NEXOPTIC TECHNOLOGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED MARCH 31, 2017

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Set out below is a review of the activities, results of operations and financial condition of NexOptic Technology Corp. (formerly Elissa Resources Ltd.) ("NXO", "NexOptic", or the "Company") and its subsidiaries for the three months ended March 31, 2017. The discussion below should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2017 and consolidated financial statements for the years ended December 31, 2016 and 2015. Those consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as at May 30, 2017.

The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol NXO and OTCQB Venture Marketplace under the symbol "NXOPF".

Additional information related to the Company is available on SEDAR at www.sedar.com and the Company's website at www.nexoptic.com.

BACKGROUND AND CORE BUSINESS

NexOptic Technology Corp. and its subsidiaries (collectively, the "Company" or "NexOptic") is a technology company investing in the area of innovative optical and lens technologies. NexOptic was incorporated under the Company Act (British Columbia) on October 11, 2007. The Company maintains its registered office at 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada V6Z 1S4.

The Company has identified a significant business opportunity in a private technology development company, Spectrum Optix Inc. ("Spectrum") of Calgary, Canada, and has secured an option to acquire in the aggregate, 100% of Spectrum.

NexOptic and Spectrum (together, the "Companies") work co-operatively. Paul McKenzie, CEO of the Company, and John Daugela, CEO of Spectrum, hold appointments on the board of directors of both the Company and Spectrum. This ensures alignment between the companies. Details regarding the Company's option agreement with Spectrum are included in the accompanying unaudited condensed consolidated interim financial statements for the period ending March 31, 2017.

Spectrum is developing technologies relating to imagery and light concentration for lens and image capture based systems. Spectrum's core, patent pending technology, referred to and trademarked by Spectrum as Blade Optics™, is focused on a novel approach to collecting and concentrating an electromagnetic wave, such as visible light, and, if required by the application, maintaining the original image at high levels of quality and compactness. Spectrum's technology employs flat surfaces and holds potential for significant consolidation to the length of lens stacks found in traditional light capture based systems such as cameras and telescope lenses in addition to potential improvements to quality, clarity and resolution of other imagery systems including those found in computer graphics, mobile devices and others. Due to anticipated reductions to the length of the lens stacks and the employment of flat surfaces, a potential decrease of lens manufacturing costs and the cost of the surrounding hardware is quite possible. Imaging applications are being explored by Spectrum that utilize both pre- and post-optical imaging solution improvements.

The building of a 5-inch aperture Proof-of-Concept (POC) prototype was commissioned by Spectrum in 2016. Alignment and assembly of the optics, construction of the casing and testing of the full lens stack were completed in the 1st quarter of 2017 (further details on the POC prototype can be found below as noted)

The Companies are pleased with the unprocessed imaging results from the POC prototype lens stack. Tests of the prototype delivered image resolutions comparable to conventional 5-inch-aperture telescopes while maintaining the device's unique form factor. The POC prototype incorporates the Companies' breakthrough Blade Optics™ system which allows the entire device to be housed in a body approximately 5 inches deep while keeping a diagonal aperture of roughly 5 inches. The prototype's lens stack depth is significantly thinner than comparable conventional telescopes on the market today. Imaging processing techniques specific to the demands of the POC prototype were completed in the 1st quarter of 2017.

The Companies commissioned electrical engineer Larry McNish, a member of the Royal Astronomical Society of Canada, to field test the prototype. McNish has been an amateur astronomer and astrophotographer for 30 years and has served as president of the Calgary Centre of the Royal Astronomical Society of Canada.

After field testing the prototype, Mr. McNish stated: "I've observed and imaged through a lot of different shapes and sizes of telescopes over the last 30 years. Having the opportunity to take images with the NexOptic prototype, I believe that they have potentially created a "paradigm shift" innovation in optical design."

On April 4th, 2017 the POC prototype was unveiled in Vancouver, Canada at a 240 person media event, partially sponsored by a variety of corporations including Haywood Securities. Members of the media, some of NexOptic's shareholders and others were in attendance. Images taken with the device were subsequently shown at the event and posted to NexOptic's website: www.nexoptic.com

The POC prototype was completed by Ruda Cardinal who are well qualified to deliver to Spectrum the high-quality lens stack Prototype, and possible future imaging prototypes in a timely and cost effective manner. Ruda Cardinal of Tucson, Arizona is frequently engaged by Fortune 500 companies for advanced level optical design and prototype build assignments.

Spectrum is currently seeking patent protection for its core optical technologies. In September of 2015 Spectrum filed its first provisional patent application. Subsequent patent filings have followed.

In early April of this year the Companies announced via a joint news release that they had commenced an engineering trade study to examine the applications of a new lens design for certain mobile devices including smartphones. It is anticipated that this will be the first step towards the development of a physical prototype intended to demonstrate to industry participants a telephoto lens system for mobile devices. The Companies are encouraged by preliminary results of the trade study which could be an ideal alternative for smartphone telephoto lens systems.

Additional patent filings are anticipated to be made in the future by Spectrum specific to both hardware and computational designs in conjunction with existing Spectrum patent filings and/or altogether new designs. Spectrum's lead patent counsel is a partner attorney in the firm of Lewis Roca Rothgerber Christie, an established U.S. intellectual property law firm, who assist in developing the company's intellectual property patents and additional patent and overall business strategies. Risks associated with patentability and other aspects of the patenting processes can be found in the *Risk Factors* section of this document.

