

ENWAVE CORPORATION
(The “Company”)**MANAGEMENT DISCUSSION AND ANALYSIS**
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

*This MD&A is prepared as of **December 15, 2011**, and it should be read in conjunction with the Company’s audited financial statements for the year ended September 30, 2011 and the related notes. This report covers financial information related to the year ended September 30, 2011 (“the Year”), and other relevant information available up to the date of this report.*

Some of the statements set forth in this MD&A are forward-looking statements relating to our future results of operations. Our actual results may vary from the results anticipated by these statements. Please see “Forward-Looking Statements”

All amounts are expressed in Canadian dollars unless explicitly noted.

1. Overall performance***Description of business***

EnWave Corporation was formed under the *Canada Business Corporations Act* on July 14, 1999 with the amalgamation of DRI Dehydration Research Inc. and Commonwealth Assisted Living Inc. The Company is a reporting issuer in the provinces of British Columbia, Alberta and Ontario; and its shares trade on both the TSX Venture Exchange (trading symbol: ENW) and the Frankfurt Stock Exchange (trading symbol: E4U).

EnWave Corporation (“EnWave” or “the Company”) is a Vancouver-based industrial technology company developing commercial applications for proprietary Radiant Energy Vacuum (“REV”) dehydration technology. Developed in conjunction with the University of British Columbia (“UBC”), REV is used to dehydrate food products as well as liquids containing a live or active material in bulk or in vials. Our goal is to introduce a new dehydration platform to the global stage to compete with the current industry standards: freeze drying, spray drying and air drying. The Company currently has one commercial technology, *nutraREV*[®], and four technologies in the prototype stage: *powderREV*[®], *quantaREV*[™], *freezeREV*[™] and *bioREV*[®]. In addition, the Company has acquired the North American intellectual property rights to a commercial-scale vacuum microwave technology developed in Germany by iNAP GmbH and the marketing rights from Hans Binder Maschinenbau. MIVAP[™] has now been added as a commercial offering to EnWave’s suite of technologies.

Designed for the dehydration of discrete food pieces, EnWave’s *nutraREV*[®] technology can provide similar nutritional content with improved appearance and flavour over freeze drying, which is the industry standard for dehydration in many food applications. The first commercial-scale *nutraREV*[®] machine was sold in February 2009 to a British Columbia-based blueberry producer, and the Company is now actively conducting a wide range of product development trials to evaluate a growing number of other sales and marketing opportunities around the world to generate further sales of this technology. In 2010, EnWave signed a Research & Development agreement with a subsidiary of Nestlé SA, the world’s largest food and beverages producer, and a Research & Development Agreement with Grupo Bimbo SA, to evaluate the Company’s *nutraREV*[®] technology. During the fiscal year 2011, the Company signed a Research & Development Agreement with Kellogg Company, a Technology Evaluation & Licence Option Agreement with Ocean Spray Cranberries Inc. and a Collaboration Agreement with Hormel Foods Corporation; all focusing on the use of the Company’s *nutraREV*[™] technology.

In May 2011, EnWave signed a commercial license agreement with Milne Fruit Products Inc., a leading American fruit processor, to supply REV technology for the dehydration of a variety of specified fruit products. The Agreement includes a provision for royalty payments on *nutraDried*[™] fruit products produced using EnWave’s technology. A MIVAP[™] dehydrator has been purchased for its new plant. In October 2011, the Company signed two new collaboration agreements with Milne Food Products Inc to expand the product development in a new fruit category and exclusive licensing options for two other territories within the United States where Milne Fruits is interested in potentially expanding its REV capacity.

EnWave has developed a prototype technology based on the REV platform called *powderREV*[®] which is being designed as a replacement for the expensive and time consuming process of tray freeze drying. *powderREV*[®] is a novel method for the continuous production of dried food and biological materials, including frozen or liquid food cultures, bacterial suspensions such as probiotics, viruses, proteins, enzymes, and other temperature-sensitive materials. Laboratory tests have shown that the potential benefits of *powderREV*[®] over freeze drying, also known as lyophilization, could include higher capacity and less capital cost due to faster dehydration times, smaller plant footprints, and lower energy and labour costs.

During November 2011, EnWave mutually discontinued an on-going testing agreement with Danisco AS to develop a customized *powderREV*[®] dehydration platform for their specific product areas. The parties began testing a larger scale *powderREV*[®] prototype in early 2010 to better evaluate potential product and economic advantages. In February 2011, the Company completed building and began testing a continuous pilot machine version of this prototype. The agreement was mutually discontinued due to the pilot machine having not yet achieved all project targets which would require some equipment modifications and further testing resulting in a longer development path.

During the fiscal 2011, the Company announced the development of *quantaREV*[™], a new high-speed, high-volume, continuous REV platform designed for the dehydration of food pastes, gels, liquids, or particulates such as fruit concentrates, pomace, encapsulated ingredients and biochemicals. This low temperature technology is designed to provide a higher-quality end product than what is currently produced through spray drying or air drying. In December 2010, EnWave signed a Collaboration Agreement with Grimmway Farms, the world's largest organic carrot and vegetable producer; and a Research & Development Agreement with an option to license with Bonduelle Canada Inc., a subsidiary of Bonduelle SAS for production in Canada and the eastern United States. Both agreements specifically focus on testing the *quantaREV*[™] technology. The Company successfully started up its pilot-scale *quantaREV*[™] dehydration technology, completed specific product testing and has begun customer testing associated with the said agreements.

EnWave's single-vial prototype *bioREV*[®] technology is designed to dehydrate liquid biological materials in vials such as viruses and antibodies, at temperatures above the freezing level. The Company also has a multiple-vial version of a dehydration method called *freezeREV*[™] which is designed for high-speed dehydration of live bacterial cultures and other biological materials, but starts with the matter in a frozen state. Both technologies have the potential to significantly reduce processing times and increase production speeds over conventional freeze drying. In December 2011, EnWave signed a Research Evaluation Agreement with Merck to conduct a field test to determine the feasibility of REV Technology using EnWave's new multi-vial pilot-scale equipment. In addition, EnWave granted Merck an exclusive research license to use the Company's technology and licensed patents for the duration of the evaluation and an option to obtain an exclusive commercial worldwide license to EnWave's portfolio.

