ENWAVE CORPORATION

Management Discussion and Analysis

Three months ended December 31, 2014

Dated March 2, 2015

ENWAVE CORPORATION
(“EnWave” or “the Company”)

MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2014

1. Date of this report: March 2, 2015.

This report covers financial information related to the three months ended December 31, 2014, and other relevant information available up to the date of this report. It should be read in conjunction with the Company’s condensed consolidated interim financial statements for the three months ended December 31, 2014 and the related Notes (“Interim Financial Statements”), and annual consolidated financial statements for the year ended September 30, 2014 and its corresponding annual MD&A.

Financial results are prepared and reported in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards.

Unless otherwise explicitly indicated, all monetary amounts are expressed in Canadian dollars.

2. 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 *bio*REV®, *freeze*REV®, *nutra*REV®, *quanta*REV® and *powder*REV® 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, commercially viable scale within acceptable product quality and equipment performance standards, 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. These third parties include Bonduelle, Hormel Foods ("Hormel"), NutraDried Creations ("Creations"), Milne Fruit Products ("Milne"), CAL-SAN Enterprises ("CAL-SAN"), Natural Nutrition Limited, Napa Mountain Spice Company ("Napa Mountain"), the Canadian Vegetable and Herb Producer licensee, the Major Enzyme Producer licensee Gay Lea Foods Cooperative, a subsidiary of Merck, Sharp and Dohme ("Merck") and Sutro Biopharma ("Sutro").There is no guarantee these third-parties will meet the Company's expectations or be able to find commercial opportunities with the technology to support successful commercialization of the EnWave technologies.
- 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.

3. Overall performance

Description of business

EnWave Corporation was formed under the *Canada Business Corporations Act* on July 14, 1999. 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 is a Vancouver-based industrial technology company that offers commercial-scale dehydration machinery for applications in the food and pharmaceutical industries. EnWave's proprietary Radiant Energy Vacuum ("REV™") dehydration platforms apply microwave energy under vacuum to offer flexible, efficient, low temperature processing. EnWave's mission is to establish its REV™ technology as a new global dehydration standard: faster and more economical than freeze drying, with the ability to produce better quality products than air drying, spray drying or freeze drying. The Company currently has three commercial scale technologies, *nutra*REV®, *powder*REV® and *quanta*REV®, and two technologies in the pilot-scale stage: *freeze*REV® *and bio*REV®.

EnWave is developing the market for REV™ technology by selectively collaborating with strategic partners focused on reducing processing costs and/or creating new or improved product opportunities. EnWave strives to earn a return on its strong intellectual property position and REV™'s unique processing advantages by building a royalty stream through the licensing the technology for specific market applications. Each license agreement will restrict the partner's use of the technology to specific applications and defined the royalty terms. In addition to the potential royalty revenue, EnWave seeks to generate profits from machine sales and from its subsidiaries. EnWave' s technology has been tested in a wide range of products including fruits vegetables, herbs & spices, meats, dairy, probiotics, enzymes and vaccines along with others. This has attracted research interest from multinational companies as diverse as Nestle SA ("Nestle") and Merck, of West Point, Pennsylvania, USA.

To date the Company has signed eleven royalty-bearing licenses, opening up eight distinct market sectors for commercialization with companies that include Bonduelle, a global leader in the production of vegetables; Hormel, a major processed meat manufacturer in the United States of America; and Sutro, a company developing a protein synthesis process for the pharmaceutical industry.

In 2010 the Company acquired the North American intellectual property for a commercial-scale vacuum-microwave technology developed by INAP GmbH (Industrie-Anlagen-Planung - "INAP"), a private German company controlled by the management of Hans Binder Maschinenbau GmbH ("Binder"). In 2012 the Company acquired a controlling share position in Binder. Binder is an established German dehydration machine builder with conventional drying technology expertise.

Binder Operations

Since announcing their initial strategic partnership together in May of 2009, EnWave and Binder have developed joint commercial projects and a strong marketing and technical partnership with common interests in the global dehydration industry. With Binder's successful vacuum microwave ("VM") plant delivery in 2012 to an established fruit & vegetable drying customer in the U.S. market and a growing interest in VM technology from collaborators of EnWave, the parties agreed it was an opportune time to combine their expertise.

The strategic acquisition of Binder strengthens the Company's royalty and licensing model, bringing together EnWave's innovation, global marketing expertise, collaboration pipeline and growing patent position, with Binder's conventional dryer experience and ability to design and deliver industrial-scale turn-key plants customized for specific applications. This combination is designed to offer customers quality machinery and service with stronger protection of general know-how and intellectual property on a global basis.

Binder has secured an order book for traditional machinery in fiscal year 2014 of approximately CAD$7,000,000 and to the date of this MD&A it has secured additional orders for approximately CAD$4,380,000.

