Management Discussion and Analysis

Three and nine months ended June 30, 2015

Dated August 31, 2015

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

MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A)
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2015

1. Date of this report: August 31, 2015.

This report covers financial information related to the three and nine months ended June 30, 2015, 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 and nine months ended June 30, 2015 and the related Notes (“Interim Financial Statements”), the 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.

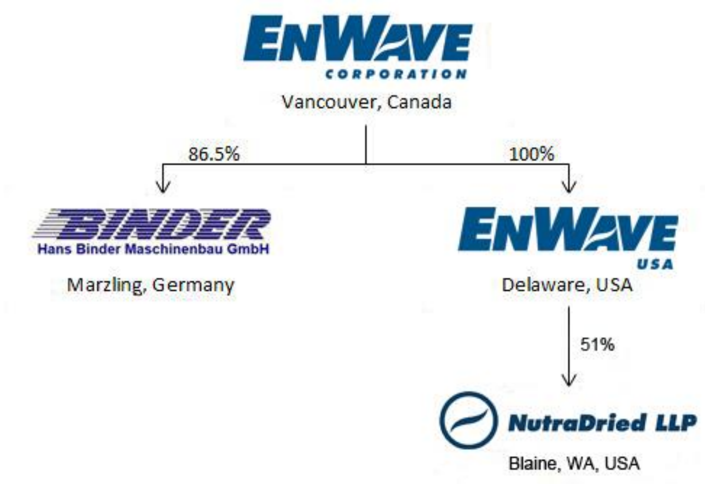
- EnWave's business is dependent upon securing proprietary rights to its technologies and the Company may be subject to intellectual property infringement claims by others or may not ultimately receive issued patents in all jurisdictions where patents are pending or for new applications.
- EnWave is 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"), Spire Enterprises Inc. ("Spire"), Milne Fruit Products ("Milne"), CAL-SAN Enterprises ("CAL-SAN"), Natural Nutrition Limited ("Natural Nutrition"), Napa Mountain Spice Company ("Napa Mountain"), the Canadian Vegetable Producer licensee, Gay Lea Foods Cooperative, Umland LLC ("Umland"), Blue Lake Spa ("Blue Lake"), Dominant Slice Ltda ("Dominant Slice") 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

Corporate structure

As at the date of this MD&A the corporate structure is as follows:



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

During the nine months ended June 30, 2015, and to the date of this MD&A, EnWave:

- appointed one new non-executive independent director, Ms. Mary C. Ritchie (Audit Committee Chair), to the Board of Directors;
- announced the resignation of Mr. J. Hugh Wiebe from the Board of Directors;
- adopted a restricted share rights plan to award restricted share rights to eligible participants to acquire up to an aggregate of 1,000,000 common shares of the Company; the restricted shares, together with stock options outstanding, cannot exceed 10% of the issued and outstanding common shares of the Company.
- announced that on January 30, 2015, NutraDried's minority interest was transferred from Lucid Capital Management to Nutradried Creations LLP ("Creations");
- announced that on August 14, 2015, NutraDried signed a Master Distribution Agreement with Spire;
- signed a commercial royalty-bearing license agreement with Gay Lea Foods Cooperative and received a purchase order for a small commercial machine for cheese snack production in Canada, which was installed in April, 2015.
- signed a commercial royalty-bearing license with Umland and received a purchase order for a small commercial machine;
- signed a commercial royalty-bearing license with Blue Lake to produce dried cheese snacks in Chile and received a purchase order for a small commercial machine;
- signed a commercial royalty-bearing license with Dominant Slice to produce cheese products in Portugal and Spain and received a purchase order for a small commercial machine;
- signed a technology evaluation and license option agreement with Perdue Farms Incorporated;
- signed a commercial royalty-bearing license with Blue Lake to produce dried cheese snacks in Chile and received a purchase order for a small commercial machine;
- signed a commercial royalty-bearing license with Dominant Slice to produce cheese products in Portugal and Spain and received a purchase order for a small commercial machine;
- signed a technology evaluation and license option agreement with Perdue Farms Incorporated;
- signed a technology evaluation and license option agreement with Ultima Foods to develop dried yogurt applications;
- signed a technology evaluation and license option agreement with Maple Leaf Foods Inc.;
- signed a technology evaluation and license option agreement with a top California table grape producer to develop crispy grape applications;
- successfully installed a small commercial machine for fruit production at Natural Nutrition in Chile to begin production;
- successfully installed a 120kW *quanta*REV® machine for Bonduelle in Canada;
- expanded the commercial royalty-bearing licence with Milne to include several additional products including beets, sweet potatoes and mint;
- announced that Hans Binder Maschinenbau GmbH ("Binder"), a subsidiary of the Company, secured CAD$4,380,000 in new conventional air dryer orders;
- signed a non-exclusive license agreement with Merck for the drying of several specific vaccines and agreed to build a second generation non-GMP REV™ machine;