Recent highlights & milestones to the date of this MD&A

During the year ended September 30, 2011, and to the date of this report, EnWave has:

- developed the *quantaREV*[™] prototype which is a high-speed, high-volume, continuous REV platform designed to dry bulk food, ingredients and biochemical at low temperatures. Successfully built a pilot-scale version of this technology and initiated customer testing;
- signed a Research and Development Agreement with an option to license with Grupo Bimbo, of Mexico, in October 2010, for testing of EnWave's *nutraREV*[®] technology;
- signed a Research and Development Agreement with an option to license with Grimmway Farms, of California, in December 2010, for testing EnWave's *quantaREV*[™] technology;
- generated \$2,493,121 in cash from the exercise of 2,238,210 warrants and finder's warrants priced at \$0.90 and \$1.15 per unit issued to shareholders under the private placement announced on December 17, 2009 and January 2011;
- closed a \$12M bought deal private placement from a syndicate of underwriters, led by Canaccord Genuity Corp., that included Laurentian Bank Securities and Clarus Securities Inc. Under the deal, the syndicate purchased 6,706,000 units at a price of \$1.80 per unit. The private placement also contained a half-warrant that expires on August 9, 2012 at an exercise price of \$2.25;

- acquired all of the patents and know-how that it had previously licensed from The University of British Columbia for Radiant Energy Vacuum ("REV") dehydration technology for \$6.1 million (approximately \$3.7 million in cash and 1.2 million common shares of EnWave). The agreement effectively doubled the number of patents pending and granted that are held by EnWave in the field of vacuum microwave dehydration technology. In addition, EnWave no longer has any royalty or other financial obligations to the University for use of the technology;
- signed a commercial license and royalty agreement with Milne Fruit Products Inc. to use REV technology for the dehydration of a variety of fruit products. A MIVAP™ dehydrator has been purchased for its new plant in the U.S., and further REV dryers may be purchased depending on expected sales volumes going forward;
- signed a Research & Development Agreement with Kellogg Company to test *nutraREV*® within a broadly defined product area that includes cereal and cereal bars over a 12 month period of exclusivity. The Agreement also provides Kellogg's with an option to license the technology at the end of this period;
- signed a Research and Development Agreement with an Option to Licence in relation to *nutraREV*® with Bonduelle Canada, Inc., a subsidiary of Bonduelle SAS for production in Canada and the eastern United States;
- received a "Notice of Allowance" from the Canadian Intellectual Property Office for its *nutraREV*® equipment and method of use patent, meaning that the patent will now be issued in Canada and is expected to be issued in other jurisdictions where the patent was filed. The Company also received a positive International Preliminary Report on Patentability ("IPRP") from the Patent Cooperation Treaty ("PCT") examiner on the Company's first patent application for *powderREV*® bulk biomaterial dehydration technology, and filed a third patent application in the United States on the commercial-scale design of its *powderREV*® technology with claims related to equipment design and methods of use;
- received positive results from a 12 month study comparing the Company's *freezeREV*™ dehydration technology against the standard industrial drying method, freeze drying ("lyophilization"), in the dehydration of pure samples of FITC-conjugated and unconjugated animal-derived monoclonal antibody;
- signed a Technology Evaluation Agreement and Market Evaluation Agreement with an option to licence, both with Milne Fruit Products Inc., of Washington, in October 2011, for expanding product development with Company's REV technology; and
- signed a Technology Evaluation and Licence Option Agreement with Ocean Spray Cranberries Inc. to test EnWave's *nutraREV*™ food dehydration technology. The agreement provides a period of up to 18 months for Ocean Spray to develop and test market dried cranberries, with an option to license the *nutraREV*™ technology at the end of this period for global production.
- signed a Collaboration Agreement with Hormel Foods Corporation to test EnWave's *nutraREV*™ food dehydration technology.
- signed a Research Evaluation Agreement with Merck, through a subsidiary, to conduct a field test to determine the feasibility of the REV Technology using the new multi-vial pilot-scale *freezeREV*™/*powderREV*™ equipment.

***nutraREV*® Food Dehydration Technology**

Interest in EnWave's *nutraREV*® technology continues to build amongst the major players across the global food industry. The Company has signed a number of new Confidentiality Agreements with both global and regional food processors, and has undertaken new testing projects to determine the potential benefits of *nutraREV*® technology to each group. The Company's pilot plant, located in Delta, B.C., has served as a focal point for interested parties to watch demonstration machines at work, and participate in trials with EnWave's scientists to produce larger scale quantities of product for introduction to test markets.

The Company's market introduction strategy is now heavily focused on the development of sales with the larger or "Tier 1" leaders in a variety of identified consumer product areas, and in developing the *nutraDRIED*[®] trademark as a co-brand with their collaborators. EnWave's management is also working to expand a number of the existing collaboration agreements with our current partners in areas where they are market leaders. Over the course of the current year, the Company signed four more collaboration agreements with food companies who see *nutraREV*[®] as a potential method for improving their existing product quality, for reducing their processing costs, or for creating new brands by drying products that they could not previously dry using existing technologies such as freeze drying or air drying.

MIVAP[™] Continuous Tray-Based Food & Ingredient Dehydration

In December 2010, the Company purchased the U.S. patents, know-how and exclusive North American marketing rights for MIVAP[™] vacuum microwave dehydration technology from iNAP GmbH ("iNAP"), a private German company. The Company also signed a long term Global Marketing and Strategic Supply Agreement with Hans Binder Maschinenbau GmbH ("Hans Binder"), a German engineering firm which controls the marketing rights for MIVAP[™] technology outside North America.

The first MIVAP[™] plant is in operation in France, and produces dried chicken stock for a major Japanese food processing company. EnWave intends to continue to market this technology to major manufacturers of dried meat purees, fragile fruit and fruit pieces, fruit and vegetable pomace and encapsulated ingredients.

In May 2011, EnWave signed its first commercial royalty-bearing license agreement for MIVAP[™] with U.S.-based Milne Fruit Products Inc. The agreement also provides for the introduction of EnWave's trademark, *nutraDRIED*[®] as a co-brand on any products marketed by Milne that are produced by EnWave's REV technologies. Hans Binder will be responsible for the delivery and start-up of the new plant expected in early 2012. EnWave negotiated the license agreement with Milne and expects to receive a commission for arranging the sale. Future royalties generated as a percentage of revenue from the ongoing use of the MIVAP[™] technology by Milne in North America will be shared 75% by EnWave and 25% by iNAP.

In October 2011, EnWave signed two new Collaboration Agreements with Milne Fruit Products Inc. under which EnWave agreed to expand the product development in a new product category and granted 18 month exclusive licensing options for two other territories within the United States. Milne Fruits has agreed to a US\$100,000 non-refundable commitment to secure the license option rights. If a second REV machine is acquired within the licensing option period this payment would be credited towards the purchase price. *quantaREV*[™] High-Volume Continuous Food & Ingredient Dehydration

The newest member of EnWave's dehydration technology suite, *quantaREV*[™], is being designed to meet the requirements of large food and chemical production companies for high-volume continuous, low-temperature dehydration of solids, liquids, granular or encapsulated products. *quantaREV*[™] will use a continuous belt design in a controlled vacuum-microwave environment with an eventual target of dehydrating up to several tonnes of material per hour. The Company has successfully started up a continuous *quantaREV*[™] pilot-scale machine at the Company's pilot plant facility in Delta, B.C. and has now initiated larger scale product testing with collaboration partner Grimmway Farms, the largest global producer of carrots and one of the largest organic farms in the world, as well as other current and potential partners.

quantaREV[™] technology could potentially provide a more economical and higher-quality alternative to hot air drying and spray drying for food and other materials such as beverage ingredients, proteins from soy, canola, milk, eggs, vegetable gums, encapsulated oils and industrial enzymes.