NutraDried LLP Operations

The Company holds a 51% interest in NutraDried LLP ("NutraDried"), a limited liability partnership established in the United States of America. On February 3, 2015, in an attempt to optimize efforts towards building a market for numerous REV™-dried healthy snack products, EnWave agreed with its minority partner, Lucid Capital Management ("Lucid"), to allow the transfer of Lucid's 49% equity interest in NutraDried to Creations (see Section 13, below). As part of this transaction, the existing commercial license and supply agreement between EnWave and Creations was terminated. Creations will also vend-in a combination of useful machinery, saleable product and cash to maintain it 49% interest in NutraDried. Lucid and Creations have the same majority shareholder, Mr. Hugh Wiebe, a former Director of EnWave.

NutraDried was established to develop, manufacture, market and sell 100% all-natural cheese snack products using the *nutra*DRIED™ trademark and sold under the brand Moon Cheese®. In July of 2013, NutraDried began producing cheese snack products in three specific flavours (Gouda, American Cheddar & Pepper Jack) utilizing a 100kW *nutra*REV® machine located at NutraDried's Ferndale, Washington State facility.

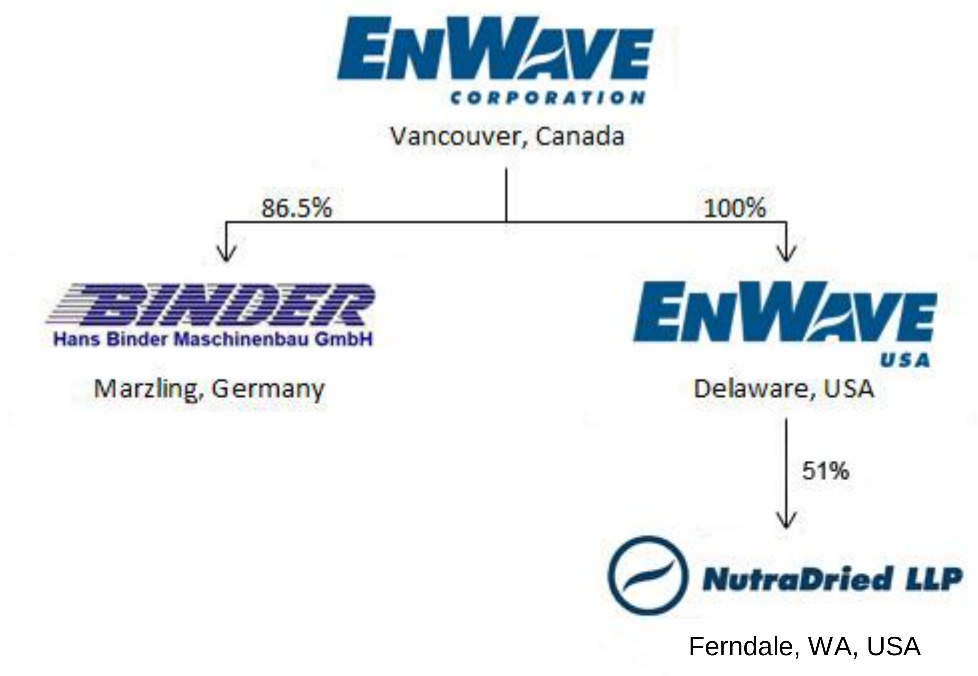
NutraDried is a commercial licensee of EnWave's REV™ technology. NutraDried has the right to use REV™ technology for the production of natural cheese snack products in the United States of America. Furthermore, NutraDried can market and sell products on a global basis. NutraDried will pay EnWave a revenue-based royalty of 5%, with a provision of up to 10% in certain scenarios.

NutraDried generated more sales revenue during the first fiscal quarter 2015 (approximately USD$450k) than the sales revenue produced for the full fiscal year 2014 (USD$220k). This sales revenue increase can be attributed to two factors; repeat orders from existing customers and an increase in point-of-sale ("POS") locations. Moon Cheese® is available for purchase in approximately 1,700 individual POS locations currently.

NutraDried has confirmed the launch of Cheddar and Gouda Moon Cheese® into 3,500 corporate locations in the United States of America as part of a sixteen week long product showcase program that begins in June 2015. During the first nine weeks, specific in-store marketing efforts will be implemented to highlight the Moon Cheese® product in the stores. The following seven weeks will be used to collect pertinent data to determine whether continued sales levels justify longer term and potentially increased distribution.

Corporate Structure

As at December 31, 2014, and the date of this MD&A, and as the result of the above transactions, the corporate structure is as follows:



Technology highlights and developments

*nutra*REV® Food Dehydration Technology

Designed for the dehydration of discrete food pieces, EnWave's *nutra*REV® technology can provide similar nutritional content with improved economy, appearance and flavour over freeze drying, which is the industry standard for dehydration in many food applications.

Widespread interest in EnWave's *nutra*REV® technology continues to grow amongst a number of diverse food companies across the globe. The Company has signed a number of new mutual non-disclosure agreements with both global and regional food processors, and has undertaken new testing projects to determine the potential benefits of *nutra*REV® technology for each group.