- received a purchase order from Hormel Foods for a 100kW *nutra*REV® machine for the production of meat snacks in North America, and shipped machine for installation in June, 2015;
- signed a technology evaluation and license option agreement with NutraDried LLP;
- launched NutraDried LLP's Moon Cheese® product into 3,400 major coffee chain stores throughout the United States in July 2015 and received over forty additional re-orders from the major coffee chain in August 2015;
- received approval in Canada for EnWave's modular *nutra*REV® machinery patent, *powder*REV® patent and *freeze*REV® patent;
- received approval in Europe and Japan for EnWave's *quanta*REV® patent and *freeze*REV® patent in China; and,
- announced that EnWave was named to the TSX Venture 50 for the fifth time.

4. Financings and working capital

a) Financings

During the nine months ended June 30, 2015, 150,000 stock options were exercised for total proceeds of $153,000.

b) Working capital

The components of the Company's working capital are:

	June 30, 2015	September 30, 2014
	$	$
Cash and cash equivalents	**1,225,158**	5,850,658
Restricted cash	**1,492,081**	971,289
Trade receivables	**2,632,068**	1,660,845
Receivable from related parties	**674,828**	617,073
Due from customers on contract	**905,642**	81,308
Prepaids and other receivables	**157,324**	217,996
Inventories	**1,989,027**	1,242,843
Trade and other payables	**(2,863,260)**	(1,678,663)
Current amounts due to related parties	**(760,297)**	(693,024)
Customer deposits and deferred revenue	**(610,922)**	(1,655,105)
Other financial liability	**(401,320)**	(332,268)
	4,440,329	6,282,952

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

Receivable from related parties relates to the amounts due from a former director of the Company who is also a principal of Creations on a loan provided to him, and interest thereof (see Interim Financial Statements, Note 1).

Due from customers on contracts relates to work done that has been recognized as revenue using the percentage of completion method, but not invoiced to the customers yet.

The increase in inventories is due to machinery parts and work in progress by approximately $421,000 of Binder, cheese snacks and packaging supplies by approximately $31,000 of Nutradried LLP, and by approximately $294,000 for machinery parts in EnWave (Canada).

Trade and other payables increased due to Binder's cash management and their schedule of payment of contract parts by approximately $1,042,000 as well as Nutradried LLP's increase in payables of approximately $366,000 in an effort of preserving cash by optimizing the payables cycle, which was offset by a decrease in EnWave Canada payables by approximately ($163,000).

Customer deposits and deferred revenue relate to advance payments received from customers.

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

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

The overall working capital of the Company decreased by approximately $4 million due to: (a) acquisition of property, plant and equipment, (b) repayment of loans and other amounts due to related parties and other financial liabilities (see Interim Financial Statements – Statement of Cash Flows); and (c) the structure of some machine construction contracts whereby a significant part of the payment is received in different stages of construction of the equipment (see Interim Financial Statements – Statement of Cash Flows: Increase in customer deposits and deferred revenues line).

c) Goodwill impairment and going concern note

Please refer to notes 1 and 4 to the Interim Financial Statements. This quarter's financial statements introduced the inclusion of a note regarding going concern assumptions, and the impairment of goodwill as follows:

	EUR	CAD
	€	$
Balance, September 30, 2014	2,771,621	3,922,675
Adjustment for foreign exchange		(67,073)
Impairment	(2,771,621)	(3,855,602)
Balance, June 30, 2015	-	-

Over the past year, the Company has substantially increased its dedication of resources and personnel towards the advancement of its core business - the enhancement, propagation and commercialization of the REV™ technology. This has included additional pro-active sales efforts including greater attendance at trade shows, prospecting new licensees (to purchase equipment and pay royalties), de-risking the EnWave value proposition by hosting more prospective royalty-paying companies at its research and commercial facilities, decreasing the time between first research contracts and the purchase of commercial equipment, and investing more efforts to work with companies during the research phase of product development. EnWave also collaborated with its minority partner in NutraDried to reorganize and accelerate its Moon Cheese® and related businesses.

Throughout the past year, EnWave worked more closely with Binder to assist with the growth and stabilization of that business. Over the year, Binder's revenues increased substantially but the business continues to exhibit tight margins. Further, the nature of Binder's business does not provide for the development of a portfolio of manufacturing contracts that extend beyond the upcoming 12 months. With better insights into the nature of Binder's business and its trends resulting in the identification of certain indicators of impairment, the goodwill allocated to Binder from its acquisition by the Company in 2012 was fully impaired.

The Company's increased efforts in its core business increased the consumption of its cash reserves. Incremental funds were used for marketing initiatives, equipment construction, installation and commissioning of new equipment and parts and machine inventory. These efforts are now displaying returns in the form of new research agreements, new licensees and purchase orders, better technology, a more broad understanding of the commerciality of EnWave's proprietary technology and a general acceleration of the business. This investment, with its higher cash consumption rate and delays in signing new arrangements, has reduced cash in treasury, giving rise to the uncertainty over the going concern assumption. Accordingly, management has included such disclosures in the Interim Financial Statements.

EnWave remains confident that its business plan is sound, that it is achieving its objectives and that its overall business is accelerating.

5. Results of operations

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

Nine months ended	30-Jun-15 ($)	% of expenses	30-Jun-14 ($)	% of expenses	% Change
Revenues	11,647,178		2,462,488		373.0%
Direct costs	(9,176,030)		(2,218,008)		313.7%
	2,471,148		244,480		910.8%
Expenses					
Impairment of goodwill	3,855,602	40.5%	-	0.0%	100.0%
Administrative	1,977,297	20.9%	1,596,067	27.4%	23.9%
Amortization of intangible assets	1,072,579	11.3%	1,074,722	18.4%	-0.2%
Research and development	1,058,803	11.1%	1,103,782	18.9%	-4.1%
Sales and marketing	942,376	9.9%	1,023,677	17.6%	-7.9%
Design and certain equipment costs	460,050	4.8%	294,440	5.1%	56.2%
Stock-based compensation	230,554	2.4%	503,557	8.6%	-54.2%
Interest expense	57,206	0.6%	313,311	5.4%	-81.7%
Foreign exchange (gain) loss	(33,685)	-0.4%	1,387	0.0%	-2528.6%
	(108,832)	-1.1%	(83,792)	-1.4%	29.9%
	9,511,950	100.0%	5,827,151	100.0%	63.2%
Net loss for the period	(7,040,802)		(5,582,671)		26.1%
Foreign exchange translation	(261,066)		312,945		-183.4%
Total comprehensive loss	(7,301,868)		(5,269,726)		38.6%
Loss attributable to:					
Shareholders of the parent company					
Net Loss	(6,490,912)		(5,098,253)		27.32%
Foreign exchange translation	(213,184)		262,287		-181.28%
Minority interest					
Net Loss	(549,890)		(484,418)		13.52%
Foreign exchange translation	(47,882)		50,658		-194.52%
Total comprehensive loss	(7,301,868)		(5,269,726)		38.56%

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 first part of the current period, which are now at an advance stage of construction, whereas during the comparative period Binder was faced with a slowdown in work orders. Also contributing to the revenue is EnWave Canada's success in securing machine building contracts during the current fiscal year, and Nutradried's significantly increased sales of cheese snacks as demand and the number of buying customers grow.

