ENWAVE CORPORATION

Management Discussion and Analysis

Year ended September 30, 2015

(expressed in thousands of Canadian dollars)

Dated December 17, 2015

ENWAVE CORPORATION
("EnWave" or "the Company")

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Date of this report: December 17, 2015.

This Management's Discussion and Analysis ("MD&A") provides a review of EnWave Corporation's ("EnWave" or "the Company") financial performance for the year ended September 30, 2015 relative to the year ended September 30, 2014, and the financial position of the Company as at September 30, 2015. It should be read in conjunction with EnWave's Annual Information Form and its audited consolidated financial statements and accompanying notes for the years ended September 30, 2015 and 2014. The financial information contained in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"), which is the required reporting framework for Canadian publicly accountable enterprises.

All financial references are in thousands of Canadian dollars unless otherwise noted.

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 *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 that yields acceptable product quality and equipment performance standards, or competes successfully against existing or potential competitors, its operating results may be adversely affected.
- EnWave's technologies targeted for use in the pharmaceutical 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 platforms in the development 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 partially dependent on third-party groups for developing its technology. The inability to design and build commercial scale technology in a timely manner could result in significant delays in development and commercialization of its technologies, which could adversely affect the Company's business, financial condition and results of operations.
- EnWave depends on third-party collaborators to license, co-develop and jointly commercialize some of its technologies. There is no guarantee these third-parties will meet the Company's expectations or be able to 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.

Management's Responsibility for Financial Information

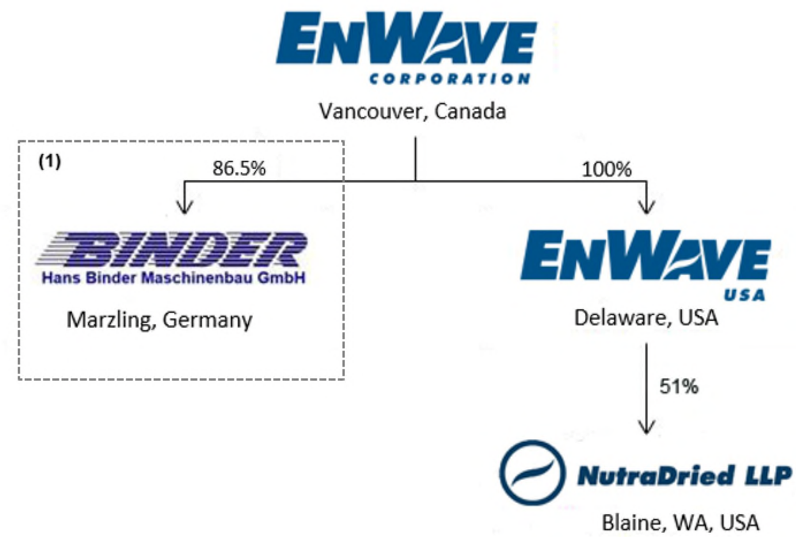
The Company's management is responsible for presentation and preparation of the annual consolidated financial statements and the MD&A. The annual consolidated financial statements have been prepared in accordance with IFRS.

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 the present judgements and estimates.

Company Structure

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



(1) Binder is classified as discontinued operations in this report and in the annual consolidated financial statements.

Company Overview

EnWave Corporation

EnWave Corporation ("EnWave" or "EnWave Canada") is a Vancouver-based industrial technology company that licenses, builds and installs commercial-scale dehydration platforms for applications in the food, pharmaceutical and industrial sectors to manufacturing companies.

EnWave's proprietary Radiant Energy Vacuum ("REV™") dehydration platforms apply microwave energy under vacuum to offer flexible, efficient, low temperature processing suitable for food products and biomaterials. The Company currently has three commercial scale technologies, *nutra*REV®, *powder*REV® and *quanta*REV® and one technology in the pilot-scale stage, *freeze*REV®.

EnWave's mission is to establish its REV™ technology as a new global dehydration standard. The Company is developing markets for its REV™ technology by selectively collaborating with strategic partners focused on reducing processing costs, increasing throughputs, and/or creating new or improved product opportunities. Management believes that REV™ technology has the ability to produce better quality products in certain applications than air drying, spray drying or freeze drying. It is also typically faster and more economical than freeze-drying.

The Company strives to grow revenues by securing multiple royalty streams through the licensing of its technology for specific market applications with a variety of royalty partners. Each commercial license agreement defines the royalty terms based on a percentage of net sales generated or units produced from the use of the REV™ technology. These agreements will also restrict the partner's use of the technology to specific applications and processing to a limited geographical area. The Company also seeks to generate profits from the sale of its REV™ machines.

