



EnWave Corporation

Annual Information Form

For the financial year ended September 30, 2018

Dated December 14, 2018

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PRELIMINARY NOTES

This annual information form (“**AIF**”) contains information which describes EnWave Corporation (collectively with its subsidiaries, unless the context requires otherwise, “**we**”, “**our**”, “**us**”, “**EnWave**”, the “**Corporation**”, or the “**Company**”) and its operations, risks and other factors which affect its businesses.

Date of Information

This AIF is dated as of December 14, 2018. Except where otherwise indicated, all information in this AIF is given as of September 30, 2018.

Currency and Exchange Rate

Except where otherwise indicated, all references to currency in this AIF are to Canadian dollars.

The following table sets forth, for each period indicated, the exchange rates of the US dollar to the Canadian dollar at the end of such period and the high, low, and average (calculated as an average of the daily noon rates for each period up-to April 28, 2017, and as an average of the daily indicative rate from May 1, 2017 and thereafter) exchange rates for such period. Such rates, which are expressed in Canadian dollars, are based on the exchange rate for one US dollar, as reported by the Bank of Canada.

Fiscal Year	High	Low	Average	End of Period
2018	\$1.3310	\$1.2288	\$1.3037	\$1.2945
2017	\$1.3743	\$1.2128	\$1.3140	\$1.2480
2016	\$1.4589	\$1.2544	\$1.3247	\$1.3117

Forward-Looking Information

Certain statements contained in this AIF constitute forward-looking information. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking information. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. We believe the expectations reflected in forward-looking information are based on reasonable assumptions, but no assurance can be given that these expectations will prove to be correct and the forward-looking information included in this AIF should not be unduly relied upon. These statements speak only as of the date of this AIF.

In particular, this AIF may contain forward-looking information pertaining to the following: growth and future prospects of our business; our market positions and market conditions for our products; expectations relating to our license agreements and machine orders; benefits that may accrue to the Company as a result of growth strategies, ongoing research and development programs and technology evaluation by third parties; expected operational performance; expected expenditures and availability of funds; and our perceptions of the industries and markets in which we or our royalty partners operate.

Forward-looking information reflects our current views with respect to expectations, beliefs, assumptions, estimates and forecasts about our business and the industries and markets in which

we or our royalty partners operate. Statements constituting forward-looking information are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Assumptions underlying our expectations regarding forward-looking information contained in this AIF include, among others: that we will be able to effectively market our products and advance our royalty-bearing license business; that demand for our products and technology will continue to grow; the general stability of the economic, political and regulatory environments within the countries where we conduct business; that we will be able to successfully protect and preserve our intellectual property; that we will be able to successfully compete against competitors that manufacture products utilizing similar technology; our ability to obtain financing (if necessary) on acceptable terms; that interest and foreign exchange rates will not vary materially from current levels; and that our equipment will operate at expected levels. The foregoing list of assumptions is not exhaustive.

Forward-looking information is inherently uncertain, and actual achievements of the Company and other results and occurrences may differ materially from those reflected in the forward-looking information due to a variety of risks, uncertainties and other factors described in this AIF, including, without limitation:

- Dependence on core technology and Royalty Partners;
- Dependence on major customers;
- Negative operating cash flow;
- Additional funding requirements;
- Dependence on third party suppliers;
- Equipment risk;
- Credit and liquidity risk;
- Foreign exchange risk;
- Lengthy sales cycle and variable results;
- Changes in consumer preferences and demand;
- Future sales or issuances of securities;
- Effect of market price volatility on common shares;
- Reliance on key personnel;
- Competition risks;
- Intellectual property risks;
- Regulatory risk;
- Success of research and development activities;
- Risks relating to taxes and accounting;
- Environmental and safety risks;
- Product liability;
- Insurance risks;
- Information technology and cyber security risks;
- Risks of litigation;
- Risks relating to leased premises;
- General economic, political and trade risks;
- Risks related to the cannabis industry;
- Anti-corruption and bribery;

- Reputational risk;
- Dividends; and
- Conflicts of interest risk.

See “*Risk Factors*” section of this document.

Although EnWave has attempted to identify factors that may cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, predicted, estimated or intended. Also, many of the factors are beyond the control of EnWave. EnWave undertakes no obligation to reissue or update any forward-looking information as a result of new information or events after the date hereof except as may be required by law. All forward-looking information contained in this AIF are qualified by this cautionary statement.