Direct costs:

These are the costs directly related to the sales, such as cost of materials, a certain proportion of labour costs, and related overhead. They are in direct proportion to the revenue. This approximate ratio of cost of sales to revenue was approximately 60% for EnWave, 70% for Binder, and in the case of Nutradried their costs of sales exceeded their revenue by approximately 40% due to stocking up in advance of expected orders.

Impairment of goodwill:

Please refer to the explanation given in Section 4(c), above.

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.

Administrative expenses for the current period increased significantly due to increased orders on EnWave USA requiring more staff, the lease of an additional processing facility, increased sales tax, etc. Binder also contributed with an increase in administration related to the significant increase in workload due to projects, while EnWave's administration did not show a material change from the prior period.

Amortization of intangible assets:

Non-cash amortization of intangible assets relates to the patents acquired from UBC and INAP and computer software amortization. With no additions or disposals to the major intangible assets being depreciated, the acquired patents, the amortization is consistent with that of the prior year.

Research and development expenses:

These expenses include the salaries of engineers, technicians and management related to research and development activities, 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 attributable to EnWave Canada only and the numbers are very comparable to those in the same period of the prior year.

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 certain trade events then. The figures for the other two entities are approximately the same in both the current and the comparative period.

Design and certain equipment costs:

These are costs incurred by Binder for the general design of equipment, as well as other costs not directly attributable to the cost of sale. The increase is a direct result of the number and size of projects being built, as compare to the prior period.

Stock-based compensation:

During the current period the Company granted 75,000 stock options to a Director (2014: 1,430,000 stock options).

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 the statement of loss. 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 11 of the Interim Financial Statements.

The amount also includes the recognized portion of restricted share rights awarded during the period.

Interest expense:

This amount is mainly related to interest incurred on two shareholder loans outstanding for Binder; please refer to Note 13 (c)(i) and 13(c)(ii) to the Interim Financial Statements for further explanation. As a significant portion of these loans have been gradually repaid, the interest portion is considerably lower during the current period.

Other items:

Finance income relates to interest received on term deposit investments, and interest on loans. While the interest received from term deposits has diminished in proportion to the cash balance, EnWave also has interest received or receivable from certain loans that have resulted in the increase during the current period.

Gain (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.

Results for the most recent fiscal quarter:

Three months ended	30-Jun-15 ($)	% of expenses	30-Jun-14 ($)	% of expenses	% Change
Revenues	3,662,601		1,391,627		163.19%
Direct costs	(3,605,579)		(528,052)		582.81%
	57,022		863,575		-93.40%
Expenses					
Impairment of goodwill	3,855,602	65.97%	-	0.00%	100.00%
Administrative	754,106	12.90%	411,794	28.76%	83.13%
Amortization of intangible assets	354,523	6.07%	354,865	24.78%	-0.10%
Sales and marketing	349,415	5.98%	343,928	24.02%	1.60%
Research and development	295,186	5.05%	3,546	0.25%	8224.48%
Design and certain equipment costs	155,965	2.67%	44,936	3.14%	247.08%
Foreign exchange loss (gain)	61,323	1.05%	(3,080)	-0.22%	-2091.01%
Stock-based compensation	59,460	1.02%	241,186	16.85%	-75.35%
Interest expense	17,493	0.30%	35,183	2.46%	-50.28%
Finance income	(58,233)	-1.00%	(569)	-0.04%	10134.27%
	5,844,840	100.00%	1,431,789	100.00%	308.22%
Net loss for the period	(5,787,818)		(568,214)		918.60%
Foreign exchange translation	(38,550)		20,633		-286.84%
Total comprehensive income (loss)	(5,826,368)		(547,581)		964.02%
Income (Loss) attributable to:					
Shareholders of the parent company					
Net Income (Loss)	(5,474,536)		(497,283)		1000.89%
Foreign exchange translation	(31,697)		15,172		-308.92%
Minority interest					
Net Loss	(313,282)		(70,931)		341.67%
Foreign exchange translation	(6,853)		5,461		-225.49%
Total comprehensive income (loss)	(5,826,368)		(547,581)		964.02%