***powderREV*[®] Bulk Powder Dehydration**

The Company has made good progress in developing and testing its *powderREV*[®] bulk powder dehydration platform. With *powderREV*[®] EnWave is seeking an alternative to the industry standards of freeze drying, which is time consuming and expensive, and spray drying, which is a high heat environment that damages sensitive organisms. If successful, continuous, commercial-scale REV dehydration of frozen pellets or liquids containing live or active organisms into bulk powder or dried pellets would serve to reduce manufacturing and distribution costs while potentially improving retention and shelf-life of live material in the end product.

powderREV[®] technology could potentially dehydrate a wide variety of materials including probiotics and food cultures; pharmaceuticals such as vaccines, antibodies, and antibiotics; other non-regulated biologicals such as nucleic acids, peptides, cell cultures and antibodies; and certain dry food products such as including instant coffee.

During November 2011, EnWave mutually discontinued an on-going testing agreement with Danisco AS, to develop a customized *powderREV*[®] dehydration platform for their specific product areas. The parties began testing a larger scale *powderREV*[®] prototype in early 2010 to better evaluate potential product and economic advantages. In February 2011, the Company completed building and began testing a continuous pilot machine version of this prototype. The agreement was mutually discontinued due to the pilot machine having not yet achieved all project targets and would require some equipment modifications and further testing resulting in a longer development path.

EnWave's near-term goal is to identify a more suitable collaboration partner and develop *powderREV*[®] into a commercially viable method for dehydrating frozen pellets or liquid streams of food and bioactive ingredients into dried pellets or bulk powder.

***freezeREV*[™] In-vial High Speed Dehydration for Biopharmaceuticals**

EnWave's prototype *freezeREV*[™] technology provides high-speed dehydration for live and active organisms in vials with the potential for significantly lower operating costs than freeze drying. *freezeREV*[™] is intended for products which must have a minimum moisture content in order to maximize their shelf-life. Vaccines dried to very low moisture levels should be capable of withstanding longer storage at higher room temperatures without losing a significant amount of bioactivity, and therefore effectiveness.

In December 2010, EnWave's testing partner, the Saskatchewan Research Council, completed a set of viability and shelf-life tests using *freezeREV*[™] to dry samples of a live *Escherichia coli* ("E.coli") animal vaccine. Overall, the tests demonstrated positive results over the standard industry method for preserving pharmaceuticals in-vials, freeze drying. The two companies have now signed a Testing Agreement to evaluate a 250 multi-vial prototype of the technology. The Company plans to deliver a 250 multi-vial version of the technology to the SRC in 2012 in order to conduct a new set of viability and shelf-life tests on their E.coli vaccine.

In August 2011, EnWave received positive test results from a 12 month study comparing *freezeREV*[™] against the standard industrial drying method, freeze drying ("lyophilization"), in the dehydration of pure samples of FITC-conjugated and unconjugated animal-derived monoclonal antibody. The results show that the drying methods were equivalent in terms of the structural changes incurred by the protein both immediately post-dehydration, and over the course of the 12 month shelf-life period, but that the samples dried using EnWave's single-vial *freezeREV*[™] prototype were produced in 20 minutes versus the typical 48 hours required for freeze drying.

In December 2011, EnWave signed a Research Evaluation Agreement with Merck to conduct a field test to determine the feasibility of REV Technology using EnWave's new multi-vial pilot-scale equipment. In addition, EnWave granted Merck an exclusive research license to use the Company's technology and licensed patents for the duration of the evaluation and an option to obtain an exclusive commercial worldwide license to EnWave's portfolio.

***bioREV*[®] In-vial Dehydration for Live and Active Organisms**

EnWave's single-vial *bioREV*[®] prototype is undergoing testing at EnWave's laboratory in order to determine its potential for producing room temperature stable biomaterials with the goal of eliminating the need for a continuous "cold chain" from manufacturer to patient. Shelf-stable biomaterials such vaccines and antibodies could be used to increase their availability and reduce delivery costs of these products to the developing world, and to provide increased population protection against pandemics and bioterrorism attacks.

Unlike *freezeREV*[™], which is essentially an accelerated freeze drying process, *bioREV*[®] is a more gentle drying process that is intended to remove moisture from highly sensitive biomaterials that cannot withstand freezing temperatures. The timeline for commercialization of this technology is still to be determined, and will depend on the developments made in conjunction with a partner in the pharmaceutical industry.

Targets for 2012

The Company will work towards the achievement of the following six key targets over the course of the calendar year 2012:

1. Generate the first royalty revenue from the Milne commercial plant by the second quarter;
2. sign first commercial license agreement with a “Tier 1” multinational company before the end of the second quarter and multiple agreements by the end of the year,;
3. sign at least three additional collaboration agreements with “Tier 1” companies in 2012;
4. support the product development and commercialization efforts under current collaboration agreements; explore possibilities for expansion into other divisions for new REV applications;
5. design and develop a 5 foot wide commercial scale *quantaREV*TM machine for current and potential partners; and
6. Expand relationships with German and North American engineering and machine building partners to support customized machine order designs and deliveries.

Patents and trademarks

In December, 2010, the Company acquired the U.S. patents, know-how and exclusive North American marketing rights for the MIVAPTM vacuum microwave dehydration technology (“MIVAPTM”) for approximately \$1.45 million (\$550,000 cash and 550,000 EnWave common shares) from iNAP GmbH (“iNAP”), a private German company which owns the Intellectual Property. The Company has also signed a long term Global Marketing and Strategic Supply Agreement with Hans Binder.

In March 2011, the Company acquired all of the patents and know-how that it had previously licensed from The University of British Columbia for REV dehydration technology. The acquisition considerably expanded EnWave's intellectual property portfolio, and EnWave no longer has any royalty or other financial obligations to UBC for use of the technology (financial statements for the Year, Note 5).

A summary of the Company's trademarks and patent position is presented below:

Registered and applied-for trademarks:

Trademark	Status
<i>nutraREV</i> [®]	Registered in Canada and USA
<i>bioREV</i> [®]	Registered in Canada and USA
<i>powderREV</i> [®]	Registered in Canada and USA
<i>freezeREV</i> [™]	Applied for in Canada and USA
<i>nutraDRIED</i> [™]	Registered in Canada, European Union and USA
<i>nutraDRIED</i> [™] logo	Granted in Canada and applied for in USA
<i>quantaREV</i> [™]	Applied for in Canada and USA

***nutraREV*[®]-related patents:**

Topic	Ownership	Inventors	Status of patent
Low fat snack foods	EnWave Corporation	Dr. Tim Durance & Dr. Frank Liu	Granted in the U.S
Potato pieces	EnWave Corporation	Dr. Tim Durance, Dr. Rich Meyer & Dragan Macura	Granted in the U.S
Dehydrated krill	EnWave Corporation	Dr. Tim Durance & Dr. Frank Liu	Granted in the U. S.
Dried fruit	EnWave Corporation	Dr. Tim Durance, Dr. Rich Meyer & J. H. Wang	Granted in U.S.
Medicinal plants	EnWave Corporation	Dr. Tim Durance et al.	Granted in the U.S.
Dehydrated berries	EnWave Corporation	Dr. Tim Durance et al.	Granted in the U.S. and Canada
<i>nutraREV</i> [®] equipment and methods of use for dehydration of organic materials	EnWave Corporation	Dr. Tim Durance, Dr. Parastoo Yaghmaee, and Mr. Leon Fu	Patent granted in Canada; application filed in U.S., E.U. and nine other jurisdictions around the world