Fiscal year 2015 was successful for EnWave in terms of advancing the commercialization of REV™ technology. Significant developments were made in the commercial manufacturing and engineering of the REV™ technology through enhancements to the design of the commercial-scale equipment. Additionally, commercial sales momentum has been driven by the following key initiatives:

1. Increasing resources dedicated to identifying and pursuing new prospective royalty partners;
2. Transitioning from a primarily reactive sales strategy to a focussed, proactive business development effort;
3. Expanding the number of contact points in each prospective royalty partner's business, from the executive level to the innovation and research groups;
4. Assisting prospective partners to de-risk REV™ technology adoption via product development and market development efforts;
5. Engineering and technological advancements in the design and construction of commercial-scale of REV™ machines; and

EnWave has prospective royalty partners evaluating the REV™ technology under Technology Evaluation and License Option Agreements ("TELOA"). The strategy under these arrangements is to co-develop product applications using the technology for specific partner opportunities and to ultimately convert them into commercial licenses. During fiscal year 2015 and up to the date of this document, the Company signed five new commercial royalty bearing licenses for the use of REV™ technology. EnWave's outbound business development strategy of identifying potential royalty partners that may find value in REV™ technology delivered growth in the number of TELOAs and commercial licenses granted in the year.

Large-scale commercial royalty bearing *quanta*REV® and *nutra*REV® machines were installed and commissioned at each of Hormel Foods Corporation ("Hormel") and Bonduelle Group ("Bonduelle"), respectively during the year. These multi-national food producers have commercialized new products and it is expected the Company will begin to receive royalties from sales under these commercial licences in 2016. EnWave also received six purchase orders for smaller-scale machines that are suited for material research efforts or smaller scale commercial production.

The Company's strategy with respect to existing royalty partners is to work closely with them to develop and commercialize products using REV™ technology and build future royalty streams by building production capacity.

During the year ended September 30, 2015 and up to the date of this document, the following advancements were made in the commercialization of REV™ technology:

- 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 agreement with Agricola Industrial La Lydia SA of Costa Rica to produce fruit and cheese products and received a purchase order for a small commercial machine;
- signed a commercial royalty-bearing license with Umland LLC and received a purchase order for a small commercial machine;
- signed a commercial royalty-bearing license with Lake Blue Spa 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 Lda to produce cheese snack products in Portugal and Spain and received a purchase order for a small commercial machine;
- successfully installed a small commercial machine for fruit production at Natural Nutrition Limited in Chile;
- 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;

- signed a technology evaluation and license option agreements with Perdue Farms Incorporated, Ultima Foods Incorporated, Nature's Touch Frozen Foods Inc., Maple Leaf Foods Inc., and with a top California table grape producer.

The commercialization of both *powder*REV® and *freeze*REV® technology platforms continued to advance in 2015. EnWave's two pharmaceutical partners proceeded with EnWave entering the manufacturing phase for scaled-up versions of each platform and these machines are scheduled for delivery in 2016. If results previously achieved from the use of lab-scale machinery can be replicated on these newer, scaled-up REV™ machines, Good Manufacturing Practices ("GMP") certification and FDA approval will be pursued.

The table below outlines the current position EnWave and its royalty partner pipeline. The growth strategy is to increase the number of prospective partners by entering into strategic TELOAs that provide access to diverse market verticals and advance these partners to commercial licenses.

	Initial Testing	**Technology Evaluation and License Option**	**Commercial License**	**Commercial Production**
nutraREV®	Over 30 companies	Maple Leaf Foods Perdue Farms Campofrio Ocean Spray Nestle Sun Maid Jack Link's R.J. Reynolds California Grape Producer	Dominant Slice Lake Blue Spa Umland LLC La Lydia SA	Hormel Foods Gay Lea Foods Natural Nutrition Can. Veg. Co. CAL-SAN NutraDried LLP
quantaREV®	Over 15 companies	Kellogg's Ultima Foods Nuvi Fruits Cherry Central Nature's Touch		Bonduelle
powderREV®	Over 5 companies		Sutro Biopharma Enzyme Company	
freezeREV®	Over 5 companies		Merck	
MIVAP®				Milne Fruit Products

NutraDried LLP

The Company holds a 51% partnership interest in NutraDried LLP ("NutraDried"), a limited liability partnership registered in Washington, USA. NutraDried manufactures and sells Moon Cheese®, an all-natural dried cheese snack produced using REV™ technology. Moon Cheese® is sold in over 20,000 retail locations across Canada and the United States.

Fiscal year 2015 was a successful year for NutraDried with revenue growth driven by increased consumer demand for Moon Cheese® in retail and online sales. Moon Cheese® is now sold in several major North American retail outlets, including select Whole Foods, REI, and Winco Foods in the United States, and Safeway, Sobeys, Mountain Equipment Co-op, Save-on-Foods and Thrifty Foods in Canada. NutraDried also sold Moon Cheese® to a major global coffee chain that carried it in 3,400 corporate owned stores throughout the United States. In October 2015, the major global coffee chain expanded its distribution of Moon Cheese® to 7,500 corporate stores. NutraDried's production and operations were increased during the year to keep up with the growth in demand for product. In

November 2015, the major global coffee chain confirmed the distribution of Moon Cheese will expand to their 1,400 Canadian corporate stores and the previously established distribution arrangement will extend into 2016.

During the fourth quarter of 2015, NutraDried signed a Master Distribution Agreement ("MDA") with Spire Brands, LLC ("Spire"), to broaden and accelerate the development, marketing, distribution and sales of NutraDried's product portfolio comprised of several healthy REV™ dried snack products, including, but not limited to the dried cheese snacks under the Moon Cheese® brand. The MDA, which prescribes minimum quarterly purchase commitments, appoints Spire as NutraDried's sole distributor within the United States of America.