Further Details on the POC Prototype

The initial POC prototype is intended to demonstrate the marketable features of Spectrum's Blade Optics™ technology and its potential to serve as a platform to be used in various optical applications ranging from telescopes, cameras, surveillance equipment, mobile devices and other imaging verticals. Beyond the aforementioned Spectrum plans to initiate additional trade studies specific to vertical platforms that it hopes to positively impact in addition to the telescope market based on its now completed prototype.

Spectrum's POC prototype was designed to be a fixed magnification digital telescope with a narrow field of view and is similar in function to many conventional telescopes sold today. However, because of the application of Blade Optics™, a unique distinction of Spectrum's lens design is anticipated to be its reduced lens stack depth to aperture ratio compared to traditional curved lens systems for fixed magnification imaging. This could set Spectrum's Blade Optics™ technology apart from existing lens technologies in the fixed magnification lens market, which includes products such as spotting scopes, telescopes, binoculars, certain camera lenses and other consumer and industrial imaging products.

As at the date of this MD&A, the Company has a 30.16% ownership of Spectrum.

OUTLOOK

The Company's focus in the near term will be advancing its interest under the Spectrum Agreement and working collaboratively with Spectrum supporting the advancement of their core technologies.

OUTSTANDING SHARE DATA

At the date of this report the Company has 69,291,906 issued and outstanding common shares, 4,102,000 outstanding stock options with a weighted average exercise price of $0.33 and 6,944,744 warrants with a weighted average exercise price of $0.25.

SELECTED FINANCIAL INFORMATION

Summary of Quarterly results

	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Interest income	1,568	2,352	-	-
Net loss for the period	(938,690)	(359,560)	(703,999)	(268,606)
Comprehensive income (loss) for the period	(938,696)	(360,045)	(701,882)	(269,003)
Basic and diluted loss per share	(0.02)	(0.01)	(0.02)	(0.01)

	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Interest income	-	-	-	-
Net loss for the period	(363,414)	(2,393,788)	(624,879)	(239,939)
Comprehensive income (loss) for the period	(365,935)	(2,251,364)	(519,152)	(287,405)
Basic and diluted loss per share	(0.01)	(0.09)	(0.02)	(0.01)

Results of Operations for the three month period ended March 31, 2017 compared to 2016

The comprehensive loss for the three month period ended March 31, 2017 was $931,696 (2016 – $365,935). Significant changes to the comprehensive loss are explained as follows:

- Equity investment pick up increased to $94,398 (2016 – $Nil) due to the treatment of Spectrum as an associate following the increased investment threshold.
- Advertising and promotion expenses including brand awareness for Spectrum's technologies to potential partner and/or end user companies and consumers was $151,573 (2016 - $58,344) increased for a communications consultant engaged by the Company in the current period and for investor outreach services.
- Salaries has increased to $57,447 (2016 - $38,838) resulting from an increased rent expense, office administration work and additional activity pursuant to the Change of Business ("COB").
- Share-based payments of $520,072 (2016 - $64,199) in the current period relate to the valuation of stock options granted and vesting.
- Transaction costs of $115,028 were incurred in the period ended March 31, 2016 without a corresponding expense in the current period due to the COB completed in the prior year.

LIQUIDITY AND CAPITAL RESOURCES

Cash has increased by $1,592,657 to $2,915,028 at March 31, 2017 from a balance of $1,322,371 as at December 31, 2016. The Company had working capital of $2,879,183 as at March 31, 2017.

Overall cash utilization for operating activities increased from 2016 to 2017. In 2016, the Company expended $320,591 in operating activities as compared to $284,581 in 2016. The increase is consistent with an increase in activity in the Company following completion of the COB in the prior year.

Investing activities resulted in a net cash outflow of $575,000 in 2017 (2016 - $193,000) which was forwarded to Spectrum pursuant to the Agreement.

Financing activities provided $2,488,248 in the three-month period ended March 31, 2017. The Company generated funds of $2,488,248 from exercised warrants and options, inclusive of an obligation of $53,821 to issues shares. In the prior period, the Company generated $172,000 from the exercise of warrants.

The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing.

Management is actively targeting sources of additional financing through financial transactions which would assure continuation of the Company's operations. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate expenditures and/or investments and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Management will apply funds from the private placements for investment according to the agreement with Spectrum over the short term and for working capital. Additional funds will be required to satisfy the investment in the Spectrum agreement, and to maintain general working capital. The contractual commitments of the Company are not significant and the Company may sustain operations by reducing overhead and delaying investment.

OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

At March 31, 2017, the Company had no material off statement of financial position arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions in process other than as discussed elsewhere in this document.

RELATED PARTY TRANSACTIONS

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

		2017		2016
Payments to key management personnel:				
Salaries and short-term benefits	$	36,000	$	36,000
Share-based payments		316,682		12,603

During the period ended March 31, 2017, the Company was charged legal fees, included in professional fees and transaction costs, of $22,426 (2016 - $41,180) by S. Paul Simpson Law Corp., a law firm of which an officer of the Company is an employee.

During the period ended March 31, 2017, the Company was charged accounting fees of $17,275 (2016 - $9,413) by a company of which the CFO is a significant shareholder.

As at March 31, 2017, the amount of $28,103 (December 31, 2016 - $27,569) included in accounts payable is due to related parties. All balances are unsecured, non-interest-bearing, have no fixed repayment terms and are due on demand.