Other REV-related patents:

Title	Ownership	Inventors	Status of patent
MIVAP™ Equipment for drying and heat-treating food products	EnWave Corporation	Michael Wefers	Granted in US
Production of dry sponges and foams from hydrocolloids	EnWave Corporation	Dr. Tim Durance & other UBC researchers	Patent granted in Canada, China and Australia. National filing initiated in Hong Kong, EU, India, and the U.S.
Method of drying biological material including vaccines, antibiotics, enzymes and micro-organisms	EnWave Corporation	Dr. Tim Durance & other UBC researchers	Patent granted in Canada and China. National filings initiated in U.S., India, Hong Kong, EU, and Brazil
Protection of Company's proprietary <i>bioREV</i> ® equipment and methods for dehydration of vaccines and similar pharmaceutical materials	EnWave Corporation	Dr. Tim Durance, Dr. Parastoo Yaghmaee, Mr. Leon Fu, Dr. Vu Truong, Mr. Binh Pham and Dr. Robert Pike	Patent application filed, PCT reviewed and published.; National filings initiated in Canada, Europe and the U.S.
Protection of Company's proprietary equipment and methods for <i>freezeREV</i> ™ dehydration of pharmaceuticals and similar products	EnWave Corporation	Dr. Tim Durance, Dr. Parastoo Yaghmaee, Mr. Leon Fu and Dr. Robert Pike	Patent application filed, PCT reviewed and published. National filings initiated in Brazil, , Canada, China, EU, Hong Kong, India and US
Protection of Company's 1 st equipment and processes for <i>powderREV</i> ® dehydration	EnWave Corporation	Dr. Tim Durance, Mr. Leon Fu	Patent application filed as PCT
Protection of Company's 2 nd equipment and processes for large scale <i>powderREV</i> ®/ <i>quantaREV</i> ™ dehydration	EnWave Corporation	Dr. Tim Durance, Mr. Leon Fu, Dr. Parastoo Yaghmaee	Patent application filed as PCT
Protection of Company's 3 rd equipment and processes for large scale <i>powderREV</i> ®	EnWave Corporation	Mr. Leon Fu, Dr. Parastoo Yaghmaee, Dr. Tim Durance	US Patent application filed.

3. Selected annual information

(Expressed in Canadian dollars)	Years ended September 30		
	2011 \$	2010 \$	2009 \$
Revenues	217,023	131,048	496,559
Operating Loss	(4,970,897)	(3,256,955)	(1,995,835)
Loss for the year	(4,837,498)	(3,227,873)	(1,972,696)
Loss per share, basic & diluted	(0.07)	(0.06)	(0.05)
Total assets	20,313,015	6,420,067	2,210,717
Long term liabilities	Nil	Nil	Nil
Cash dividends declared	Nil	Nil	Nil

4. Financings and working capital

a) Financings

On February 9, 2011, the Company closed a bought deal private placement issuing 6,706,000 units at a price of \$1.80 per unit for aggregate gross proceeds of \$12,070,800. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to subscribe for one additional common share at an exercise price of \$2.25 per share until August 9, 2012.

The Company paid the underwriters a cash commission totalling \$844,956, and issued 670,600 agent's warrants. Each agent warrant is exercisable into one common share at a price of \$1.80 per share until August 9, 2012. The Company also issued 30,175 common shares at a deemed price of \$1.80 per share as a fiscal advisory fee to one of the agents.

During the year ended September 30, 2011 the Company raised \$2,493,121 from the exercise of 1,897,424 share purchase warrants and 340,786 agents' warrants. A further \$939,550 was raised through the exercise of 2,338,500 stock options during this period.

b) Working capital

As at September 30, 2011, the Company had a working capital of \$12,323,600 (September 30, 2010: \$5,472,467).

Cash and cash equivalents, and restricted cash as at September 30, 2011 amounted to \$11,669,450 (September 30, 2010: \$5,235,049).

As at September 30, 2011 the Company had tax receivables from Harmonized Sales Tax (HST) of \$227,402 (September 30, 2010: \$121,074), trade receivables of \$59,134 (September 30, 2010: \$38,732) and prepaid expenses, deposits and other receivables of \$157,595 (September 30, 2010: \$73,772).

Prepaid expenses, deposits and other receivables consist of prepaid expenses of \$63,890 (September 30, 2010: \$35,248) for advances to manufacturers, security deposits and certain retainers in the normal course of business, bank interest receivable of \$69,273 (September 30, 2010: \$1,776), grants from the from National Sciences and Engineering Research Council ("NSERC") of \$12,500 (September 30, 2010: \$23,974 from National Research Council), long-term deposits of \$10,872 (2010: September 30, 2010: \$10,872) and receivables from employees in payment of benefit premiums of \$1,060 (September 30, 2010: \$1,902).

The inventory of \$636,809 (September 30, 2010: \$381,498) consists of the \$620,656 cost the Company has incurred in the construction of new *nutraREV*® machines, and \$16,153 related to an older *nutraREV*® machine that recently came back from being used for testing by Riverbend Plantation in Saskatchewan.

Accounts payable and accrued liabilities of \$261,695 (September 30, 2010: \$187,380) consists of trade payables, accruals for audit services and filing fees.

Amounts due to related parties of \$138,234 (September 30, 2010: \$160,417) includes those current payables and accrued liabilities due to parties related to the Company including annual compensation bonus accrued.

Deferred revenue of \$26,861 (September 30, 2010: \$29,861) includes amounts received as deposits for work in progress.

5. Results of operations

Year ended September 30, 2011 and year ended September 30, 2010

The loss for the year was \$4,837,897 (or a loss per share of \$0.07) compared to the loss of \$3,227,873 (loss per share of \$0.06) for the year ended September 30, 2010. The breakdown of the net loss can be explained through the following elements:

	Years ended September 30		%	%
	2011	2010		
	\$	\$	Change	of operating expenses
Revenue:				
Revenues	217,023	131,048	66%	
Cost of sales	-	(10,625)	-100%	
	217,023	120,423	80%	
Expenses:				
General and administrative	1,037,000	902,228	15%	20%
Sales and marketing	279,906	162,761	72%	5%
Research and development	2,510,133	1,728,553	45%	49%
Patent amortization	623,634	-	100%	12%
Stock-based compensation	737,247	583,836	26%	14%
	5,187,920	3,377,378	54%	100%
Operating loss	(4,970,897)	(3,256,955)	365%	
Other income				
Interest income	133,399	29,082	359%	
Loss and comprehensive loss for the year	(4,837,498)	(3,227,873)	50%	

Revenues is comprised of: commission from sale of equipment and royalties of \$72,596 (2010: \$Nil), product sales and processing services of \$59,687 (2010: \$130,136) representing contract fees and the sale of microwave equipment, and testing revenue of \$84,740 (2010: \$912) representing testing of equipment.