NutraDried has demonstrated the ability for REV™ technology to operate in a large-scale commercial operation. This operation has served the Company as a showcase of the capability of large-scale commercial REV™ machinery to current and potential royalty partners. Furthermore, NutraDried's business success has established a case study for analysis by dairy companies considering the commercialization of REV™ technology into their operations. The Company's strategy is to grow the NutraDried business through additional customer acquisitions and by increasing production capacity when necessary, and to continue to demonstrate the commerciality of REV™ to potential royalty partners to advance the adoption of REV™ in the global dehydration industry.

NutraDried holds a *nutra*REV® commercial license for REV™ technology and pays a quarterly royalty to EnWave Corporation based on sales. The royalty payment from NutraDried, a subsidiary of EnWave Corporation, is eliminated from revenue in the annual consolidated financial statements. The quarterly Royalty payments from NutraDried to EnWave during the year were as follows:

($ 000's)	**2015**				
	Q1	*Q2*	*Q3*	*Q4*	*Total*
NutraDried Royalty(1)	19	12	30	56	117

(1) The royalty payment is eliminated in the Company's consolidated annual financial statements and is a Non-GAAP financial measure

Binder and Discontinued Operations

During the fourth quarter of 2015, EnWave's executive management along with its Board of Directors made the strategic decision to no longer provide financial support to the conventional air drying business of Hans Binder Maschinenbau GmbH ("Binder"), the Company's German subsidiary. The decision to no longer provide financial support to Binder was made in order to more strategically allocate the Company's resources to the higher margin advancement, manufacture, sales and royalty collection from REV™ technology. Binder's insolvency will have no impact on EnWave's ability to deliver commercial-scale REV™ machinery to its royalty-partners, and no impact on the protection of EnWave's intellectual property rights.

On September 29, 2015, Binder filed for preliminary insolvency proceedings under German Insolvency Code as it was not able to settle its normal course operating liabilities. An administrator appointed by the German court (the "Administrator") took over the operations of the company and began insolvency proceedings. A non-cash loss of $243 was recorded in the consolidated financial statements due to the loss of control of Binder. The goodwill allocated to Binder from its acquisition by the Company in 2012 was fully written-off in the third quarter of 2015. Management does not expect there to be any further financial impact to the Company.

The Company's exit from this business segment should result in improved liquidity and deployment of capital going forward. The table below shows selected annual results of the discontinued operation.

($ 000's)	**2015**	**2014**
Net loss after taxes	(4,324)	(1,956)
Cash flow from operating activities	(931)	(965)

The Company has no continuing involvement in Binder except for one letter of credit issued from EnWave to a customer of Binder as a performance guarantee on one equipment sale and installation contract. The letter of credit is collateralized by a $1,500 deposit, recorded as restricted cash in the consolidated financial statements. The Administrator and Binder have continued to advance the project according to the terms original contract and the Company is monitoring the situation closely to secure the release of the restricted funds; however, there is no guarantee that the Company will be able to secure the release of the funds.

For additional information on discontinued operations please see Note 4 of the Company's audited consolidated financial statements.

Selected annual information

The following table provides selected consolidated financial information for the periods indicated. The selected financial information below has been derived from the consolidated financial statements. Each investor should read the following in conjunction with the statements thereto.

($ '000s)	**Year ended September 30 (audited)**		
	2015	**2014**	**2013**
Revenues	5,868	1,198	527
Net loss from continuing operations	(4,993)	(5,034)	(7,246)
Loss for the year after tax	(9,317)	(6,990)	(7,890)
Per share, basic & diluted	(0.11)	(0.08)	(0.10)
Comprehensive loss for the year	(9,213)	(6,706)	(7,772)
Total assets	12,939	21,933	17,657
Long term liabilities	597	1,136	1,566
Cash dividends declared	Nil	Nil	Nil

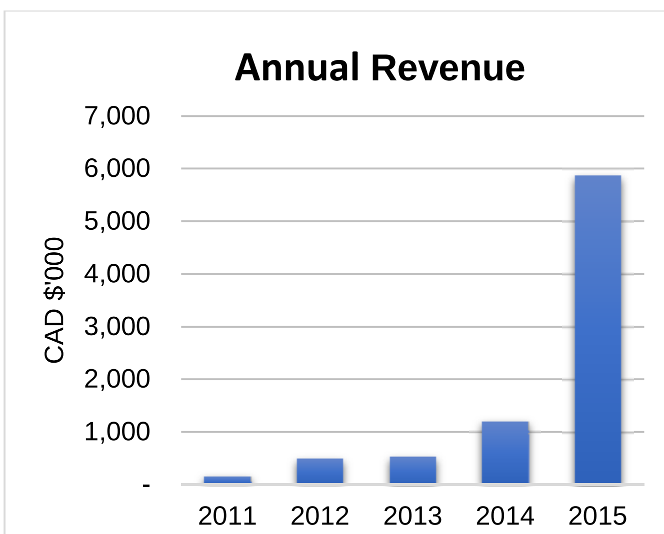
Results of operations

The breakdown of the consolidated operating revenues and expenses for the years ended September 30, 2015 and 2014 is presented in the following table:

($ '000s)	2015	*% of expenses*	2014	*% of expenses*
Revenues	5,868		1,198	
Direct costs	(4,689)		(462)	
	1,179		736	
Expenses				
General and administration	2,089	*34%*	1,445	*25%*
Amortization of intangible assets	1,420	*23%*	1,419	*25%*
Research and development	1,386	*23%*	1,591	*26%*
Sales and marketing	719	*12%*	616	*11%*
Write-down of inventory	452	*7%*	-	-
Loss on disposal of plant and equipment	-	-	106	*2%*
Stock-based compensation	261	*4%*	608	*11%*
Finance expense	81	*1%*	26	*1%*
Finance income	(107)	*-2%*	(111)	*-2%*
Foreign exchange (gain) loss	(129)	*-2%*	70	*1%*
	6,172	*100%*	5,770	*100%*
Net loss for the year from continuing operations	(4,993)		(5,034)	
Net loss for the year from discontinued operations	(4,324)		(1,956)	
Net loss for the year	(9,317)		(6,990)	

Revenue

Revenue is earned from the sale of EnWave's Canada's REV™ machinery to its royalty partners and from NutraDried's sale of Moon Cheese® into retail and wholesale distribution channels. Revenue for the year ended September 30, 2015 was $5,868, a 390% increase over revenue earned in the year ended September 30, 2014.



Revenue growth continues to be due to an increase in strategic royalty partner acquisition efforts of EnWave Canada and increased sales and distribution of Moon Cheese® by NutraDried.

EnWave Canada had revenue of $3,273 for the year ended September 30, 2015 compared to $977 in 2014. The increase in revenue of $2,296 in EnWave (Canada) is largely due to the sale of a large-scale commercial *nutra*REV® machine to Hormel Foods and revenue generated from commercial equipment contracts with Sutro Biopharma and Merck for *powder*REV® and *freeze*REV®, respectively. Revenue for EnWave Canada is contract-based and is not considered seasonal, however, fluctuations in revenue occurs based on the magnitude and volume of commercial equipment sales contracts.

Revenues from NutraDried for the year ended September 30, 2015 were $2,595 compared to $221 in 2014. The growth in revenues is attributable to increased sales and distribution activity with distributors and retail customers of Moon Cheese®. A significant portion of sales growth is due to NutraDried selling to a major global coffee chain that purchased Moon Cheese® for 3,400 corporate stores in the third and fourth quarters of 2015. In November 2015 this major global coffee chain began purchasing product for all 7,500 corporate stores in the United States and 1,400 corporate stores in Canada.

Quarterly Revenue	**2014**				**2015**			
($ 000's)	*Q1*	*Q2*	*Q3*	*Q4*	*Q1*	*Q2*	*Q3*	*Q4*
EnWave Canada	180	133	90	574	114	1,684	703	772
NutraDried	48	37	38	98	460	292	705	1,138
Total	228	170	128	672	574	1,976	1,408	1,910

Direct costs

Direct costs are comprised of the cost of materials and components, manufacturing labour and overhead costs, depreciation of manufacturing plant and equipment, warranty costs and product transportation costs. Direct costs comprise all direct costs related to the revenue generating operations of the Company and to the extent that revenue increases, we expect direct costs to increase.

The ratio of direct costs to revenue was approximately 61% for EnWave Canada in 2015, compared to 38% in 2014. The increase in the direct cost to revenue ratio in 2015 was primarily due to the shift in revenue generated from larger commercial-scale REV™ equipment in 2015 compared to early stage equipment testing and other fees comprising revenue in 2014. We expect that as revenue from REV™ equipment sales continues to grow that direct costs as a percentage of EnWave Canada's revenue will decrease due to the related royalties earned from the commercial licenses. We also expect that as we grow the number of commercial licenses that royalty revenues will grow at a faster rate than our operating costs.

The ratio of direct costs to revenue was 104% for NutraDried in 2015, compared to 189% in 2014. The narrow margin in NutraDried was due to the business scaling up commercial production volumes in the first half of the year. The ratio of direct costs to revenue in the fourth quarter of 2015 dropped to 63% due to higher production volumes in that period driven by increased demand from new customers. We believe there is opportunity for medium-term increases in the gross margin of NutraDried through continued development of the Moon Cheese® brand, increased buying power with suppliers and economies of scale achieved with increased production volumes.

General and administration

General and administration expenses consists of costs related to wages, administration, accounting and audit fees, bad debts, investor relations, non-cash amortization of certain capital assets, office rent, insurance, and other corporate expenses.

Administrative expenses for the year ended September 30, 2015 were $2,089, up from $1,445 for the year ended September 30, 2014.

($ 000's)	**2015**	**2014**
General and administration	2,089	1,445
% of revenue	36%	121%

General and administration expenses for the current period increased by 45% due to an increase in EnWave Canada bad debt expense of $249, an increase in NutraDried non-cash depreciation expense of plant and equipment with excess capacity of $292 and an increase in NutraDried personnel and facility administration expenses. The depreciation of plant and equipment with excess capacity is recorded as general and administration expense as it is not a direct cost of manufacturing product for sale. The increase to administration expenses at NutraDried was due to the increase in administration activity required to scale commercial operations during 2015.