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in notes 2 and 3 of its consolidated financial statements for the year ended December 31, 2016. The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates. Management considers the following estimates to be the most critical in understanding the judgments and estimates that are involved in the preparation of the Company's consolidated financial statements and the uncertainties that could impact the results of operations, financial condition, and cash flows:

The key areas of judgment applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Recoverability of the carrying value of the Company's investment

  The fair value of the Company's investment (Note 4) requires management to determine whether there are any indications of impairment. Management evaluates the legal standing of the underlying assets of the investment and reviews the progress and development of the underlying assets in the period when making the assessment of whether there are indications of impairment for the investment.

- Assessment of control

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

- Functional currency

  The functional currency of the Company and its subsidiaries is the currency of their respective primary economic environment, and the Company reconsiders the functional currency if there is a change in events and conditions, which determined the primary economic environment.

- Going concern

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

- Deferred income tax

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

The key estimates applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is the provision for income taxes and recognition of deferred income tax assets and liabilities, assumptions applied to the Black-Scholes option pricing model to determine the fair value of options granted, the recoverability of capitalized amounts of resource property and fair value of the Company's investment, which requires management to make certain estimates regarding the value of those shares in relation to unquoted share prices.

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are disclosed in Note 3 of the Company's annual consolidated financial statements for the year ended December 31, 2016.

New standards not yet adopted

IFRS 9 *Financial Instruments (Revised)*

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial instruments: recognition and measurement*. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's consolidated financial statements has not yet been determined.

IFRS 16, Leases

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments

Cash and cash equivalents is carried in the statement of financial position at fair value using a level 1 fair value measurement. Receivables, accounts payable and accrued liabilities are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short term nature of the financial instruments.

The Company's investment in Spectrum is valued using a level 3 fair value measurement. The Company evaluates the fair value of the investment in the equity of Spectrum by reference to recent equity placements in Spectrum, based on negotiated prices between the Company and Spectrum, an unrelated party, and by evaluating the fair value changes relative to changes in Spectrum's net assets.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents with a high-credit quality financial institution. As at March 31, 2017, the Company had cash equivalents of $1,250,000 (December 31, 2016 - $750,000) in cashable term deposits.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2017, the Company had a working capital of $2,879,183 (December 31, 2016 - $1,290,161). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

   The Company's financial assets exposed to interest rate risk consist of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes the interest rate risk is low given the current low global interest rate environment.

b) Foreign currency risk

   The Company's property development and exploration work occurs in the USA in US dollars. As such, the Company is exposed to foreign currency risk in fluctuations. Fluctuations in the exchange rate between the Canadian dollar and US dollar may have a material adverse effect on the Company's business and financial condition. The Company has transitioned away from US dollar exposure following its change to a technology company. The Company is now able to reduce its foreign currency risk by working with Canadian vendors.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The Company closely monitors commodity prices to determine the appropriate strategic action to be taken by the Company.

RISK FACTORS

The principal activity of the Company will be, for the present and near term, to continue exercising its options to acquire, in the aggregate, 100% of Spectrum Optix which owns Blade Optics^{TM} (the "Technology", which relates to a high efficiency optical concept, including the use of flat lenses. Herein, the "Company" refers to NexOptic and Spectrum Optix jointly.

Competition

The lens industry is highly competitive with a number of well-established market participants. Competition in this industry occurs on many fronts, including developing and bringing new products to market before others, developing new technologies to improve existing products, developing new products to provide the same benefits as existing products at less cost, developing new products to provide benefits superior to those of existing products, and acquiring or licensing complementary or novel technologies from other companies or individuals. The Company may be unable to contend successfully with current or future competitors which include major technology companies, many of which are large, well-established companies with access to financial, technical and marketing resources significantly greater than the Company and substantially greater experience in developing, licensing and manufacturing products, conducting research and development activities and obtaining regulatory approvals. The Company's competitors may develop or acquire new or improved products that are similar to those offered by the Company, while not necessarily being direct competitors currently, or may make technological advances that reduce their cost of production so that they may engage in price competition.

Development Risk

Substantial corporate resources will be expended on the development of the Technology. The Technology remains in the research and development stages and has not yet been commercialized. There can be no guarantee that the Technology will achieve the objectives which the Company believes are necessary for it to result in a successful product in the market. In addition, the Technology is in early stages of development and there can be no guarantee that technical milestones can be achieved. There are significant risks, expenses, delays and difficulties frequently encountered in establishing new products in the technology industry, which is characterized by an increasing number of market entrants, intense competition and high failure rate. Further, there is always the risk in product development that the products will fail to function as intended or that the market for such products will not develop as anticipated or when anticipated. There is often a lengthy time period between the time of technology conceptualization to technology commercialization, and there can be no assurances that development of new technologies will be completed at all, on time or within budget. Failure to successfully commercialize the Technology may materially and adversely affect the Company's financial condition and results of operations.

Limited Protection of Patents and Proprietary Rights

The Company's success will depend in part on its ability to protect its proprietary rights and technologies, including, but not limited to the Technology. The Company will rely on a combination of contractual arrangements, licenses, patents, trade secrets and know-how to protect its proprietary technology and rights and the Company's failure to protect its intellectual property rights may result in the loss of valuable technologies and undermine its competitive position. However, not all of these measures may apply or may afford only limited protection. In addition, the laws of some foreign countries do not protect proprietary technology rights to the same extent as do the laws of Canada and the United States. A failure of the Company to adequately protect its proprietary rights may adversely affect the business of the Company.