The Company's market introduction strategy focuses on the development of sales with both market leaders in a variety of identified consumer product areas, and entrepreneurial companies that operate in geographically segmented markets. EnWave's management is also working to expand a number of the existing collaboration agreements with our current partners where there is the opportunity for broader intra-company adoption.

***nutra*REV® Partnership Summary**					
Company	**Region**	**Product Area**	**Type**	**Machine**	**Date**
CAL-SAN	British Columbia	Blueberries	Licensee	75kW	Feb. 2009
NutraDried	United States	Cheese Snacks	Licensee	100kW	Feb. 2013
Hormel	United States	Meat Snacks	Licensee	100kW	June 2013
Napa Mountain	California	Bay leaves	Licensee	10kW	Sept. 2013
Natural Nutrition	Chile	Fruit products	Licensee	10kW	July 2014
Canadian Vegetable Producer	Undisclosed	Undisclosed	Licensee	20kW	May 2014
Gay Lea Foods	Canada	Cheese Snacks	Licensee	10kW	Nov 2014

EnWave's engineering team has improved the original *nutra*REV® design in order to increase the platform's overall efficiencies. The new larger *nutra*REV® modular design allows the Company to deliver easily customizable turn-key processing lines to accommodate different potential customer needs. The *nutra*REV® platform has been built up to 100kW in rated power currently.

Most recently, Gay Lea Foods Cooperative, a major Canadian dairy company, signed a license agreement with EnWave in November 2014. Gay Lea has developed a variety of dried cheese products using the Company's REV™ technology. Gay Lea plans to produce those products on a commercial basis beginning in 2015.

*powder*REV® *Bulk Powder Dehydration*

EnWave has developed a commercial-scale REV™ platform called *powder*REV®. It is designed to dehydrate a wide variety of materials including enzymes, probiotics and food cultures; and potentially dehydrate 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. *powder*REV® is a viable alternative for the expensive and time consuming process of tray freeze drying, as well as spray drying, which is a high heat environment that damages sensitive organisms.

Tests have shown that the potential benefits of *powder*REV® over freeze drying, also known as lyophilization, include less capital cost due to faster dehydration times, smaller plant footprints, lower energy and labour costs, and could include higher capacity. *powder*REV® can also improve the efficacy and shelf-life of biomaterials.

In May 2014, EnWave signed a commercial license for the use of *powder*REV® technology with Sutro, the first with a pharmaceutical company. Sutro has developed a proprietary biochemical protein synthesis technology that requires a drying step; therefore, they licensed EnWave's REV™ technology suite to dehydrate the cell-free extract in order to attain their desired result.

*quanta*REV® *High-Volume Continuous Food & Ingredient Dehydration*

EnWave's newest dehydration technology, *quanta*REV®, is designed to meet the requirements of large food and chemical production companies for high-volume continuous, low-temperature dehydration of food, pharmaceutical and industrial products. *quanta*REV® uses a continuous belt design in a controlled vacuum-microwave environment with an eventual target of dehydrating up to several tonnes of material per hour. This low temperature technology is designed to provide a higher-quality end product than what is currently produced through spray drying or air drying.

EnWave successfully operates a continuous *quanta*REV® pilot-scale machine at the Company's pilot plant facility in Delta, B.C. and has initiated larger scale product testing with a number of research collaborators and other potential partners.

In November 2013, EnWave signed a commercial royalty-bearing license with a division of Bonduelle, the world's leading processed vegetable producer. Bonduelle's global distribution reaches into over 100 countries worldwide, primarily selling fresh, frozen and canned vegetables. The license grants Bonduelle the exclusive global right to develop and launch dehydrofrozen ("DHF") vegetables that are processed using REV™" technology on a commercial basis.

DHF vegetables are partially dehydrated and then quickly frozen. The purpose of this process is to concentrate nutritional content, color, flavour and most importantly retain texture when cooked. When perfected, DHF vegetables can yield product qualities that are similar to fresh product. The lower moisture levels inherent of DHF products reduce or eliminate 'weeping' that typically occurs when cooking frozen vegetables.

EnWave will supply a 120kW *quanta*REV™ machine to Bonduelle for use in its North American operations in 2015 calendar year for commercial start-up and production.

*freeze*REV™ *In-vial High Speed Dehydration for Biopharmaceuticals*

EnWave's prototype *freeze*REV™ technology provides high-speed dehydration for live and active organisms in vials with the potential for significantly lower operating costs than freeze drying. *freeze*REV™ 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.

The Company offers a multiple-vial version of its *freeze*REV™ platform, which is designed for high-speed, low temperature dehydration of live bacterial cultures and other biological materials, but starts with the matter in a frozen state.

In December 2014, EnWave signed a non-exclusive Research and Development License Agreement with Merck to enable testing and advancement of the *freeze*REV® platform.