Amortization of intangible assets

Non-cash amortization of intangible assets relates to the patents acquired from UBC and INAP and computer software amortization. There were no additions or disposals to the major intangible assets being amortized and the amortization expense remained consistent with that of the prior year.

Research and development

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.

($ 000's)	**2015**	**2014**
Research and development	1,386	1,591
% of revenue	24%	133%

Research and development expenses are attributable to EnWave Canada only and the decrease of 13% is due to more personnel and facility activity being utilised for commercial manufacturing of machines for royalty partners in the current year compared to last year when those resources were being utilized more for research and development activities.

Sales and marketing

Sales and marketing includes salaries for staff, travel expenses, consulting fees, sales freight expenses, sales commissions, office expenses, and legal fees related to selling activities.

($ 000's)	**2015**	**2014**
Sales and marketing	719	616
% of revenue	12%	51%

The increase in sales and marketing expenses were a result of increased freight and commission expenses in NutraDried of $118 due to increased sales. The increase in NutraDried sales and marketing expenses was offset by a $34 decrease in EnWave Canada's public relations expenses in 2015 compared to 2014.

Sales and marketing expenses decreased to 12% of revenue for the year ended September 30, 2015 compared to 51% for the year ended September 30, 2014. The decrease in the ratio of sales and marketing expenses to revenues is a result of sales growth without significant additional expenditures.

Write-down of inventory

The write-down of inventory was $452 for the year ended September 30, 2015 compared to nil for the year ended September 30, 2014. EnWave Canada wrote-off $265 of inventory costs incurred in past fiscal years related to prototype and other machines. The remaining $187 relates to a write-down of cheese inventory manufactured and custom packaged for one private label customer that was unsalable at NutraDried.

Stock-based compensation

Stock-based compensation expense for the year ended September 30, 2015 was $261 compared to $608 for the year ended September 30, 2014. The decrease in stock-based compensation expense is due to 105,000 stock options being granted during 2015, compared to 1,430,000 in 2014.

During 2015 the shareholders of the Company approved a Restricted Share Rights Plan (the "RSR Plan") pursuant to which the Company reserved up to a maximum of 1,000,000 common shares for Restricted Share Rights ("RSRs"). The Company awarded 80,000 RSRs under the RSR Plan and recorded an expense of $12 related to the RSRs awarded.

Selected of Quarterly Results

The following is a selected summary of quarterly results for the eight most recently completed quarters to September 30, 2015:

	2014				**2015**			
($ 000's)	*Q1*	*Q2*	*Q3*	*Q4*	*Q1*	*Q2*	*Q3*	*Q4*
Revenues	228	170	128	672	574	1,976	1,408	1,910
Direct costs	(61)	(51)	(79)	(271)	(511)	(1,493)	(1,340)	(1,345)
Gross Margin	167	119	49	401	63	483	68	565
Expenses	(1,654)	(1,720)	(570)	(1,826)	(1,283)	(1,394)	(1,630)	(1,865)
Net loss – continuing operations	(1,487)	(1,601)	(521)	(1,425)	(1,220)	(911)	(1,562)	(1,300)
Loss – discontinued operations	(1,236)	(690)	(46)	16	(4)	882	(4,227)	(975)
Net loss	(2,723)	(2,291)	(567)	(1,409)	(1,224)	(29)	(5,789)	(2,275)
Basic and diluted loss per share	(0.03)	(0.03)	(0.01)	(0.02)	(0.02)	0.00	(0.07)	(0.03)
Total assets	23,048	21,419	21,381	21,933	20,791	22,219	16,158	12,939
Total liabilities	4,072	4,211	3,946	5,496	5,429	5,721	5,208	3,628
Minority interest	(138)	(140)	124	308	534	1,242	1,141	1,242

Summary of Fourth Quarter Results

($ '000s)	**Fourth Quarter**	
	2015	**2014**
Revenues	1,910	672
Direct costs	(1,345)	(271)
	565	401
Expenses		
General and administration	702	367
Write-down of inventory	264	-
Amortization of intangible assets	355	355
Research and development	328	922
Sales and marketing	198	33
Finance expense	83	57
Stock-based compensation	30	105
Finance income	-	(81)
Foreign exchange (gain) loss	(95)	68
	1,865	1,826
Net loss for the period from continuing operations	(1,300)	(1,425)
Net (loss) income for the period from discontinued operations	(975)	16
Net loss for the period	(2,275)	(1,409)

The variances and trends impacting the fourth quarter results are similar to those of the year-to-date results discussed in *Results of Operations*. Some of the highlights of the fourth quarter are discussed below.