Unpatented trade secrets, improvements, confidential know-how and continuing technological innovation may be important to the Company's scientific and commercial success. Although the Company will attempt to, and will continue to attempt to, protect proprietary information through reliance on trade secret laws and the use of confidentiality agreements with collaborators, contract manufacturers, licensees, clinical investigators, employees and consultants and other appropriate means, these measures may not effectively prevent disclosure of or access to proprietary information, and, in any event, others may develop independently, or obtain access to, the same or similar information.

Despite the Company's efforts to protect its proprietary rights, there can be no assurance that the Technology will not be infringed upon, that the Company would have adequate remedies for any such infringement or adequate funds to take action against those infringing the Technology, or that its trade secrets will not otherwise become known or independently developed by its competitors. There can also be no assurance that any patents now or hereafter issued to, licensed by or applied for by the Company will be upheld, if challenged, or that the protections afforded thereby will not be circumvented by others. There can be no assurance that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Technology.

Infringement of Intellectual Property Rights

While the Company believes that its intellectual property does not infringe upon the proprietary rights of third parties, its commercial success depends, in part, upon the Company not infringing intellectual property rights of others. A number of the Company's competitors and other third parties have been issued or may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those utilized by the Company. Some of these patents may grant very broad protection to the owners of the patents.

The Company may become subject to claims by third parties that its technology infringes their intellectual property rights due to the growth of products in its target markets, the overlap in functionality of those products and the prevalence of products.

Litigation may be necessary to determine the scope, enforceability and validity of third party proprietary rights or to establish the Company's proprietary rights. Some of its competitors have, or are affiliated with companies having, substantially greater resources than the Company and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Company.

Regardless of their merit, any such claims could be time consuming to evaluate and defend, result in costly litigation, divert management's attention and focus away from the business, subject the Company to significant liabilities and equitable remedies, including injunctions, require the Company to enter into costly royalty or licensing agreements and require the Issuer to modify or stop using infringing technology.

Regulatory Approvals

The Company may be subject to various laws, regulations, regulatory actions and court decisions in Canada, the United States and in other countries that may have negative effects on the Company. Failure to obtain regulatory approvals or delays in obtaining regulatory approvals by the Company, its collaborators, customers, vendors or service providers would adversely affect the marketing of products and services developed by the Company, and the Company's ability to generate revenues. Changes in the regulatory environment imposed upon the Company could adversely affect the ability of the Company to attain its corporate objectives.

No Assurance of Commercial Production

The Company will be a research and development company with no history of production or sale. There is no assurance that it will seek or achieve commercial production of any product or the sale of any product.

Slow Acceptance of the Company's Technology

It should be understood that the marketplace may be slow to accept or understand the significance of the Company's Technology due to its unique nature and the competitive landscape. Market confusion may slow sales and acceptance of the Company's potential products. If the Company is unable to promote, market and monetize the Technology and secure relationships with industry professionals and product manufacturers, the Company's business and financial condition would be adversely affected.

Experimental Field

The Company will be engaged in the research and development of the Technology with the goal of commercializing viable products. The development of the Technology will require extensive experimental effort and can require significant investment. Customers may be hesitant to implement any new technologies developed without extensive and time-consuming testing.

Expansion Risk

Any expansion of the Company's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the Company will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that the Company will be able to manage growth successfully. Any inability of the Company to manage growth successfully could have a material adverse effect on the Company's business, financial condition and results of operations.

Technological Advancements

The markets for the Company's Technology are characterized by rapidly changing technology and evolving industry standards, which could result in product obsolescence or short product life cycles. Accordingly, the Company's success will be dependent upon its ability to anticipate technological changes in the industries it serves and to successfully identify, obtain, develop and market new products that satisfy evolving industry requirements.

The lens industry is subject to significant technological advancements, changing industry standards, market trends, customer preferences and competitive pressures which can, among other things, necessitate revisions in pricing strategies, price reductions and reduced profit margins.

The success of the Company will depend on its ability to secure technological superiority in its services and maintain such superiority in the face of new technologies. No assurance can be given that further modification of product offerings of the Company will not be required in order to meet demands or to remain competitive. The future success of the Company will be influenced by its ability to continue to adapt its products. Although the Company has committed resources to improve its products, there can be no assurance that these efforts will increase profits.

Risk of Obsolescence

New developments in technology may negatively affect the development or sale of some or all of the Company's products or make its products obsolete. The inability of the Company to enhance existing products in a timely manner or to develop and introduce new products that incorporate new technologies, conform to increasingly regulatory requirements, and achieve market acceptance in a timely manner could negatively impact the Company's competitive position. New product development or modification is costly, involves significant research, development, time and expense, and may not necessarily result in the successful commercialization of any new products.

Additional Funding Requirements

The Company will require additional financing to implement its business plan. The Company may raise additional funds through gap financing, debt financing and/or subsequent equity financing. The Company may also borrow funds from a financial institution(s) using the assets of the Company as security for said loan(s). The Company may also obtain additional financing through certain government subsidies or tax incentives available in certain geographic areas, if available, at the Company's discretion. Failure to obtain such additional capital on terms acceptable to the Company could restrict its ability to implement its growth plans. Further, a shortage of funds may prevent or delay the Company from getting its products to the marketplace, achieving profitability or enabling the Company to pay distributions to its shareholders. There is no assurance that the Company will have adequate capital to conduct its business or satisfy its financial obligations.