This latest license builds upon a prior agreement signed in 2012 with Merck that provided for activities on an exclusive basis. With this new arrangement, EnWave can now actively pursue additional research partners in the pharmaceutical industry in an effort to promote eventual widespread adoption of REV™ technology as a replacement for lyophilization.

Under the terms of the 10 year Agreement, both parties have established a work plan for the production of a specifically designed non-GMP REV™ dryer. EnWave will be eligible for undisclosed milestone payments associated with the progress of the project. Merck will retain an option to exclusively license REV™ for the drying of several specific vaccines.

In addition, in March 2014, EnWave entered into another testing agreement with a Tier 1 pharmaceutical company that is in the top five globally for Research and Development spending. The agreement allows the Tier 1 to test REV™ technology for the dehydration of monoclonal antibodies.

bio*REV™ *In-vial Dehydration for Live and Active Organisms

EnWave's single-vial prototype *bio*REV™ technology is designed to dehydrate liquid biological materials in vials such as viruses and antibodies, at temperatures above the freezing level, and 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 as 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 *freeze*REV™, which is a very low temperature drying process, *bio*REV™ 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.

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

During the three months ended December 31, 2014, and to the date of this MD&A, in addition to the aforementioned items, EnWave has:

- appointed three new non-executive independent directors, Ms. Mary C. Ritchie (Audit Committee Chair), Dr. Stewart Ritchie and Mr. Hugh McKinnon, to the Board of Directors;
- announced the resignation of Mr. J. Hugh Wiebe from the Board of Directors; and
- subsequent to December 31, 2014, NutraDried's minority interest was transferred from Lucid to Creations (see Section 13, below).

Patents and trademarks

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

Registered and applied-for trademarks:

Trademark	Status
*nutra*REV®	Registered in Canada and USA
*bio*REV®	Registered in Canada and USA
*powder*REV®	Registered in Canada and USA
*freeze*REV®	Registered in Canada and USA
*nutra*DRIED®	Registered in Canada, European Union and USA
quantaREV®	Registered in Canada and USA
*nutra*DRIED® logo	Registered in Canada and USA
REV™	Trademark applied for in Canada and USA

***nutra*REV®-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.
*nutra*REV® 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, New Zealand, Australia, Chile, Hong Kong and China; application filed in U.S., E.U. and six other jurisdictions around the world.
Modular *nutra*REV® for microwave vacuum-drying of organic materials	EnWave Corporation	Dr. Tim Durance, Mr. Leon Fu & Mr. Levi Cao	Granted in Canada

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., Licensed in Germany
Production of dry sponges and foams from hydrocolloids	EnWave Corporation	Dr. Tim Durance & other UBC researchers	Patent granted in Canada, China, Australia, Hong Kong and EU. National filing initiated in 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, Hong Kong and China. National filings initiated in U.S., India, EU, and Brazil.
Protection of Company's proprietary *bio*REV® 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 granted in Canada and the U.S..; National filing initiated in Europe.
Protection of Company's proprietary equipment and methods for *freeze*REV® 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 U.S.
Protection of Company's 1st equipment and processes for *powder*REV® dehydration	EnWave Corporation	Dr. Tim Durance, Mr. Leon Fu	Patent application filed as PCT. National filings initiated in Canada, EU, and U.S.
Protection of Company's 2nd equipment and processes for large scale *powder*REV®/*quanta*REV® dehydration	EnWave Corporation	Dr. Tim Durance, Mr. Leon Fu, Dr. Parastoo Yaghmaee	Patent granted in China. Patent application filed as PCT. National filings initiated in Australia, Brazil, Canada, Chile, EU, Hong Kong, India, Japan, Mexico, New Zealand and U.S.
Protection of Company's 3rd equipment and processes for large scale *powder*REV® and recycling system	EnWave Corporation	Mr. Leon Fu, Dr. Parastoo Yaghmaee, Dr. Tim Durance	US Patent application filed.
Improvements to MIVAP® equipment and processes for food dehydration	EnWave Corporation	Dr. Tim Durance, Mr. Leon Fu and Mr. Levi Cao	Patent application filed as PCT.

4. Financings and working capital

a) Financings

Subsequent to December 31, 2014, 100,000 stock options were exercised for total proceeds of $102,000.

b) Working capital

The components of the Company's working capital are:

	December 31, 2014	September 30, 2014
	$	$
Cash and cash equivalents	**4,534,677**	5,850,658
Restricted cash	**860,328**	971,289
Trade receivables	**1,037,075**	1,660,845
Receivable from related parties	**693,895**	617,073
Prepaids and other receivables	**239,832**	217,996
Inventories	**1,758,418**	1,242,843
Trade and other payables	**(1,784,157)**	(1,678,663)
Current amounts due to related parties	**(586,899)**	(693,024)
Customer deposits and deferred revenue	**(1,737,862)**	(1,573,797)
Other financial liability	**(358,075)**	(332,268)
	4,657,232	6,282,952

Restricted case is cash set aside for bank guarantees and for collateral to company credit cards.