The following is a summary of sales by business segment:

	Fourth Quarter			
($ 000's)	***2015***	***2014***	***Change $***	***Change %***
EnWave Canada	772	574	198	34%
NutraDried	1,138	98	1,040	1,061%
Total	1,910	672	1,238	184%

Revenues from NutraDried for the fourth quarter of 2015 were $1,138 compared to $98 for the fourth quarter of 2014, with the increase in revenues being largely attributed to an increased number of distribution channels, customer acquisitions and sales to the major global coffee chain accelerating in the fourth quarter of 2015. Revenues from EnWave Canada are largely consistent from quarter-to-quarter, with an increase in the fourth quarter of 2015 due to differences in stages on commercial machine order contracts.

The direct costs in the fourth quarter of 2015 were 70% of revenues, compared to 40% of revenues for the fourth quarter of 2014. The direct cost as a percentage of revenue is higher in the fourth quarter of 2015 due to a higher ratio of sales from NutraDried LLP compared to EnWave Canada which earned a lower margin.

General and administration expenses for the fourth quarter of 2015 were $702, compared to $367 for the fourth quarter of 2014. The increase in the fourth quarter expenses is due to a $249 bad debt expense recorded by EnWave Canada and an increase in general and administration expenses related to increased production levels at NutraDried.

Research and development expenses for the fourth quarter of 2015 were $328, compared to $922 for the fourth quarter of 2014. The decrease in the fourth quarter research and development expenses is due to more EnWave Canada technical personnel and facility costs being dedicated to the manufacturing of commercial machines. The shift from R&D to commercial activity is also reflected in the increase in revenue from EnWave Canada in the fourth quarter of 2015 compared to 2014.

Liquidity and Capital Resources

Working capital

The components of the Company's working capital are:

($ '000s)	**2015**	**2014**
Current Assets		
Cash and cash equivalents	1,101	5,851
Restricted cash	1,530	971
Trade receivables	1,025	1,661
Receivables from related parties	581	617
Due from customers on contract	659	81
Prepaids, other receivables and deposits	155	218
Inventory	1,024	1,243
	6,075	**10,642**
Current Liabilities		
Trade and other payables	1,332	1,680
Amounts due to related parties	499	693
Customer deposits and deferred revenue	743	1,655
Current portion of other liability	457	332
	3,031	**4,360**
Working Capital	**3,044**	**6,282**

As at September 30, 2015, the Company had working capital of $3,044, compared to $6,282 as at September 30, 2014. The decrease in working capital is mainly due to a decrease in cash and cash equivalents arising from cash flow from continuing and discontinued operations. This decrease in working capital is partially offset by the deconsolidation of the Binder discontinued operation, which had a working capital deficit of $708 as at September 30, 2014.

Inventory as at September 30, 2015 includes machine parts in EnWave Canada of approximately $621, which is an increase of $299 compared to previous year to accommodate the increase in commercial machine orders. At NutraDried, inventory of food products and packaging supplies were approximately $403, an increase of $140 compared to previous year due to increased sales orders of Moon Cheese®. Also, included in the September 30, 2014 inventories was $658 of machinery parts and work in progress related to the discontinued Binder operations.

Trade receivables as at September 30, 2015 includes $200 of amounts owed to EnWave Canada related to equipment sales, compared to $266 in 2014, and $825 of NutraDried trade receivables, compared to $38 in 2014. The increase in NutraDried trade receivables is due to the increase in sales and there were no significant doubtful accounts. Included in the September 30, 2014 trade receivables was $1,357 related to the discontinued Binder operations.

Trade and other payables as at September 30, 2015 includes $785 of trade payables and accrued liabilities related to EnWave Canada, compared to $495 in 2014, with the increase due to increased accruals for audit and tax services and personnel related accruals; and $547 of trade payables related to NutraDried, compared to $168 in 2014. The increase in NutraDried trade and other payables is due to the increase in purchasing to accommodate higher production volumes during the year. Included in the September 30, 2014 trade and other payables was $1,017 related to the discontinued Binder operations.

Financing and liquidity

On October 22, 2015, the Company completed a bought deal private placement offering of 6,250,000 Units of the Company at a purchase price of $0.80 per Unit, for aggregate gross proceeds of $5,000. The proceeds from the private placement offering are intended to meet the Company's funding requirements for general corporate purposes and to provide appropriate levels of liquidity.

Our working capital needs will continue to grow with revenue growth. We believe that the proceeds raised from the October 2015 private placement, along with ongoing operations and associated cash flow, will provide sufficient liquidity to continue financing our planned growth in the near term, and that we will have access to additional capital as we further expand.

NutraDried entered into the MDA with Spire in August 2015 that is discussed under *Company Overview*. As part of the MDA, Spire will advance NutraDried 50% of the open orders at the beginning of each month by way of advanced deposit on orders. This facility provides NutraDried with short-term liquidity and working capital on orders as sales of that business grows. As at September 30, 2015 there was $225 advanced under the facility that was recorded as deferred revenue in the annual consolidated financial statements.

The Company is working toward increasingly funding operations through cash flows generated from machine sales and royalties from the commercialization of *nutra*REV®, *quanta*REV®, p*owder*REV® and *freeze*REV® technologies and commercialization of other REV™ technologies currently in the prototype stage. The Company experienced positive momentum in the commercialization activities during 2015 and plans to obtain further liquidity from commercial sales in the future.