The ability of the Company to arrange financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. There can be no assurance that the Company will generate cash flow from operations necessary to support the continuing operations of the Company.

Limited Operating History

The Issuer and the Target have each incurred losses since their inception and the Company is expected to continue to incur losses. As such, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. The Company's ability to reach and then sustain profitability depends on a number of factors, including the growth rate of the developmental lens industry, the continued market acceptance of the Technology and the competitiveness of the Company. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of its success must be considered in light of its early stage of operations.

Lack of Operating Cash Flow

The Company currently has no source of operating cash flow, which is expected to continue for the immediately foreseeable future. The Company's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations.

Dependence on Management and Key Personnel

The Company's management will make all decisions with respect to the Company's assets, including investment decisions and the day-to-day operations of the Company. As a result, the success of the Company for the foreseeable future will depend largely upon the ability of its management team, employees and consultants, including, but not limited to, Paul McKenzie and John Daugela . The loss of any one of these individuals could have a material adverse effect on the Company. If the Company lost the services of one or more of its executive officers or key employees and consultants, it would need to devote substantial resources to finding replacements, and until replacements were found, the Company would be operating without the skills or leadership of such personnel, any of which could have a significant adverse effect on the Company's business. The Company currently does not carry "key-man" life insurance policies covering any of these officers or consultants.

The future success of the Company depends in significant part on the contributions of its executive officers and scientific and technical personnel. The loss of the services of one or more key individuals may significantly delay or prevent achievement of scientific or business objectives. Competition for qualified and experienced personnel in the technology field is generally intense, and the Company will rely heavily on its ability to attract and retain qualified personnel in order to successfully implement its scientific and business objectives. The failure to attract or retain key executives and personnel could impact the Company's operations, including failure to achieve targets and advancement of the Technology.

Adverse General Economic Conditions

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Some of the key impacts of the financial market turmoil included contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A similar slowdown in the financial markets or other economic conditions, including but not limited to, inflation, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's operations. Specifically, a global credit/liquidity crisis could impact the cost and availability of financing and overall liquidity, volatile energy, commodity and consumables prices and currency exchange rates could impact costs and the devaluation and volatility of global stock markets could impact the valuation of the Company's equity and other securities. These factors could have a material adverse effect on the Company's financial condition and results of operations.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including technology companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the proposed management of the Company's knowledge, as at the date hereof there are no existing or potential material conflicts of interest between the Company and a proposed director or officer of the Company except as otherwise disclosed herein.

Substantial Control by Insiders

In the event that all of the Target Options are exercised and the Company acquires a 100% interest in the Target, the Vendors will beneficially own approximately 35% of the Company Shares. As a result, the Vendors will be able to influence or control matters requiring approval by the Company's shareholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from those of investors and may vote in a manner that is adverse to investors' interests. This concentration of ownership may have the effect of deterring, delaying or preventing a change of control of the Company, could deprive the Company's shareholders of an opportunity to receive a premium for their Company Shares as part of a sale of the Company, and might ultimately affect the market price of the Company Shares.

Dividends

To date, the Issuer has not paid any dividends on their outstanding shares. Any decision to pay dividends on the shares of the Company will be made by its board of directors on the basis of the Company's earnings, financial requirements and other conditions.

Uninsured Risks

The Company may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Furthermore, the Company may incur a liability to third parties (in excess of any insurance coverage) arising from any damage or injury caused by the Company's operations.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Company's securities will be established or sustained. The market price for the Company's securities could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

INFORMATION REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this Management Discussion and Analysis constitute "forward-looking statements". These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Information concerning the interpretation of drill results, mineral resource and reserve estimates and capital cost estimates may also be deemed as forward-looking statements as such information constitutes a prediction of what mineralization might be found to be present and how much capital will be required if and when a project is actually developed. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward looking statements included in this Management Discussion and Analysis should not be relied upon. These statements speak only as of the date of this Management Discussion and Analysis. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by forward-looking statements contained in this Management Discussion and Analysis. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the potential applications of Spectrum's technologies;
- the timing and expenditures required to develop such technologies, including development of any future prototype vertical;
- the ability of the Company to procure patent or other intellectual property protection for its technologies and to license or enforce such patents, if any;
- the ability to attract and retain skilled staff;
- foreign currency and exchange rates;
- market competition; and
- tax benefits and tax rates.

These forward-looking statements involve risks and uncertainties relating to, among other things, risks related to international operations, actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, as well as those factors discussed in the section "Risk Factors". Factors that could cause actual results to differ materially include, but are not limited to, the risk factors discussed in the section. The Company cautions that the foregoing list of important factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

ADDITIONAL INFORMATION

Additional information regarding the Company can be found at www.sedar.com and the Company's website www.nextopic.com.