Most of the amount receivable from related parties relates to amounts due from the minority partner in NutraDried (see Section 9(c) for details); this receivable has been extinguished subsequent to December 31, 2014.

Customer deposits and deferred revenue relate to payments received from customers in advance for work yet to be done or for work in progress that has not yet been recognized as revenue.

Amounts due to related parties relate mostly to shareholder loans in Binder (see Section 9, below).

Other financial liability related to minimum royalty payments due to a related party (see Section 9, below)

The overall working capital of the Company decreased by approximately 1.6 million due to: (a) acquisition of property, plant and equipment (see Interim Financial Statements - Statement of Cash Flows and Note 9 thereto) which includes dehydration equipment built to lease to customers by EnWave Canada; (b) decrease of long-term liabilities (see Section 6 "Summary of Quarterly Results); and (c) the structure of some machine construction contracts whereby a significant part of the payment is realized upon delivery of the equipment.

5. Results of operations

The breakdown of the consolidated operating revenues and expenses for the comparative periods is stated in the following table:

Three months ended	31-Dec-14 ($)	% of expenses	31-Dec-13 ($)	% of expenses	% Change
Revenues	2,509,646		566,256		343.2%
Direct costs	(1,942,029)		(1,044,250)		86.0%
	567,617		(477,994)		-218.7%
Expenses					
Research and development	(490,007)	27.3%	(589,980)	26.3%	-16.9%
Administrative	(460,197)	25.7%	(521,053)	23.2%	-11.7%
Amortization of intangible assets	(360,490)	20.1%	(361,422)	16.1%	-0.3%
Sales and marketing	(288,522)	16.1%	(331,779)	14.8%	-13.0%
Design and certain equipment costs	(155,283)	8.7%	(120,879)	5.4%	28.5%
Stock-based compensation	(97,244)	5.4%	(121,871)	5.4%	-20.2%
Interest expense	(29,076)	1.6%	(211,366)	9.4%	-86.2%
Gain on disposal of equipment	255	0.0%	600	0.0%	-57.5%
Finance income	18,128	-1.0%	17,659	-0.8%	2.7%
Foreign exchange gain (loss)	70,072	-3.9%	(4,745)	0.2%	-1576.8%
	(1,792,364)	100.0%	(2,244,836)	100.0%	-20.2%
Net loss for the year before tax	(1,224,747)		(2,722,830)		-55.0%
Foreign exchange translation	(274,305)		87,893		-412.1%
Total comprehensive loss	(1,499,052)		(2,634,937)		-43.1%

Revenue:

Revenue has increased mostly due to Binder's success in securing machine-building contracts during the last quarter of fiscal year 2014, and during the present fiscal period, whereas during the comparative period Binder was faced with a slowdown in work orders. Also contributing to the revenue is stronger sales by NutraDried of the cheese snacks.

Administrative expenses:

The figure is comprised of legal, administration, accounting and audit fees, shareholder communication fees, non-cash amortization of certain capital assets, management's salaries, office rent, insurance, filing and transfer agent fees and travel expenses. There is a decrease of administrative expenses in the three months ended December 31, 2014 compared to the same period of the year due changes in senior management and the resignation in June of 2014 of a Co-CEO.

Research and development expenses:

Under this heading are included the salaries of engineers, technicians and management related to the R&D, the materials and other labour used in the construction of prototypes including testing of equipment, patent search, costs associated with the Company's, laboratory and pilot plant facilities including insurance, office expenses at the plants and the R&D staff travel expenses. Other research and development expenses include non-cash amortization expense of R&D equipment.

Research and development expenses are mostly attributable only to EnWave. The lower research and development expenses during the current fiscal period are attributable to EnWave devoting more resources in the construction of equipment to be sold or leased to current and potential customers; these costs have been accordingly capitalized either as inventory or as property, plant & equipment. However research and development activities do continue.

Amortization of intangible assets:

Non-cash amortization of intangible assets relates to the patents acquired from UBC and INAP and computer software amortization.

Sales and marketing expenses:

Sales and marketing includes salaries for staff, travel expenses, consulting fees, office expenses including insurance, legal fees related to the sales effort. Sales in the comparative period were higher due to the Company's participation at a trade event in 2013, not repeating in 2014.

Stock-based compensation:

During the current fiscal period the Company granted 75,000 stock options to a Director (comparative period in 2013: 160,000 to several employees).

The amount of stock-based compensation shown in the above table reflects the vesting of options during the respective fiscal period, which was charged to operations. The basis of calculation of the fair value of the stock options is the *Black-Scholes* option pricing model; the calculation parameters are stated on Note 12(d) of the Interim Financial Statements.

Design and certain equipment costs:

These are costs incurred for the general design of equipment, as well as other costs not directly attributable to the cost of sale.