The significant increase in interest income in the year ended September 30, 2011 was due to higher amount of investments held (average \$8 million vs. \$3.4 million) compared to fiscal year 2010.

General and administration:

The relatively modest increase in general and administration expenses reflects the growth of activity in the Company. The most substantial items in this line include: management's salaries (including accrued bonuses) of \$294,355 (2010: \$273,863), shareholder communications of \$204,912 (2010: \$229,464), accounting and audit of \$245,584 (2010: \$196,537), filing and transfer agent fees of \$72,478 (2010: \$26,014) and office expenses including rent of \$75,023 (2010: \$70,469). Other expenses included in the general and administration are: legal expenses of \$53,700 (2010: \$33,000), travel expenses of \$27,378 (2010: \$33,116), insurance expense of \$24,976 (2010: \$21,192) and non-cash amortization expense of \$38,594 (2010: \$18,573).

Sales and marketing:

The substantial increase in sales and marketing costs in 2011 as compared to 2010 reflects an increase in sales and marketing activities resulting in an increase in the total remuneration of management and consultants. Sales and marketing includes: salaries for staff of \$151,372 (2010: \$49,429) due to the full time hiring of an executive vice president of sales to focus on the sales of the Company's *nutraREV*® technology and equipment, travel expenses of \$46,226 (2010: \$42,263) to potential customers, consulting and commission fees of \$23,752 (2010: \$8,617), trade shows and conferences of \$14,567 (2010: \$21,666) due to increased activity to create awareness of the Company's technology, office expenses including insurance of \$24,538 (2010: \$34,319), legal expenses of \$18,351 (2010: \$5,559) and non-cash amortization expense of \$1,100 (2010: \$908).

Research and development:

This higher amount in research and development expenses reflect the increased R&D activity of the Company, working towards *bioREV*®, *freezeREV*™, *powderREV*® and *quantaREV*™ design and prototype development.

The most significant items in the R&D line includes the salaries and new hires of technicians, engineers, consultants and management related to R&D of \$1,165,837 (2010: \$731,588), the materials used in the construction of prototypes including other labour of \$840,771 (2010: \$521,263), technology licence and patent costs of \$209,868 (2010: \$281,714), the costs associated with R&D rent, warehouse, laboratory and pilot plant facilities of \$199,455 (2010: \$150,131); which were offset by the recovery received from National Research Council of \$148,122 (2010: \$122,188). Other research and development expenses are: office and lab expenses including repairs, maintenance, freight and shipping of \$91,138 (2010: \$50,886), travel expenses of \$31,752 (2010: \$24,389), insurance of \$27,631 (2010: \$21,440) and non-cash amortization expense of research and development equipments and patents, representing the amortization of UBC and INAP patents of \$715,437 (2010: \$69,330).

Stock-based compensation:

During the year ended September 30, 2011, the Company granted an aggregate of 967,500 incentive stock options to directors, officers, employees and a consultant.

For the options vested during the Year (including vesting of some options granted in prior periods), an amount of \$737,247 (2010: \$583,836) of stock-based compensation expense was charged to operations and to contributed surplus.

Three months ended September 30, 2011 and three months ended September 30, 2010

The Company incurred a loss of \$1,237,477 (loss per share of \$0.02) for the three months ended September 30, 2011, compared to the net loss for the three months ended September 30, 2010 of (\$879,577) (or a loss per share of \$0.02).

The breakdown of the operating revenues and expenses can be explained through the following elements:

	Three months ended September 30		%	%
	2011	2010		
	\$	\$	Change	of operating expenses
Revenue:				
Revenues	55,604	4,912	1032%	
Cost of sales	-	(10,625)	-100%	
	55,604	(5,713)	1073%	
Expenses:				
General and administrative	230,883	201,292	15%	17%
Sales and marketing	61,425	53,785	14%	5%
Research and development	536,662	454,131	18%	40%
Patent amortization	284,147	-	100%	22%
Stock-based compensation	218,558	176,196	24%	16%
	1,331,675	885,404	50%	100%
Operating loss	(1,276,071)	(891,117)	43%	
Other income				
Interest income	38,594	11,540	234%	
Loss and comprehensive loss for the period	(1,237,477)	(879,577)	41%	

Revenues is comprised of: processing services of \$20,537 (2010: \$4,000) representing contract fees and the sale of microwave equipment, testing revenue of \$34,845 (2010: \$912) representing testing of equipment, and royalty revenue of \$222 (2010: \$Nil).

The significant increase in interest income \$38,594 (2010: \$11,540) for the three months ended September 30, 2011 was due to higher amount of investments held compared to the same period of 2010.

General and administration:

During the three months ended September 30, 2011 there was a slight increase in administration expenses compared to the last quarter of 2010 due to the growth of activity in the Company. The most substantial items of general and administration expense are: management's salaries (including accrued bonuses) of \$81,187 (2010: \$48,649), shareholder communications of \$28,857 (2010: \$54,319), administration, accounting and audit of \$72,796 (2010: \$32,200), office rent including insurance \$12,834 (2010: \$14,203), other office and admin fees of \$17,499 (2010: \$14,495), filing and transfer agent fees of \$4,276 (2010: \$2,455). Other expenses included in general and administration are: legal of \$1,648 (2010: \$10,125), travel expenses of \$1,893 (2010: \$18,620) and non-cash amortization expense of \$9,894 (2010: \$6,226).

Sales and marketing:

There was a modest increase in sales and marketing expenses in the three months ended September 30, 2011 compared to the three months ended September 30, 2010 reflecting an increase in sales and marketing activities and shareholder awareness program. The most significant amounts in the sales and marketing expenses are: salaries and consulting of \$41,898 (2010: \$28,615) due to the focus on the sales of the Company's nutraREV® technology and equipment, travel expenses of \$8,189 (2010: \$12,147), and printing and promotion of \$5,962 (2010: \$12,067). Other expenses included in sales and marketing are: office expenses including insurance of \$2,832 (2010: \$603), meals and entertainment of \$2,268 (2010: \$126), and non-cash amortization expense of \$275 (2010: \$227).

Research and development:

The most significant items in the R&D line includes the salaries of engineers, technicians and management related to the R&D of \$224,264 (2010: \$164,837), the materials and other labour used in the construction of prototypes including testing of equipment of \$122,064 (2010: \$173,512), the costs associated with its warehouse, laboratory and pilot plant facilities including insurance of \$66,971 (2010: \$52,657), patent search of \$70,039 (2010: \$66,066); which were offset by the recovery received from National Sciences and Engineering Research Council of \$12,500 (2010: \$39,101 from National Research Council). Other research and development expenses are: non-cash amortization expense on R&D equipment and patents of \$649,493 (2010: \$14,575), other administrative R&D expenses including repair and maintenance of \$20,047 (2010: \$13,514), and travel, meals and entertainment expenses of \$19,919 (2010: \$8,071).

Stock-based compensation:

During the three months ended September 30, 2011, the Company granted an aggregate of 270,000 (2010: 170,000) incentive stock options to some of its employees.