NEXOPTIC

NEXOPTIC TECHNOLOGY CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2017

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

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

	March 31, 2017	December 31, 2016
ASSETS		
Current		
Cash and cash equivalents	$ 2,915,028	$ 1,322,371
Accounts receivable	11,260	5,937
Prepaid expenses and deposits	21,174	12,478
	2,947,462	1,340,786
Deposits (Note 7)	33,544	33,544
Investment (Note 4)	1,985,821	1,505,219
	$ 4,966,827	$ 2,879,549
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 68,279	$ 50,625
Shareholders' equity		
Share capital (Note 5)	12,013,257	9,167,016
Obligation to issue shares	53,821	-
Reserve (Note 5)	1,065,845	983,087
Accumulated other comprehensive income	601,172	601,178
Deficit	(8,835,547)	(7,922,357)
	4,905,548	2,828,924
	$ 4,966,827	$ 2,879,549

Approved and authorized by the Board on May 30, 2017

"G.A. Armstrong" Director *"Paul McKenzie"* Director

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

NEXOPTIC TECHNOLOGY CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED MARCH 31

	2017	2016
EXPENSES		
Consulting fees	$ 17,275	$ 9,412
Insurance	2,250	2,250
Investor relations and marketing	151,573	58,344
Loss from investment in associate (Note 4)	94,398	-
Office and administration	37,485	40,199
Professional fees (Note 6)	21,632	16,716
Salaries (Note 6)	57,447	38,838
Share-based payments (Notes 5 and 6)	520,072	64,199
Shareholder communications and filings	20,353	12,533
Transaction costs (Notes 4 and 6)	-	115,028
Travel	17,773	5,895
	(933,258)	(363,414)
OTHER INCOME		
Interest and other income	1,568	-
Net loss for the period	(931,690)	(363,414)
OTHER COMPREHENSIVE LOSS		
Item that may be reclassified subsequently to profit or loss		
Foreign exchange loss on translating foreign operations	(6)	(2,521)
Comprehensive loss for the period	$ (931,696)	$ (365,935)
Basic and diluted loss per common share	$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding	62,037,873	39,008,702

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

NEXOPTIC TECHNOLOGY CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED MARCH 31

		2017		2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	$	(938,690)	$	(363,414)
Non-cash items:				
Share-based payments		520,072		64,199
Loss from investment in associate		94,398		-
Changes in non-cash working capital items:				
Accounts receivable		(5,323)		(4,412)
Prepaid expenses and deposits		(8,710)		23,750
Accounts payable and accrued liabilities		17,662		(4,704)
		(320,591)		(284,581)
CASH FLOWS FROM INVESTING ACTIVITIES				
Funds to Spectrum		(575,000)		(193,000)
		(575,000)		(193,000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from exercised warrants		2,234,726		172,000
Proceeds from options		199,701		-
Obligation to issue shares		53,821		-
		2,488,248		172,000
Change in cash and cash equivalents during the period		1,592,657		(305,581)
Cash and cash equivalents, beginning of period		1,322,371		1,002,887
Cash and cash equivalents, end of period	$	2,915,028	$	697,306

There were no significant non-cash transactions for the periods ended March 31, 2017 and 2016.

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

NEXOPTIC TECHNOLOGY CORP.

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

	Share Capital						
	Number	Amount	Obligation to Issue Shares	Reserve	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2015	38,821,449	$ 6,851,659	$ -	$ 502,229	$ 602,464	$ (6,325,778)	$ 1,630,574
Shares issued for warrants exercised	1,250,000	172,000	-	-	-	-	172,000
Share-based payments	-	-	-	64,199	-	-	64,199
Net loss and comprehensive loss for the period	-	-	-	-	(2,521)	(363,414)	(365,935)
Balance, March 31, 2016	40,071,449	7,023,659	-	566,428	599,943	(6,689,192)	1,500,838
Private placement, net of share issue costs	4,202,000	991,988	-	15,380	-	-	1,007,368
Shares issued for options exercised	36,667	24,332	-	(10,830)	-	-	13,502
Shares issued for warrants exercised	8,601,930	1,127,037	-	(5,259)	-	-	1,121,778
Share-based payments	-	-	-	516,368	-	-	516,368
Expiry of stock options	-	-	-	(99,000)	-	99,000	-
Net loss and comprehensive loss for the period	-	-	-	-	1,235	(1,332,165)	(1,330,930)
Balance, December 31, 2016	52,912,046	9,167,016	-	983,087	601,178	(7,922,357)	2,828,924
Shares issued for options exercised	906,333	565,414	-	(365,713)	-	-	199,701
Shares issued for warrants exercised	13,523,527	2,280,827	53,821	(46,101)	-	-	2,288,547
Share-based payments	-	-	-	520,072	-	-	520,072
Expiry of stock options	-	-	-	(25,500)	-	25,500	-
Net loss and comprehensive loss for the period	-	-	-	-	(6)	(938,690)	(931,696)
Balance, March 31, 2017	67,341,906	$ 12,013,257	$ 53,821	$ 1,065,845	$ 601,172	$ (8,835,547)	$ 4,898,548

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

1. NATURE OF OPERATIONS AND GOING CONCERN

NexOptic Technology Corp. (with its subsidiaries, collectively, the "Company" or "NexOptic") is a technology company investing in the area of innovative optical and lens technologies. The Company name was changed from Elissa Resources Ltd. on February 12, 2016. NexOptic was incorporated under the *Company Act* (British Columbia) on October 11, 2007. The Company maintains its registered office at 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada V6Z 1S4. The Company's principal place of business is 1450 – 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1K8.

During the year ended December 31, 2016, the Company completed its transition from a Resource Issuer to a Technology Issuer within the meaning of such terms in the policies of the TSX Venture Exchange ("TSXV").