Interest expense:

This amount is mainly integrated by interest incurred on two shareholder loans outstanding for Binder; please refer to Note 14(i) and 14(ii) to the Interim Financial Statements for further explanation.

Other items:

Finance income relates to interest received on term deposit investments.

Loss on disposal of equipment is attributable to disposition of certain leasehold improvements and intangible assets.

"Other comprehensive loss" results from foreign exchange translation arising from the consolidation of both Binder and EnWave USA numbers.

6. Summary of quarterly results:

	Quarter ended ($)			
	31-Dec 2014	30-Sep 2014	30-Jun 2014	31-Mar 2014
Revenue - net of direct costs	567,617	333,876	863,575	(141,101)
Loss and comprehensive loss	(1,499,052)	(1,436,294)	(547,581)	(2,177,847)
Per share, basic and diluted	(0.02)	(0.02)	(0.01)	(0.03)
Minority Interest	(100,975)	(99,136)	(65,470)	(161,979)
Total assets	20,791,329	21,851,177	21,380,881	21,418,721
Long term liabilities	962,460	1,135,896	1,543,735	1,510,087
Cash dividends declared	Nil	Nil	Nil	Nil

	Quarter ended ($)			
	31-Dec 2013	30-Sep 2013	30-Jun 2013	31-Mar 2013
Revenue - net of direct costs	(477,994)	365,675	372,188	(14,522)
Loss and comprehensive loss	(2,634,937)	(2,283,595)	(1,803,533)	(2,098,780)
Per share, basic and diluted	(0.03)	(0.03)	(0.02)	(0.03)
Minority Interest	(206,311)	(60,446)	(34,834)	(58,260)
Total assets	23,045,109	17,657,211	18,874,763	20,317,717
Long term liabilities	1,599,025	415,124	452,955	466,192
Cash dividends declared	Nil	Nil	Nil	Nil

The substantial increase in revenue when comparing the quarters ended December 31, 2014 to December 31, 2013, is a reflection of the increase in contract work for Binder, and increase in sales from NutraDried.

The increase in total assets from the September 2013 quarter to December 2013 quarter reflects the closing of a $7.2 million private on December 20, 2013.

The decrease in revenue for the first two quarters of fiscal year 2014 are a reflection of Binder's slow start in sales during the current fiscal year, but recovering on the third and fourth quarters, and continuing into the present fiscal quarter.

7. Liquidity

As at December 31, 2014, the Company had cash and cash equivalents, restricted cash, prepaids and accounts receivable of $7,365,807 (September 30, 2014: $9,317,681).

The Company is working towards increasingly funding operations by realizing the sales revenue and ongoing royalties from its continuous *nutra*REV®, *powder*REV® and *quanta*REV® technology platforms, 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. The Company also anticipates increasing revenues from Binder operation and EnWave USA operation. There is no assurance that these initiatives will be successful.

8. Contingencies and commitments

There was no significant changes to the contingencies and commitments of the Company during the three months ended December 31, 2014.

9. Transactions and balances with related parties

a) Transactions:

Three months ended	**December 31, 2014**	December 31, 2013
	$	$
Management fees paid or accrued to a company controlled by Mr. Salvador Miranda, CFO of the Company	**59,375**	50,000
Industrial facility and office rent paid to a company controlled by a managing director of Binder.	**63,851**	64,310
Licensing fees paid or accrued to a company controlled by a managing director of Binder	**83,610**	71,822
Management fees and consulting fees paid or accrued to a company controlled by Mr. J. Hugh Wiebe, a former director of the Company	**34,080**	93,630
Industrial facility rent paid to a company controlled by Mr. J. Hugh Wiebe	**-**	29,355
Consulting fees paid to companies controlled by Mr. Alan Whittaker, CEO of Nutradried LLP	**5,386**	-
Consulting fees paid to a company controlled by Dr. Gary Sandberg , a director of the Company	**15,000**	15,750
Directors' fees paid to independent directors	**3,000**	-
	264,302	324,867

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

b) The following amounts were due to related parties:

	As at	
	December 31, 2014	September 30, 2014
Shareholder loan owed to Binder Grundstücks UG, a company controlled by Mr. Johann Binder, a managing director of Binder (current amount)	**469,440**	656,297
Non-current amount on above debt	**202,123**	121,889
Financial liability owed to INAP, a company controlled by Messrs. Johann Binder and Alfred Hoen, both managing directors of Binder (current amount)	**358,075**	332,268
Non-current amount on above liability	**760,337**	870,328
EnWave management bonus accurals, royalties payable to INAP, and sundry expenses owed to related parties mentioned in the above tables.	**117,459**	180,406
	1,907,434	2,161,188

c) As at December 31, 2014, $607,124 (September 30, 2014 - $586,138) was due from Lucid in contributions due to NutraDried. The amount was settled subsequent to December 31, 2014 (see Section 13, below). In addition, $86,415 was receivable from Creations (September 30, 2014 - $26,714).