For the options vested during the three months ended September 30, 2011 (including vesting of some options granted in prior periods), an amount of \$218,558 (2010: \$176,196) of stock-based compensation expense was charged to operations as contributed surplus.

6. Summary of quarterly results:

	Quarter ended (\$)							
	30-Sep 2011	30-Jun 2011 (Restated)	31-Mar 2011 (Restated)	31-Dec 2010 (Restated)	30-Sep 2010	30-Jun 2010	31-Mar 2010	31-Dec 2009
Revenue - net of cost of sales	55,604	108,400	37,561	15,458	(5,713)	3,150	63,300	59,686
Loss before other income and expenses	(1,276,071)	(1,205,497)	(1,548,146)	(941,183)	(891,117)	(940,136)	(754,794)	(670,908)
Per share basic & diluted loss	(0.02)	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)
Loss for the quarter	(1,237,477)	(1,160,479)	(1,512,467)	(927,075)	(879,577)	(932,090)	(749,748)	(666,458)
Per share, basic and diluted loss	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)
Total assets	20,313,015	21,842,267	21,687,623	7,307,227	6,420,067	6,961,699	6,053,571	2,275,693
Long term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cash dividends declared	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The amounts for the first three quarters of the fiscal year 2011 have been restated as compared to the statements originally reported by the Company. During these interim periods, the Company expensed all of its patents acquired from third parties. However, after careful examination at the end of the fiscal year, the Company reached the conclusion that it would be more appropriate to capitalize, rather than expense, patents and other intellectual property acquired from third parties. Therefore, the financial statements for the fiscal year ended September 30, 2011, show the patents acquired from UBC and MIVAP™ capitalized and depreciated as indicated in Note 5 to the financial statements. The corresponding interim financial statements have not been re-filed, as the Company is of the opinion that this decision would not have had any adverse material effect on investors' decisions.

The above table assumes that the UBC and MIVAP™ patents were capitalized at the date of acquisition, and depreciated as this presentation more clearly reflects the proper accounting treatment for such intellectual property.

The increase in assets for the December 31, 2011 quarter includes the acquisition of the MIVAP™ patents, and the March 31, 2011 quarter reflects the acquisition of the UBC patents and the \$12,070,800 private placement.

During the June 30, 2011 quarter, the Company incurred a further \$550,000 towards the UBC patent cost pursuant to a share price protection clause in the UBC patent acquisition agreement.

The quarter ended March 31, 2011 also includes higher than usual engineering expenses for *powderREV*® of \$195,534 and R&D materials of \$219,973 also for *powderREV*® due to completion and testing of a continuous pilot machine version of a larger scale *powderREV*® prototype.

The increases in total assets as at June 30, 2010 and March 31, 2010, relate to cash received through private placements, the exercise of stock options and share purchase warrants.

The decrease in gross revenues as at September 30, 2010, is the result of revenue being deferred to future periods.

7. Liquidity

As at September 30, 2011 the Company had cash and cash equivalents, restricted cash and accounts receivable of \$12,038,819 (September 30, 2010: \$5,422,508).

As indicated in Section 2(a), during the year ended September 30, 2011, the Company raised approximate gross proceeds of over \$15.5 million through the exercise of options, warrants, and a private placement, enhancing its liquidity.

The Company is working towards funding operations by realizing the sales revenue and ongoing royalties from its continuous *nutraREV*® technology, the eventual commercialization of other REV technologies currently in the prototype stage and by actively looking for new research partnerships with financial power to further develop the Company's REV technologies. There is no assurance that these initiatives will be successful.

The Company has not yet realized profitable operations and has relied on non-operational sources of financing to fund operations and, as at September 30, 2011, has an accumulated deficit of approximately \$19.9 million. The Company's ability to continue as a going concern will depend on management's ability to successfully execute its business plan, achieving profitable operations and, potentially, obtaining additional financing. There is no assurance that these initiatives will be successful.

8. Commitments

- a) The Company entered into a contribution agreement with the NRC on March 26, 1999, where the NRC will contribute a maximum of \$480,474 based on 33% of its qualifying expenditures. Commencing January 1, 2002, the contribution is repayable to the NRC at the rate of 2.3% of revenues to a maximum of \$720,711. The Company is required to continue to make royalty payments until the earlier of the original contribution being fully repaid and January 1, 2012, after which time no further payments are required. During the year ended September 30, 2011, a total of \$4,962 (2010 - \$3,014) was paid or accrued to the NRC.
- b) As part of a termination agreement dated June 30, 1998, and amended on September 5, 2006, the Company is committed to pay 2% of the cash flows, in each fiscal year subsequent to the year the Company first achieves \$500,000 of cash flows, until \$150,000 has been paid.
- c) The Company entered into various lease agreements for the rental of office space, plant facilities, and laboratory facilities. The remaining lease commitments are as follows:

Fiscal year	\$
2012	245,262
2013	208,160
2014	142,660

In addition, the Company will pay additional rent to cover its share of operating costs and property taxes.

- d) On December 6, 2010, the Company entered into an Asset Purchase Agreement to acquire the U.S. patents and know-how for the MIVAP™ from iNAP (Note 5(b)). The Company also signed a long term Global Marketing and Strategic Supply Agreement with Hans Binder Maschinenbau GmbH (“Hans Binder”), a German engineering firm which controls the marketing rights for MIVAP™ technology outside North America. The Company agreed to pay iNAP 25% of license or royalty fees paid by the Company’s customers who purchase MIVAP™ technology for use in food applications and 12.5% for non food applications in North American markets, and 50% of license or royalty fees paid by the Company’s customers who purchase MIVAP™ technology for use in food applications and 25% for non food applications in the rest of the world.

9. Off-balance sheet arrangements

There are no off-balance sheet arrangements, and no contingent liabilities.

10. Transactions with related parties

Related party transactions not elsewhere disclosed in the financial statements are as follows:

Years ended September 30	2011 (\$)	2010 (\$)
Management fees paid to a company controlled by Mr. Salvador Miranda	88,725	82,800
Management fees paid to a company controlled by Dr. Tim Durance	230,625	154,990
Management fees paid to Thompson Planning, a company controlled by Ms. Jennifer Thompson, a former Officer.	61,767	63,793
Directors fees paid to Dr. Gary Sandberg, Director	2,000	2,000
Directors fees paid to Mr. J. Hugh Wiebe, Director	2,000	-

These transactions are in the normal course of operations and are measured at the exchange amount agreed to by the related parties.

As at September 30, 2011, and September 30, 2010 the following amounts were due to related parties:

As at September 30	2011 (\$)	2010 (\$)
Amounts due to a company controlled by Dr. Tim Durance for consulting and administrative services and reimbursable expenses, and annual bonus accrual.	59,926	53,690
Amounts due to a company controlled by Mr. Salvador Miranda, for the annual bonus accrual.	5,850	4,961
Amounts due to a company controlled by Ms. Jennifer Thompson in management fees, or amounts due to her for reimbursable expenses	-	12,438
Amount due to Mr. John McNicol for the annual bonus accrual.	64,349	66,092
Amounts due to Mr. Bino Anand, for the reimbursable expenses and annual bonus accrual	6,750	-
	136,875	160,417

All amounts above are non-interest bearing.