While the last quarter's variances are correlated to those for the year-to-date, here are some highlights:

Revenues:

Binder was significantly busier than during the comparative quarter in advancing the construction of projects. Similarly, Nutradried's cheese snack sales saw a very large increase in orders as compared with the same quarter of the previous years. EnWave's revenues were consistent.

Direct costs:

These are in direct proportion to the revenues, explaining the variance.

Impairment of goodwill:

As with the year-to-date figure, please refer to the explanation provided in Section 4(c), above.

Administrative:

The most significant increase is from Nutradried, due to the management change that took place in early 2015, adding employees and a second processing facility. Binder also saw an increase due to project workload, as well as EnWave for the same reasons.

Amortization of intangibles:

The same reasons as expressed above for the year-to-date table

Sales and marketing:

The figures are consistent with last year's quarter

Research and development:

There was little R&D work done at EnWave during last year's comparative quarter, as most work was devoted to the construction of equipment.

Design and certain equipment costs:

These amounts relate to Binder and are correlated to the size and projects in the construction line, as compared to the previous year, that was quite weak.

Stock-based compensation:

As no new stock options have been granted, the vesting amount is reduced substantially as time goes by, due to the accelerated vesting method used for the valuation of this expense.

Foreign exchange:

The drop of the value of the Canadian dollar with respect to the US dollar or the Euro explain the significant increase of this non-cash loss.

Interest expense:

As with the year-to-date figure, the loans that give rise to this expense have been gradually repaid, thus the decrease.

6. Summary of quarterly results:

	Quarter ended ($)			
	30-Jun 2015	31-Mar 2015	31-Dec 2014	30-Sep 2014
Revenue - net of direct costs	57,022	1,846,509	567,617	333,876
Loss and comprehensive loss	(5,826,368)	23,552	(1,499,052)	(1,436,294)
Per share, basic and diluted	(0.07)	0.00	(0.02)	(0.02)
Minority Interest	(320,135)	(176,662)	(100,975)	(99,136)
Total assets	16,157,946	22,218,882	20,791,329	21,932,485
Long term liabilities	572,486	653,925	962,460	1,135,896
Cash dividends declared	Nil	Nil	Nil	Nil

	Quarter ended ($)			
	30-Jun 2014	31-Mar 2014	31-Dec 2013	30-Sep 2013
Revenue - net of direct costs	863,575	(141,101)	(477,994)	365,675
Loss and comprehensive loss	(547,581)	(2,177,847)	(2,544,298)	(2,283,595)
Per share, basic and diluted	(0.01)	(0.03)	(0.03)	(0.03)
Minority Interest	(65,470)	(161,979)	(206,311)	(60,446)
Total assets	21,380,881	21,418,721	23,045,109	17,657,211
Long term liabilities	1,543,735	1,510,087	1,599,025	415,124
Cash dividends declared	Nil	Nil	Nil	Nil

The substantial increase in revenue (net of direct costs) for the quarter of March 31, 2015, compared to all the previous quarters, is a reflection of the increase in contract work for Binder and EnWave Canada, as well as increasing sales from Nutradried LLP.

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

7. Contingencies and commitments

There were no significant changes to the contingencies and commitments of the Company during the nine months ended June 30, 2015.