The business of technology investment involves a high degree of risk and there can be no assurance that projects under research and development will proceed through to achieve commercialization. Risks related to the value of the Company's investments and continued existence include the ability to provide continued investment in Spectrum Optix Inc. ("Spectrum"), completing proof of concept studies, protecting intellectual property rights, the ability of the Company to raise alternative financing, and risks inherent to new technologies, such as risk of obsolescence, slow adoption and competing technological advances. Changes in future conditions could require material impairment of investments.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. The Company reported a net loss of $931,690 (2016 - $363,414) for the period ended March 31, 2017 and had an accumulated deficit of $8,828,547 (December 31, 2016 - $7,922,357) as at March 31, 2017. These circumstances may cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or obtain profitable operations. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management may be required to curtail certain discretionary expenses. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements for the year ended December 31, 2016.

Basis of consolidation and presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The condensed consolidated interim financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

2. **BASIS OF PREPARATION** (cont'd…)

Use of judgments and estimates

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Recoverability of the carrying value of the Company's investment

  The fair value of the Company's investment (Note 4) requires management to determine whether there are any indications of impairment. Management evaluates the legal standing of the underlying assets of the investment and reviews the progress and development of the underlying assets in the period when making the assessment of whether there are indications of impairment for the investment.

- Assessment of control

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

- Functional currency

  The functional currency of the Company and its subsidiaries is the currency of their respective primary economic environment, and the Company reconsiders the functional currency if there is a change in events and conditions, which determined the primary economic environment.

- Going concern

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

- Deferred income tax

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

The key estimates applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is the provision for income taxes and recognition of deferred income tax assets and liabilities, assumptions applied to the Black-Scholes option pricing model to determine the fair value of options granted (Note 5), the recoverability and fair value of the Company's investment (Note 4), which requires management to make certain estimates regarding the value of those shares in relation to unquoted share prices.

3. SIGNIFICANT ACCOUNTING POLICIES

New standards not yet adopted

IFRS 9 *Financial Instruments* (Revised)

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss; in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's condensed consolidated interim financial statements has not yet been determined.

IFRS 16 *Leases*

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

4. INVESTMENT

During the year ended December 31, 2014, the Company entered into an agreement (the "Agreement"), as subsequently amended, with Spectrum, a private technology development company. Pursuant to the Agreement, the Company has been granted an option to acquire up to a 100% interest in Spectrum, as follows:

First Option: the Company has acquired a 6.6% interest in Spectrum having advanced $200,000;

Second Option: Upon exercise of the First Option, the Company has the right to acquire a further 28.4% interest in Spectrum, for an aggregate interest of 35%, in exchange of the advancement of $2,800,000 towards the development of Spectrum's lens technologies over a three-year period commencing on the date of the Agreement; and

Third Option: Upon exercise of the Second Option, the Company has the right to acquire the remaining 65% interest in Spectrum, for an aggregate interest of 100% in exchange for the issuance by the Company of such number of common shares as equals 35% of the issued and outstanding shares of the Company and such number of conditional warrants to acquire common shares of the Company as equals 35% of the warrants then outstanding in the Company up to a maximum of 72,096,977 common shares and 72,096,977 warrants, respectively.

Following the exercise of the First Option, the Company has continued to pursue the acquisition of Spectrum. The pursuit of the exercise of the Second Option is considered a Change of Business ("COB") in accordance with the policies of the TSXV, which was completed in the year ended December 31, 2016. During the period ended March 31, 2017, the Company incurred $Nil (2016 - $115,028) in transaction costs related to the COB.

In connection with the Agreement, the Company signed a finder's fee agreement payable as to:

a) $10,000 at the time the Company purchases a 3.3% interest payable in shares (66,666 common shares issued);

b) $10,000 upon the acquisition of a cumulative 6.6% interest payable in shares (57,143 common shares issued); and

c) 5% of the number of common shares of the Company issued pursuant to the Third Option; 50% of this portion will be payable in shares and 50% payable in cash, such payment not to exceed $200,000 in cash and $300,000 value in common shares.

On October 14, 2016, NexOptic increased its interest in Spectrum to 19.97%. Concurrently, it was determined that the Company exercises significant influence over Spectrum. From October 14, 2016, the Company accounts for its investment in Spectrum on an equity basis. As at March 31, 2017, the Company had advanced $2,163,000 (December 31, 2016 - $1,588,000) to Spectrum under the terms of the Agreement and earned share ownership of 26.51% (December 31, 2016 – 20.68%) in Spectrum.

(Expressed in Canadian Dollars)

4. INVESTMENT (cont'd…)

Investment in associate is as follows:

		Investment in Spectrum
Balance, December 31, 2015		610,000
Funds invested in Spectrum		998,000
Loss from investment in associate from October 14, 2016 to December 31, 2016		(102,781)
Balance, December 31, 2016		1,505,219
Funds invested in Spectrum		575,000
Loss from investment in associate in the period		(94,398)
Balance, March 31, 2017	$	1,985,821

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

		March 31, 2017
Loss for the period	$	(399,638)
Current and total assets	$	195,355
Current and total liabilities	$	256,885
Deficit	$	(61,530)

5. SHARE CAPITAL AND RESERVE

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Period ended March 31, 2017

The Company did not complete any private placements in the period ended March 31, 2017.

Year ended December 31, 2016

In June 2016, the Company completed a private placement of 4,202,000 units at a price of $0.25 per unit for gross proceeds of $1,050,500. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.35 until June 21, 2018.

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

(Expressed in Canadian Dollars)

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

c) Stock options

The Company has a stock option plan (the "Plan") in place that allows for the reservation of common shares issuable under the Plan to a maximum of 10% of the number of issued and outstanding common shares of the Company at any given time. The exercise price of each option is required to be set at the closing price of the Company's common shares on the trading day prior to the date of grant.