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

Contractual obligations

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table provides information about certain of the Company's significant contractual obligations as at September 30, 2015:

($ '000s)	**Due within 1 year**	**Due between 1 - 3 years**	**Due after 3 years**	**Total**
Financial liabilities				
Trade and other payables	1,332	–	–	1,332
Amounts due to related parties	499	–	–	499
Other liability	457	597	–	1,054
	2,288	**597**	**–**	**2,885**
Commitments				
Contractual obligations including operating leases	374	181	–	555
Total	**2,662**	**778**	**–**	**3,440**

Off-balance sheet arrangements

There are no off-balance sheet arrangements

Transactions with related parties

a) Payments to related parties

The following transactions listed are in the normal course of operations and are measured at the exchange amount agreed to by the related parties:

($ '000s)	Year ended September 30		Three months ended September 30	
	2015	2014	**2015**	2014
Management fees paid or accrued to a company controlled by the former CFO	**205**	144	**83**	31
Rent paid to a company controlled by a managing director of Binder	**253**	265	**66**	65
Rent paid to a company controlled by the NutraDried non-controlling interest partner	**113**	-	**69**	-
Licensing fees paid or accrued to a company controlled by a managing director of Binder	**337**	274	**83**	61
Management fees paid or accrued to companies controlled by the NutraDried non-controlling interest partner	**357**	153	**154**	6
Purchase of equipment from companies controlled by the NutraDried non-controlling interest partner	**674**	-	**286**	-
Consulting fees paid to companies controlled by the former CEO of NutraDried	**21**	50	**-**	11
Consulting fees paid to companies controlled by directors of the Company	**51**	60	**-**	15
Stock-based compensation and directors fees paid to independent directors	**78**	129	**8**	23
	2,089	1,084	**749**	212

b) Sales to related parties

During the year ended September 30, 2015, the Company recorded sales of $290 to a company controlled by Mr. J. Hugh Wiebe, the NutraDried non-controlling interest partner, compared to nil for the year ended September 30, 2014.

c) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and/or its subsidiaries, including any external director of the Company and/or its subsidiaries.

Remuneration of key management personnel of the Company is comprised of the following expenses:

($ '000s)	**2015**	**2014**
Salaries, bonuses, short-term and long-term employee benefits	551	1,036
Stock based compensation	138	386
	689	1,422

Critical accounting estimates

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The Company regularly reviews its estimates and assumptions; however, it is possible that circumstances may arise which may cause actual results to differ from management estimates, and these differences could be material. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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 revenue to recognize. 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 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 selling expenses.

Impairment of goodwill and intangible assets

The Company tests annually whether goodwill and intangible assets are impaired. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions.

Other liability

The Company entered into a license agreement 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. The liability is measured at the end of each reporting period, and changes are recorded in the consolidated statement of comprehensive loss.

The Company estimates the liability based on the present value of minimum royalties payable to INAP GmbH (Industrie-Anlagen-Planung – "INAP"), a private German company, over the life of the agreement discounted at prevailing market rates. 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 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.

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 plant and equipment and assesses whether substantially all the risks and rewards of ownership rest with the Company or the customer.

When the Company determines that substantially all the risks and rewards of ownership rest 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.

Warranty provision

The Company recognises revenue from the sale of machines to customers. The machine is sold with a manufacturer's warranty valid for a fixed period not exceeding one year. The Company estimates, based on past experience with similar sales, the warranty costs will not exceed 1% of revenues. The Company therefore recognises revenue with a corresponding provision for warranty equal to 1%.

Financial instruments

Financial instruments and risk management

The Company's cash and cash equivalents, restricted cash, trade receivables, receivables from related parties, trade and other payables and amounts due from related parties are measured at amortized cost subsequent to initial measurement. Fair Value Measurement requires classification of financial instruments within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; or

Level 3 – Inputs that are not based on observable market data.

Fair values

The Company's financial assets and liabilities are classified into the following categories:

Cash and cash equivalents	Loans and receivables
Restricted cash	Loans and receivables
Trade receivables	Loans and receivables
Due from customers on contract	Loans and receivables
Receivable from related parties	Loans and receivables
Trade and other payables	Other financial liabilities
Amounts due from related parties	Other financial liabilities
Other liability	Other financial liabilities

The fair value of financial assets and liabilities classified as loans and receivables and other financial liabilities (excluding other liability) approximate their carrying value due to their short-term nature.

The carrying value of other liability as at September 30, 2015 was $1,054 (2014 – $1,202) approximates its fair value and is recorded at amortized cost. The carrying value of the other liability was determined based on the discounted future cash flows using rates for similar financial instruments subject to similar risks and maturities.

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 years ended September 30, 2015 and 2014. The Company has no financial instruments measured at fair value.

Financial risk factors

The use of financial instruments exposes the Company 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.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss being incurred by the Company. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, restricted cash and trade receivables. The Company mitigates its exposure to credit loss by maintaining cash balances with major Canadian financial institutions.