11. Proposed transactions

There are no proposed transactions as at the date of this MD&A.

12. Critical accounting estimates

The Company prepares its financial statements in conformity with Generally Accepted Accounting Principles in Canada. The Company lists its significant accounting policies in Note 2 to its financial statements for the Year. The Company believes the following accounting policy is the most critical in fully understanding and evaluating the reported financial results:

Research and development expenditures

Research costs are expensed as incurred. Development costs are expensed as incurred unless they meet the specific criteria for deferral at which time the development costs are to be deferred to the extent that their recovery can reasonably be regarded as assured.

Stock based compensation

The Company estimates the fair value of stock options using the *Black-Scholes Option Pricing Model* which requires management to make a number of subjective assumptions for including risk-free interest rates; dividend yields; volatility of the expected market price of the Company's common shares; and the expected life of the options. The use of different assumptions could materially affect the fair value estimate.

Income Taxes

In assessing the realizability of future tax assets and the application of the valuation allowance, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The realization of future tax assets is dependent upon the generation of future taxable income during the periods in which loss carry-forwards and temporary differences are deductible. The amount of the future tax asset considered realizable is based on management's estimates of future taxable income and takes into consideration tax planning strategies that management intends to pursue. A change in management's assessment of realizability of the Company's tax loss and other tax carry-forwards could have a material impact on the Company's reported financial results.

13. Future accounting policies

International Financial Reporting Standards

The Company will issue its first annual and interim consolidated financial statements prepared under IFRS for its fiscal year ended September 30, 2012 and three months ended December 31, 2011, respectively, with restatement of comparative financial information presented. Any opening balance sheet adjustments relating to the adoption of IFRS will be reflected in the October 1, 2010 consolidated opening balance sheet which will be issued as part of the comparative financial information in the December 31, 2011 unaudited interim consolidated financial statements.

The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency activities, certain contractual arrangements, capital requirements and compensation arrangements.

In order to address these risks the Company's staff has taken certain training courses to help them identify the differences between Canadian GAAP and IFRS that affect the Company, and has retained an experienced consultant who is assisting with the scoping, assessment, design and implementation phases of IFRS. Based on this review the only expected adjustment to opening balances as at October 1, 2010 ("the date of transition") are those related to the adoption of IFRS 2, *Share-based Payment*, as discussed below. Work is currently underway to quantify the adjustments necessary to convert the Company's interim and annual consolidated financial statements for the year ending September 30, 2011, to comply with IFRS. This includes identifying and

selecting the appropriate accounting policies to follow, preparation of an October 1, 2010 consolidated opening balance sheet and 2011 comparative data under IFRS, with reconciliations from Canadian GAAP, and production of appropriate accompanying note disclosures for all periods presented. The implementation phase will culminate in the preparation of our financial reporting under IFRS beginning in the quarter ending December 31, 2011. This work is due to be complete on schedule.

Impact on Information Systems and Technology

It is anticipated that the adoption of IFRS will have some impact on information systems requirements. The main reasons for these impacts include:

- additional information required as a result of enhanced note disclosures;
- tracking of differences between IFRS and Canadian GAAP during the transition period; and
- tracking sufficient level of details within the accounting records to allow management to maintain adherence with IFRS going forward.

Management have assessed the impact on system requirements for the convergence and post-convergence periods. On account of not being heavily reliant on any complex information systems or other technology at this stage, the Company does not anticipate any significant impact to applications arising from the transition to IFRS.

Impact on Reporting and Internal Controls

For all accounting policy changes identified, the Company will assess their impact on the design and effectiveness of reporting processes and internal control over financial reporting and will ensure that all changes in accounting policies include the appropriate additional controls and procedures for future IFRS reporting requirements. Given the low number of expected changes as a result of converting to IFRS no significant impacts in this area are expected.

First-time adoption of International Financial Reporting Standards

Adoption of IFRS requires the application of IFRS 1, *First-time Adoption of International Financial Reporting Standards*, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 gives entities adopting IFRS for the first time a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The following are the optional exemptions available under IFRS 1 that the Company currently intends to elect on transition to IFRS and should not be regarded as a complete list of optional exemptions available. The Company continues to review all IFRS 1 exemptions and will implement those determined to be most appropriate in our transition to IFRS.

IFRS 1 – Business combinations

IFRS 1 permits the first-time adopter to not apply IFRS 3, *Business Combinations*, retrospectively to business combinations that occurred before the transition date. The use of this IFRS 1 exemption does not preclude a review of the terms of past acquisitions to identify any assets or liabilities that would need to be recognized or derecognized had the acquiree been applying IFRS. The exemption also applies to transactions which were accounted for as asset acquisitions under Canadian GAAP but which meet the definition of a business under IFRS. The Company has elected to apply this exemption and has not restated business combinations that occurred prior to October 1, 2010.

IFRS 1 – Share-based payments

IFRS 1 permits first-time adopters to not apply IFRS 2, *Share-based Payment*, to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the date of transition to IFRS. The Company has elected to apply this exemption under IFRS 1 which removes the requirement to retrospectively restate equity options that were granted after 7 November 2002 and vested before the date of transition to IFRS.

IFRS 9 and IAS 39 *Financial Instruments*

Under IFRS 9, on transition the Company may be required to recognize a financial liability arising from a royalty license agreement with UBC. Management is in the process of evaluating the accounting impact.

Potential Significant Impacts on Transition to IFRS

IFRS 2 – Share-based Payment

The key area identified with the greatest potential issues and its impact on the Company's financial statements is share-based payments. The Company issues share option awards to directors, officers, employees and consultants on an ongoing basis. The eligibility is dependent on staff classification and performance. The vesting conditions are solely time-based and are accounted for using graded vesting. Under the Company's stock option plan, options have a maximum term of 10 years and vest over a time period as approved by the Company's Board of Directors unless otherwise restricted by TSXV policies. Under Canadian GAAP the Company has measured the fair value of each option at the date of grant based on the average life of the instrument and then recognized the compensation expense on a straight-line basis over the vesting period. IFRS will require the Company to measure the initial fair value of each option granted based on the date that the option is expected to vest. Accordingly each tranche or installment will be accounted for as a separate arrangement and measured accordingly. IFRS also removes the option to account for forfeitures as they occur. On transition to IFRS, management will need to estimate the forfeitures that are anticipated to arise as at the grant date and include this in the fair value measurement of all share-based payments. These differences are expected to result in an opening balance sheet adjustment given that certain outstanding share option awards had not fully vested as at the date of transition and therefore fall outside the scope of the IFRS 1 exemption described above. All share options issued by the Company subsequent to the date of transition during the 2011 fiscal year will also need to be re-measured in accordance with IFRS 2 which will result in additional adjustments to amounts previously reported under Canadian GAAP.

The Company will further assess other accounting policy decisions which will be impacted by the adoption of IFRS.