10. Critical accounting estimates

The preparation of consolidated financial statements requires management to use estimates and assumptions about the future. Estimates are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

The following discusses the most significant accounting estimates made in the preparation of these consolidated financial statements:

Revenue recognition

The recognition of revenue as of the consolidated statement of financial position date requires the management to make significant estimates primarily relating to the percentage-of-completion method to determine the amount of work performed. The stage of completion is measured by reference to the actual contract costs incurred as a percentage of total estimated costs for each contract.

Impairment of Intangible assets

The Company tests annually whether goodwill is impaired. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. If the budgeted net income used in the value-in-use calculation had been 10% lower than management's estimates at December 31, 2014, there would be no change to the impairment assessment.

Other financial liability - Royalties payable

The Company is a party to an agreement entered into in December 2010 with INAP for the sub-licensing rights to the MIVAP® ("Microwave Vacuum Processor") technology.

The fair value of the liability on initial recognition was added to the cost of the intangible asset at the date of purchase. Subsequent changes in the liability is measured at amortized cost and recorded in the consolidated statement of comprehensive loss.

The Company's estimated liability at December 31, 2014 is $1,118,411 (September 30, 2014: $1,202,596) is based on the present value of minimum royalties payable to INAP over the life of the agreement discounted at rates of 6%. The potential variability of this estimate is significant given that it will be highly sensitive to the number of additional sub-licensees and their ultimate use of the technology. Given the length of the 5-10 year term over which the royalty is calculated, and the Company's lack of control over the licensee's actual and ultimate use of the technology which gives rise to the royalty, the Company cannot practicably determine how current estimates may change. These amounts are assessed annually.

Critical judgements in applying the entity's accounting policies

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. The Company leases certain property, plant and equipment and assesses whether substantially all the risks and rewards of ownership rests with the Company or the customer.

When assessed that substantially all the risks and rewards of ownership rests with the Company the Company records the lease payments earned; however, when assessed as a finance lease, the amounts are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Revenue recognition

The Company recognises revenue for sales of machines to certain customers. The buyer has the right to return the goods if the machine is not operating as prescribed. The Company believes that, based on past experience with similar sales, the dissatisfaction rate will not exceed 1%. The Company has therefore recognised revenue with a corresponding provision against revenue for estimated returns. If the estimate changes by 1%, revenue will be reduced by $39,600.

11. Management's responsibility for financial information

The Company's management is responsible for presentation and preparation of the annual consolidated financial statements and the Management's Discussion and Analysis ("MD&A"). The annual consolidated financial statements have been prepared in accordance with IFRS.

The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators

The annual consolidated financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present.

12. Financial instruments

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The following information is based on the Interim Financial Statements, which do not include all financial risk management information and disclosure required in the annual financial statements, and it should be read, as the rest of the document, in conjunction with the Company's annual financial statements for the fiscal year ended September 30, 2014 and the corresponding annual MD&A.

Fair values

The Company's financial instruments consist of cash and cash equivalents, restricted cash, trade receivables, other receivable, trade and other payables, amounts due to related parties, and other financial liability.

The Company's financial assets, consisting of cash and cash equivalents, restricted cash, and other receivables are all due in less than one year as shown under liquidity risk table (a) below.

The Company's financial liabilities, consisting of trade and other payable and amounts due to related parties.

Other financial liability is due within 1 – 4 years as shown under liquidity risk table (c) below.

For all financial instruments other than amounts due to related parties and other financial liability, the carrying amount is a reasonable approximation of their fair value due to the short-term nature of these instruments. The Company did not have any held-to-maturity or available-for-sale financial instruments, nor did it acquire or hold any derivative products during the three months ended December 31, 2014 and year ended September 30, 2014.

The fair value of amounts due to related parties has been estimated to approximate its carrying value as the discount factors approximate market rates applicable to the loans.

Financial risk factors

The Company is exposed to a number of risks. These risks include credit risk, liquidity risk, and market risk. The Company has established policies and procedures to manage these risks, with the objective of minimizing the adverse effects that changes in the variable factors underlying these risks could have on the Company's consolidated financial statements.

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 manages liquidity risk through ongoing management and forecasting of cash flows, budgeting, and equity financings.

Cash flow forecasting is performed to monitor cash requirements and form capital management decisions. Such forecasting takes into account current and potential customers and the Company's technology development and capital raising expectations.

The Company has an agreement with the Bank of Montreal to provide Binder with the support for bank guarantees in favour of some of its customers, to a maximum of $1,500,000.

The Company owes amounts to a related party (note 14(c)); and has two credit cards with a limit of $25,000 and $46,325, respectively (September 30, 2014 - $25,000 and $46,705). Reference should also be made to nature of operations in note 1 for further information regarding liquidity risk.