The Company provides credit to its customers in the normal course of business and, as such, has exposure to credit risk in relation to the collection of trade receivables. Prior to issuing credit, management reviews the customer, taking into account its financial position, historical experience, and other factors. The Company minimizes its credit risk associated with trade receivables by maintaining ongoing close contact with customers, by requiring commercial letters of credit, and by reviewing individual account balances, and proactively following up on overdue amounts. The Company maintains an allowance for doubtful accounts relating to specific losses estimated on individual exposures. As at September 30, 2015, the Company has recorded an allowance for doubtful accounts of $289 (2014 – $79).

The Company is exposed to credit risk in trade receivables by way of concentration of credit with a small number of customers. The Company determines its concentration of credit risk if the balance is more than 10% of total revenue or trade receivables. The Company expects these customers to remain as large customers in the future. Significant change in these customer relationships could materially impact the Company's future financial results. The Company seeks and ordinarily obtains progress advances in respect of its construction contracts. The maximum exposure to loss arising from trade receivables is equal to their total carrying amounts.

The following table provides information regarding the aging of trade receivables as at September 30, 2015:

($ '000s)	**Neither past due nor impaired**	**Past due but not impaired**		
	0 – 30	**31 – 90**	**91 – 365**	**365 +**
Trade receivables	1,003	22	-	-
Due from customers on contract	659	-	-	-
Other receivables including related parties	34	10	581	-
Total	1,696	32	581	-

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 to manage capital management decisions. Such forecasting takes into account current and potential customers, contractual obligations and the Company's technology development and commercialization expectations.

The Company's investment policy is to invest its cash in highly liquid short-term interest bearing investments with varying maturities selected with regards to the expected timing of expenditures from continuing operations.

The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash. The Company manages liquidity risk through the management of its capital structure and financial leverage. At September 30, 2015, the Company had cash and cash equivalents and restricted cash of $2,631 to settle current financial liabilities of $2,288. The Company completed a private placement in October 2015 to provide additional liquidity.

(a) Financial assets maturity table:

($ '000s)	**0 - 30**	**31 - 90**	**91 - 365**	**365 +**
Cash, cash equivalents and restricted cash	1,101	30	1,500	-
Trade receivables	1,003	22	-	-
Due from customers on contract	-	603	56	-
Other receivables including related parties	34	10	581	-
Total	2,138	665	2,137	-

(b) Financial liabilities maturity table:

($ '000s)	**0 - 30**	**31 - 90**	**91 - 365**	**365 +**
Trade and other payables	1,183	116	33	-
Amounts due to related parties	397	102	-	-
Other liability	-	94	363	597
Total	1,580	312	396	597

Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest risk from the interest rate impact on cash and cash equivalents and restricted cash. The Company earns interest on deposits based on current market interest rates, which during the year ranged between 1.4% and 1.6%. A 1% change in interest rates would affect the results of operations by approximately $38 (2014 - $68).

The Company had loans payable to related parties. The interest rates are fixed and the Company considers the interest rate risk to be low.

Foreign exchange risk

The Company is exposed to the following foreign exchange risks related to the fluctuation of foreign exchange rates:

(i) The Company operates in the United States and a portion of its expenses are incurred in US dollars;

(ii) The Company is exposed to currency risk through its other liability comprising minimum royalties denominated in Euros;

(iii) The Company is exposed to currency risk through an increasing number of customers with contracts denominated in US dollars.

A significant change in the currency exchange rate of the Canadian dollar relative to the US dollar and Euro currencies could have an effect on the Company's results of operations. As at September 30, 2015, all of the Company's liquid assets and liabilities were held in Canadian dollars and US dollars. The Company has not hedged its exposure to currency fluctuations.

A change in the value of the Canadian dollar by 10% relative to foreign currencies the Company is exposed to would have affected the Company's loss for the period as follows:

($ '000s)	**2015**	**2014**
Currency		
US dollar	24	13
Euro	106	28

Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk.

In the management of capital, the Company includes the components of equity attributable to common shareholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

There were no changes in the Company's approach to capital management in the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Proposed Transactions

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

Other MD&A Requirements

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.

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

- Common shares issued and outstanding: 90,772,759.
- Stock options: 5,083,500 outstanding with a weighted average exercise price of $1.45. Each stock option entitles its holder to purchase one common share of the Company.
- Warrants: 3,125,000 outstanding with exercise price of $1.20. Each warrant entitles the holder to purchase one common share of the Company until October 22, 2020.
- Broker warrants: 225,000 broker warrants outstanding with exercise price of $1.20. Each warrant entitles the holder to purchase one common share of the Company until October 22, 2017.
- Warrants: 2,117,436 warrants 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 agents' warrants 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 and 15,000 vesting on September 11, 2018.
- Fully diluted capital of the Company, including common shares, stock options, warrants and Restricted Share Rights stands at 101,607,216 common shares.

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

Senior Officers	Position
Mr. John P.A. Budreski	Executive Chairman
Dr. Tim Durance	President and Chief Executive Officer
Mr. Daniel Henriques[1]	Chief Financial Officer
Mr. Beenu Anand	Executive Vice-President

(1) Mr. Daniel Henriques was appointed Chief Financial Officer of the Company on September 2, 2015.

Contact information:

Corporate and strategic	Investor Inquiries	Administration and Finance
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