Stock option transactions are summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Balance, December 31, 2015	2,895,000	$ 0.20
Granted	1,800,000	0.34
Exercised	(36,667)	0.37
Expired	(150,000)	0.81
Balance, December 31, 2016	4,508,333	0.24
Granted	550,000	0.95
Exercised	(906,333)	0.22
Expired	(50,000)	0.63
Balance outstanding, March 31, 2017	4,102,000	$ 0.33
Balance exercisable, March 31, 2017	4,102,000	$ 0.33

Stock options outstanding as at March 31, 2017:

	Number	Exercise price	Expiry date
Stock Options	2,310,000	$ 0.15	September 21, 2020
	150,000	0.15	February 22, 2021
	767,000	0.40	July 5, 2021
	325,000	0.50	September 14, 2021
	550,000	0.95	January 10, 2022
	4,102,000	$ 0.33	

As at March 31, 2017, the outstanding stock options had a weighted average remaining life of 3.89 (December 31, 2016 – 3.92) years.

d) Share-based payments

During the period ended March 31, 2017, the Company granted 550,000 (2016 - 565,000) stock options with a weighted average fair value of $0.95 (2016 - $0.11). The Company recognized share-based payments expense of $520,072 (2016 - $64,199) for options granted and vesting during the period.

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the period:

	2017	2016
Risk-free interest rate	1.09%	0.66%
Expected life of options	4.86 years	4.88 years
Expected annualized volatility	125.00%	125.00%
Dividend	-	-

(Expressed in Canadian Dollars)

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

e) Warrants

Warrant transactions are summarized as follows:

	Number of Shares		Weighted Average Exercise Price
Balance, December 31, 2015	32,046,691	$	0.24
Issued	4,311,760		0.35
Exercised	(9,851,930)		0.13
Expired	(4,088,250)		0.90
Balance, December 31, 2016	22,418,271		0.19
Exercised	(13,523,527)		0.16
Balance, March 31, 2017	8,894,744	$	0.25

Warrants outstanding as at March 31, 2017:

	Number		Exercise price	Expiry date
Warrants	750,000	$	0.10	April 16, 2017 (1)
	14,080		0.20	September 16, 2017
	5,674,984		0.20	September 21, 2017
	2,455,680		0.35	June 21, 2018
	8,894,744			

(1) Exercised subsequent to period end (Note 11)

6. RELATED PARTY TRANSACTIONS

Management Compensation

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

		2017		2016
Payments to key management personnel:				
Salaries and short-term benefits	$	36,000	$	36,000
Share-based payments		316,682		12,603

During the period ended March 31, 2017, the Company was charged legal fees, included in professional fees and transaction costs, of $22,426 (2016 - $41,180) by S. Paul Simpson Law Corp., a law firm of which an officer of the Company is an employee.

During the period ended March 31, 2017, the Company was charged accounting fees of $17,275 (2016 - $9,413) by a company of which the CFO is a significant shareholder.

As at March 31, 2017, the amount of $28,103 (December 31, 2016 - $27,569) included in accounts payable is due to related parties. All balances are unsecured, non-interest-bearing, have no fixed repayment terms and are due on demand.

(Expressed in Canadian Dollars)

7. COMMITMENTS

The Company has a lease agreement for office space expiring in 2018. A total of $33,544 has been classified as deposits in the condensed consolidated interim statements of financial position.

The approximate annual minimum lease commitments are as follows:

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

8. SEGMENTED INFORMATION

The Company operates in one segment being technology investment. As at March 31, 2017, all of the Company's long-term assets are situated in Canada.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Cash and cash equivalents are carried in the condensed consolidated interim statements of financial position at fair value using a Level 1 fair value measurement. Accounts receivable and accounts payable and accrued liabilities are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and cash equivalents and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents with a high-credit quality financial institution. As at March 31, 2017, the Company had cash equivalents of $1,250,000 (December 31, 2016 - $750,000) in term deposits.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2017, the Company had a working capital of $2,879,183 (December 31, 2016 - $1,290,161). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

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

Financial risk factors (cont'd…)

Market risk (cont'd…)

a) Interest rate risk

The Company's financial asset exposed to interest rate risk consists of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes the interest rate risk is low given the current low global interest rate environment.

b) Foreign currency risk

The Company's property development and exploration work occurs in the USA in US dollars. As such, the Company is exposed to foreign currency risk in fluctuations. Fluctuations in the exchange rate between the Canadian dollar and US dollar may have a material adverse effect on the Company's business and financial condition. The Company has transitioned away from US dollar exposure following its change to a technology company. The Company has reduced its foreign currency risk by working with Canadian vendors.

As at March 31, 2017, the Company's net foreign denominated financial assets are as follows:

	Foreign currency	Canadian dollar equivalent
US dollar	$ 53,651	$ 71,410

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The Company closely monitors commodity prices to determine the appropriate strategic action to be taken by the Company.

10. CAPITAL MANAGEMENT

The Company's capital management policy is to maintain a strong but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity of $4,905,548 (December 31, 2016 - $2,828,924). In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek additional debt financing and adjust its capital spending to manage current and working capital requirements. The Company is not subject to externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the period ended March 31, 2017.

11. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2017, the Company:

a) Received proceeds of $345,000 for the exercise of 1,950,000 warrants and broker warrants; and

b) Contributed $360,000 in funds to Spectrum.