(a) Financial assets maturity table

	0 - 30	31 - 90	91- 1 year	over 1 year
Cash, cash equivalents and restricted cash	4,534,675	860,330	-	-
Trade receivables	765,805	170,917	99,884	469
Other receivables including related parties	97,239	608,107	16	-
	5,397,719	1,639,354	99,900	469

(b) Liabilities, excluding other financial liability, tax liabilities and customer deposits and deferred revenues maturity table

	0 - 30	31 - 90	91 - 1 year	over 1 year
Trade and other payables	1,318,667	367,468	19,522	38,913
Amounts due to related parties	105,860	11,601	469,439	202,123
Provisions	-	-	39,587	-
	1,424,527	379,069	528,548	241,036

(c) The Company's other financial liability consisting of undiscounted minimum royalties payable and are due as follows:

Due as at September 30, the following years	Royalties payable EUR €	Royalties payable CAD $
2015	189,295	265,732
2016	324,341	455,310
2017	421,643	591,903
2018	29,343	41,192
Total	964,622	1,354,137

Market risk

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

a) Interest rate risk

The Company is exposed to credit risk through short-term investments. 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 $50,000 (September 30, 2014: $68,000).

The Company also has loans with related parties. The interest rates are fixed and the Company considers the risk to be low.

b) Foreign exchange risk

The Company has significant minimum royalties' payable over five years in Euros. The Company manages currency risk relating to this obligation by generating Euros in its European operations. Should the Company not generate adequate Euros in European operations, currency exchange risk will exist to convert Canadian or US dollars to Euros.

The Company also has increasing number of customers with contracts denominated in US dollars.

As at December 31, 2014 all of the Company's liquid assets and liabilities were held in Canadian dollars, Euros and US dollars.

A change in the value of the Euro by 10% relative to the Canadian dollar would have affected the Company's loss for the period by approximately $4,000.

A change in the value of the US dollar by 10% relative to the Canadian dollar would affect the Company's loss for the period by approximately $13,000.

13. Subsequent events related to NutraDried

On January 30, 2015 the Company entered into a series of agreements with EnWave USA Corporation, NutraDried LLP ("NutraDried"), NutraDried Creations LLP ("Creations"), Lucid Capital Management ("Lucid") and a former director of the Company. These agreements provided for the change of ownership from Lucid's to Creations of the 49% interest in NutraDried. The agreements also provided for the collection of a US $1,000,000 receivable from NutraDried, the provision of a one-year amortizing loan, limited to USD $735,000, to a former director of the Company, and the fulfilment of USD $523,338 receivable from a related party.

14. Other MD&A requirements

a) Information pursuant to National Instrument 51-102

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

i) Section 5.3: Please refer to Notes #1, 2 and 3 to the Interim Financial Statements.

ii) Section 5.4: Share Capital: please refer to Note #12 to the Interim Financial Statements.

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

- Common shares issued and outstanding: 84,472,759.
- Stock options: 5,224,000 outstanding with a weighted average exercise price of $1.48. Each stock option entitles its holder to purchase one common share of the Company.
- Warrants: 2,117,436 outstanding with exercise price of $1.75. Each warrant entitles its holder to purchase one common share of the Company until December 20, 2015.
- Agents' warrants: 203,521 outstanding with exercise price of $1.40. Each agent's warrant entitles its holder to purchase one common share of the Company until December 20, 2015.

The fully diluted capital of the Company, including common shares, options and warrants, stands at 92,017,716 common shares.

b) Directors and officers as at the date of this MD&A[(1)(2)(3)]

Directors
Mr. John P.A. Budreski
Dr. Tim Durance
Dr. Gary Sandberg
Mr. Hugh McKinnon
Dr. Stewart Ritchie
Ms. Mary C. Ritchie [(1)]

Senior Officers	Position
Mr. John P.A. Budreski	Executive Chairman
Dr. Tim Durance	President and Chief Executive Officer
Mr. Salvador Miranda	Chief Financial Officer & Corporate Secretary
Mr. Beenu Anand [(2)]	Executive Vice-President

(1) Ms. Mary C. Ritchie was appointed an independent Director and Chair of the Audit Committee of the Company on October 6, 2014

(2) Mr. Beenu Anand stepped down from the board of directors on October 6, 2014, but continues in his role as Executive Vice-President.

(3) Mr. J. Hugh Wiebe's resignation as a director of the Company was received on December 10, 2014.

c) Contact information:

Corporate and strategic	Investor inquiries	Administration and finance
Mr. John P.A. Budreski Executive Chairman & Director Telephone (+1) 416 930 0914 jbudreski@enwave.net	Mr. Brent Charleton Senior Vice-President of Corporate Affairs Telephone (+1) 778 378 9616 bcharleton@enwave.net	Mr. Salvador Miranda Chief Financial Officer & Corporate Secretary Telephone (+1) 604 806 6110 smiranda@enwave.net

On behalf of the Board:

EnWave Corporation

(Signed) "*Tim Durance*"

Tim Durance
President and Chief Executive Officer

(Signed) "*Salvador Miranda*"

Salvador Miranda
Chief Financial Officer

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