Disclosure controls and forward-looking statements

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, management has concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures, subject to certain limitations indicated below, were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

14. Forward-looking statements

Certain statements in this MD&A constitute forward-looking statements, based on management's expectations, estimates and projections. All statements that address expectations or projections about the future, including statements about the Company's strategy for growth, research and development, market position, expected expenditures and financial results are forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company and other results and occurrences may differ from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation:

- EnWave's ultimate success in selling, licensing or generating a sustainable royalty stream from its *bioREV*[®], *freezeREV*[™], *nutraREV*[®], *quantaREV*[™], *powderREV*[®] and *MIVAP*[™] technologies in the biotechnology and food industries will depend, in a large part, on whether these targeted markets view our technologies ("the EnWave technologies") as safe, effective and economically beneficial. Market acceptance will also depend on the Company's ability to demonstrate that the EnWave technologies are attractive alternatives to existing options. If the Company fails to demonstrate feasibility or compete successfully against existing or potential competitors, its operating results may be adversely affected.
- EnWave's technologies targeted for use in the biotechnology industry will be subject to regulatory approval by a number of government entities, including the FDA in the United States and by comparable authorities in other countries. Technology development within this regulatory framework takes a number of years and may involve substantial expenditures. Any delays in obtaining regulatory approval would have an adverse impact on the Company's ability to earn future revenues.
- Research and development activities for new technologies are costly and may not be successful. There is no assurance that any of EnWave's technologies will be approved for marketing by the FDA or the equivalent regulatory agency of any other country. There is also no assurance that the Company will be able to generate additional technology candidates for its pipeline, either through internal research and development, or through the in-licensing or acquisition of other technologies. Even if a technology is approved for marketing by the applicable regulatory agency, there is no assurance that the Company will be able to ultimately deliver this technology on a commercial scale or obtain approvals for other technology candidates in the pipeline.
- EnWave's business is dependent upon securing proprietary rights to its technologies and the Company may be subject to intellectual property infringement claims by others or may not ultimately receive issued patents in all jurisdictions where patents are pending or for new applications.
- EnWave is currently dependent on third-party groups for developing its technology. The inability to design and build commercial scale technology in a timely manner could result in significant delays in development and commercialization of its technologies, which could adversely affect the Company's business, financial condition and results of operations.
- EnWave depends on third-party collaborators to license, co-develop and jointly commercialize some of its technologies. There is no guarantee these third-parties will meet the Company's expectations or be able to fully follow-through on their commitments to support successful commercialization of the EnWave technologies.
- The Company may face delays, difficulties or unanticipated costs in establishing licensing fees, royalties, sales, distribution and manufacturing capabilities or partnerships for its technologies which could adversely affect the Company's business, financial condition and results of operations.
- Technological developments by competitors may render EnWave's technologies obsolete.
- EnWave's business success and progress is dependent upon securing additional funding to expand its business and develop new technologies. If the Company cannot raise capital from investors or secure grants, it may limit the Company's research and development, ongoing testing programs, regulatory approvals and ultimately impact its ability to commercialize its technologies.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements were made, and the Company does not assume any obligation to update forward-looking statements if circumstances of management's beliefs, expectations or opinions should change. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

15. Financial instruments

The Company is exposed to a number of risks related to collection of receivables, settlement of liabilities and management of cash and cash equivalents. See Note 2 to the Financial Statements for the Year, for classification.

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, restricted cash, and receivables. The Company aims to protect its cash and cash equivalents from undue risk by holding them with various high credit quality financial institutions located in Canada. The Company's cash and cash equivalents consist primarily of deposit investments with commercial banks in Canada.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective when managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The ability to do this relies on the Company collecting its receivables in a timely manner and on maintaining sufficient cash on hand.

At September 30, 2011, the Company's accounts payable and accrued liabilities including amounts due to related parties were \$399,929 (September 30, 2010 - \$347,797) all of which fall due for payment within 12 months of the balance sheet date.

The Company manages liquidity risk through ongoing review of receivables balances and the following up of amounts past due and the management of its cash and cash equivalents and their allocation between cash on hand and short-term deposit.

Market risk

Market risk is the risk to the Company that the fair value or future cash flows will fluctuate due to changes in interest rates and foreign currency exchange rates.

Interest rate risk

The Company limits its exposure to interest rate risk by investing in short term investments at major Canadian financial institutions.

A 1% change in interest rates would affect the results of operations by approximately \$105,000.

Currency risk

As at September 30, 2011, all of the Company's cash and cash equivalents and restricted cash were held in Canadian dollars. While the majority of the Company's operations are in Canada, there are commission and other revenues, as well as commitments denominated in US Dollars and Euros (financial statements for the Year Note 6 (d)). The Company is affected by changes in foreign exchange rates of US Dollars and Euros relative to Canadian Dollars.

A change in the value of the US dollar by 10% relative to the Canadian dollar would affect the Company's results of operations by approximately \$30,000.

A change in the value of the Euros by 10% relative to the Canadian dollar would affect the Company's results of operations by approximately \$1,000.

16. Capital management

The Company considers its share capital and contributed surplus as capital, which at September 30, 2011 totalled \$39,783,897 (September 30, 2010: \$21,102,583).

The Company's objective when managing capital is to ensure sufficient resources are available to meet day-to-day operating requirements; to allow the Company to enhance and develop existing technology so that it can be sold to customers and to have the financial ability to expand the size of its operations. The Company manages this by issuing new share capital and warrants.

The Company's Officers take full responsibility for managing the Company's capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process.

The Company is not subject to any externally imposed capital requirements.

17. Other MD&A requirements

a) Directors and officers

Directors
Mr. Beenu Anand
Dr. Tim Durance
Mr. John McNicol
Mr. Salvador Miranda
Dr. Gary Sandberg
Mr. J. Hugh Wiebe

Officers	Position
Dr. Tim Durance	Chairman and Co-Chief Executive Officer
Mr. John McNicol	President and Co-Chief Executive Officer
Mr. Salvador Miranda	Chief Financial Officer

Copies of all previously published financial statements, management discussions, meeting materials, press releases, etc., are available on Company's website at www.enwave.net, or on the SEDAR website at www.sedar.com

Information pursuant to sections of National Instrument 51-102:

- i) Section 5.3: Please refer to Notes #1 and 2 to the financial statements for the Period.
- ii) Section 5.4: Share Capital: please refer to Note #6 to the financial statements for the Year.

As at the date of this MD&A the Company has:

- Common shares issued and outstanding: 71,563,590.
- Share purchase warrants: 4,080,786 with a weighted-average exercise price of \$2.16 per warrant. Each warrant entitles the holder to purchase one common share of the Company.
- Stock options: 4,594,000 outstanding (3,824,827 exercisable), with a weighted average exercise price of \$0.72. Each stock option entitles its holder to purchase one common share of the Company.

The fully diluted capital of the Company, including common shares, warrants and options, stands at 80,238,376 common shares as at the date of this MD&A.

On behalf of the Board

EnWave Corporation

(Signed) "John McNicol"

John McNicol
President and Co-Chief Executive Officer

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