8. Transactions and balances with related parties

a) Transactions:

	Nine months ended		Three months ended	
	June 30, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014
	$	$	**$**	$
Management fees paid or accrued to a company controlled by Mr. Salvador Miranda, CFO of the Company	**121,875**	112,500	**31,250**	31,250
Industrial facility and office rent paid to a company controlled by a managing director of Binder.	**187,839**	199,652	**61,191**	67,316
Industrial facility and office rent paid to a company controlled by a former director of EnWave	**43,583**	-	**26,348**	-
Licensing fees paid or accrued to a company controlled by a managing director of Binder	**254,271**	213,558	**88,161**	79,724
Management fees and consulting fees paid or accrued to companies controlled by Mr. J. Hugh Wiebe, a former director of the Company	**202,774**	147,061	**92,882**	25,970
Consulting fees paid to a company controlled by a family member of Mr. John Budreski, Executive Chairman and director of the Company	**6,488**	-	**-**	-
Consulting fees paid to companies controlled by Mr. Alan Whittaker, CEO of Nutradried LLP	**58,522**	39,055	**37,326**	27,215
Consulting fees paid to a company controlled by Dr. Gary Sandberg, a director of the Company	**45,000**	45,000	**15,000**	15,000
Directors' fees paid to independent directors	**5,000**	6,000	**-**	2,000
Stock-based compensation recognized on vesting of stock options of independent directors	**57,053**	100,330	**11,925**	54,585
Restricted share rights recognized on awards to independent directors	**6,288**	-	**5,780**	-
	988,693	863,156	**369,863**	303,060

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	
	June 30, 2015	September 30, 2014
Shareholder loan owed to Binder Grundstücks UG, a company controlled by Mr. Johann Binder, a managing director of Binder (current amount)	**404,163**	656,297
Non-current amount on above debt	**22,439**	121,889
Financial liability owed to INAP, a company controlled by Messrs. Johann Binder and Alfred Hoen, both managing directors of Binder (current amount)	**401,320**	332,268
Non-current amount on above liability	**550,048**	870,328
EnWave management bonus accurals, royalties payable to INAP, and sundry expenses owed to related parties mentioned in the above tables.	**293,678**	180,406
Amounts owed to principals or companies related to principals or minority shareholders of NutraDried LLP.	**62,455**	-
Total	**1,734,103**	2,161,188

c) In addition, an amount of $697,587 (September 30, 2014 - $627,828) was receivable from related parties, of which $668,215 corresponds a former director of the Company who is a principal of Nutradried Creations (Note 1) (September 30, 2014 - $586,138 corresponded to Lucid, a company controlled the same person).

9. 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 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 June 30, 2015, there would be no change to the impairment assessment. Please see Section 4(c) above for further discussion on the impairment of goodwill.

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 June 30, 2015 is $951,367(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.

Impairment of inventory

The Company has utilised guidance under IAS 2 Inventories to determine whether inventory is carried at the lower of cost and net realisable value. This determination requires judgement, which includes among other factors, the selling price, less the estimated costs of completion and the estimated costs to make the sale.

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 approximately $102,000.

10. 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.

11. 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 nine months ended June 30, 2015 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.

As at June 30, 2015, the Company had cash and cash equivalents, restricted cash, prepaids and accounts receivable of $6,181,459 (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 EnWave USA operation. There is no assurance that these initiatives will be successful.

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 13 and Note 14(c) to the Interim Financial Statements); and has two credit cards with a limit of $25,000 and $45,906, 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	1,244,084	28,749	-	1,444,406
Trade receivables	1,789,334	457,497	385,237	-
Other receivables including related parties	56,642	670,859	-	-
	3,090,060	1,157,105	385,237	1,444,406

(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	1,256,915	1,396,692	139,382	974
Amounts due to related parties	255,549	100,585	404,163	22,438
Provisions	10,175	-	59,122	-
	1,522,639	1,497,277	602,667	23,412

(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	62,545	87,006
2016	324,341	451,191
2017	421,643	586,548
2018	29,343	40,820
Total	837,872	1,165,565

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 $21,000 (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 June 30, 2015 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 $34,000.

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 $21,000.

12. 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 #11 to the Interim Financial Statements.

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

- Common shares issued and outstanding: 84,522,759.
- Stock options: 4,867,500 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.
- Restricted share rights: 65,000 vesting on March 23, 2018.

The fully diluted capital of the Company, including common shares, options and warrants, stands at 91,776,216 common shares.

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

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	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

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

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