance any funds, or otherwise make or continue to make any credit available, to the Debtor.

13.5 Perfection of Security

The Debtor authorizes the Secured Party to file such financing statements and other documents and do such acts, matters and things as the Secured Party may consider appropriate to perfect and continue the Security Interest, to protect and preserve the interest of the Secured Party in Collateral and to realize upon the Security Interest.

13.6 Continuing Security

This Agreement and the Security Interest created hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party and is intended to be a continuing Agreement and Security Interest.

13.7 No Merger

This Agreement shall not merge in any subsequent security or be taken to be a substitute for any security of any nature whatsoever held by the Secured Party from the Debtor. It is further agreed that the taking of this Agreement shall not operate as a merger of the remedies of the Secured Party for payment, satisfaction or performance of the Obligations or of the remedies of the Secured Party under any other agreement and notwithstanding this Agreement and anything herein contained the said remedies shall remain available and be capable of enforcement against the Debtor and all other persons liable in respect thereof in the same manner and to the same extent as if this Agreement had not been made.

13.8 Communication

Any notice or other communication, including a demand or a direction, required or permitted to be given hereunder shall be in writing and shall be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during or within three (3) Business Days prior to a general discontinuance of postal service due to strike, lockout or otherwise, shall be deemed to have been received on the fourth (4th) Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day following the sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to a senior employee of the addressee at such address with responsibility for matters to which the information relates. Notice of change of address shall also be governed by this section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications shall be delivered by hand or sent by facsimile or other means of electronic communication and shall be deemed to have been received in accordance with the foregoing. Notice and other communications shall be addressed as follows:

- (a) if to the Secured Party:

Mark Shilling
372 Canterville Drive S.W.
Calgary, AB T2W 3Z9

E-mail: marklshilling@gmail.com

(b) if to the Debtor:

MicroPlanet Technology Corp.
6310 NE 74th Street
Seattle, Washington 98115

Attention: Bruce Lisanti, President
Telecopier: (206) 625-0999

Notwithstanding the foregoing, if the PPSA requires that a notice or other communication be given in a specified manner, then any such notice or communication shall be given in such manner..

13.9 Successors and Assigns

This Agreement shall be binding on the Debtor and its successors and shall enure to the benefit of the Secured Party and its successors and assigns. This Agreement shall be assignable by the Secured Party concurrent with a valid transfer of the Note, free of any set-off, counterclaim or equities between the Debtor and the Secured Party, and the Debtor shall not assert against an assignee of the Secured Party any claim or defense that the Debtor has against the Secured Party.

13.10 Amalgamation of Debtor

- (a) The Debtor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the Security Interest granted hereby:
- (i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamated corporations and the amalgamated corporation at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation; and
 - (ii) shall secure the "Obligations" (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Secured Party at the time of amalgamation and any "Obligations" of the amalgamated corporation to the Secured Party thereafter arising.
- (b) The Security Interest shall attach to "Collateral" owned by each corporation amalgamating with the Debtor, and by the amalgamated corporation, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

13.11 Copy Received

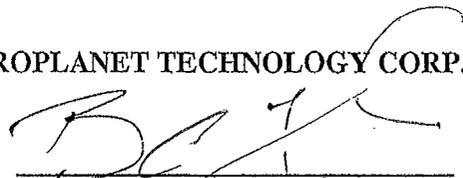
The Debtor hereby acknowledges receipt of a fully executed copy of this Agreement.

13.12 Copy of Financing Statements

The Debtor hereby waives any and all rights the Debtor has or may have to receive a copy of any financing statement or financing change statement filed by or for the Secured Party or any verification statement in respect thereof.

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date hereinabove written.

MICROPLANET TECHNOLOGY CORP.

Per: 

Name: Bruce Kisanti

Title: President & CEO

SCHEDULE "A"

LOCATIONS

A. Place of Business/Chief Executive Office

6310 NE 74th Street
Seattle, Washington 98115
U.S.A.

B. Locations of Collateral

- United States
- Australia
- Canada

SCHEDULE "B"

PERMITTED ENCUMBRANCES

"Permitted Encumbrances" means any of the following:

- (a) Security Interests for taxes, assessments or governmental charges which are not due or delinquent, or the validity of which the Debtor shall be contesting in good faith if such contest will involve no material risk of loss of any material part of the property of the Debtor taken as a whole;
- (b) the Security Interests of any judgment rendered, or claim filed, against the Debtor which the Debtor shall be contesting in good faith if such contest will involve no material risk of loss of any material part of the property of the Debtor taken as a whole;
- (c) Security Interests imposed or permitted by law such as carriers' liens, builders' liens, materialmens' liens and other liens, privileges or other charges of a similar nature which relate to obligations not due or delinquent or if due or delinquent, any lien, privilege or charge which the Debtor shall be contesting in good faith if such contest will involve no material risk of loss of any material part of the property of the Debtor taken as a whole;
- (d) Security Interests arising in the ordinary course of and incidental to construction or current operations which have not been filed pursuant to law against the Debtor or in respect of which no steps or proceedings to enforce such lien have been initiated or which relate to obligations which are not due or delinquent or if due or delinquent, any lien which the Debtor shall be contesting in good faith if such contest will involve no material risk of loss of any material part of the property the Debtor taken as a whole;
- (e) any lien or trust arising in connection with workers' compensation, unemployment insurance, pension or employment laws or regulations;
- (f) purchase money security interests upon or in any tangible personal property and fixtures (including real property surface rights upon which such fixtures are located) acquired by the Debtor in the ordinary course of business to secure the purchase price of such property or to secure indebtedness incurred solely for the purpose of financing the acquisition of such property, including any security interests existing on such property at the time of its acquisition (other than any such security interest created in contemplation of any such acquisition);
- (g) Security Interests in favour of the Secured Parties; or
- (h) any claim or encumbrance from time to time disclosed the Debtor to the Secured Parties and which is consented to by the Secured Parties;