Industry and Market Data

Information contained in this AIF concerning the industry and the markets in which EnWave operates, including EnWave’s perceived trends, market position, market opportunity, market share, and competitive advantages within the food, cannabis and pharmaceutical dehydration technology markets, is based on information from independent industry analysts and third-party sources (including industry publications, surveys, and forecasts), EnWave’s internal research, and Management estimates. Management estimates are derived from publicly available information released by independent industry analysts and other third-party sources, as well as data from EnWave’s internal research, and are based on assumptions made by EnWave based on such data and its knowledge of its industry and markets, which Management believes to be reasonable. EnWave’s internal research has not been verified by any independent source, and EnWave has not independently verified any third-party information. While EnWave believes the market opportunity and market share information included in this AIF is generally reliable, such information is inherently imprecise. In addition, projections, assumptions, and estimates of EnWave’s future performance and the future performance of the industry and the markets in which EnWave operates constitute forward-looking statements herein and are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the “*Risk Factors*” and other sections of this AIF.

Trademarks

EnWave, the EnWave logo, *NUTRADRIED*, *Moon Cheese*[®], *FRUIT STAND*[®], *BioREV*[®], *FREEZEREV*[®], *NutraREV*[®], *NUTRAREV*[®], *POWDERREV*[®], *QUANTAREV*[®], and *REV*[™] are trademarks owned directly or indirectly by EnWave. Other product names mentioned herein may be the trademarks of their respective owners. The absence of the symbols [™] and [®] in proximity to each trademark in this AIF is not a disclaimer of ownership of the related trademark.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this AIF:

“2016 Financing” means the “bought deal” private placement, completed on October 21, 2015, pursuant to which EnWave issued 6,250,000 units at a price of \$0.80 per unit for gross proceeds to EnWave of \$5 million. Each unit consisted of one Common Share and one half of a share purchase warrant, each whole warrant exercisable at \$1.20;

“2018 Financing” means the sort-form prospectus offering and concurrent private placement, completed on November 15, 2017, pursuant to which EnWave issued 9,530,000 units at a price of \$1.05 per unit for gross proceeds to EnWave of \$10 million. Each unit consisted of one Common Share and one half of a share purchase warrant, each whole warrant exercisable at \$1.50;

“Articles” means the articles of incorporation of the Corporation;

“Binder” means Hans Binder Maschinenbau GmbH;

“Board” means EnWave’s Board of Directors;

“CBCA” means the *Canada Business Corporations Act*;

“CLA” means a royalty-bearing Commercial License Agreement;

“Common Share” means a common share in the capital of EnWave;

“CPG” means consumer packaged goods;

“Director” means a director of the Company and member of the Board;

“FDA” means the United States Food and Drug Administration;

“GEA” means GEA Lyophil GmbH;

“GMP” means Good Manufacturing Practices;

“IT” means information technology;

“Management” means the management of the Company;

“NutraDried” means NutraDried Food Company, LLC, which is a US subsidiary of EnWave;

“PCT” means Patent Cooperation Treaty;

“PLC” means programmable logic control;

“PwC” means PricewaterhouseCoopers LLP;

“R&D” means research and development;

“REV™” means Radiant Energy Vacuum;

“Royalty Partner” means a business entity holding a license under a CLA;

“RSR” means a Restricted Share Right issued pursuant to the Company’s Restricted Share Rights Plan;

“SEDAR” means System for Electronic Document Analysis and Retrieval in Canada, found online at www.sedar.com;

“TELOA” means a Technology Evaluation and License Option Agreement;

“Tilray” means Tilray, Inc.;

“TSXV” means the TSX Venture Exchange;

“UBC” means the University of British Columbia;

“US” means the United States of America; and

“USD” means US dollars.

CORPORATE STRUCTURE

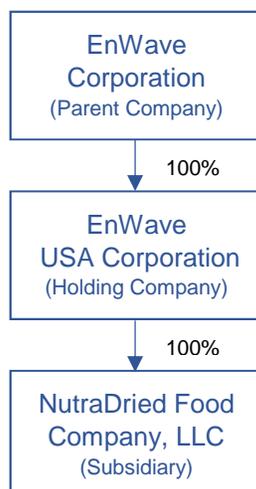
The Company is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and its Common Shares trade on both the TSXV (trading symbol: ENW) and the Frankfurt Stock Exchange (trading symbol: E4U).

The Company was formed pursuant to the provisions of the CBCA on July 14, 1999 as a result of the amalgamation of Commonwealth Assisted Living Inc., a “junior capital pool”, and DRI Dehydration Research Inc. Prior to this amalgamation, Commonwealth Assisted Living Inc. had not conducted operations of any kind.

The registered office of the Company is located at #1000 Cathedral Place – 925 West Georgia Street, Vancouver, BC, V6C 3L2, Canada. The head office of the Company is located at #1 – 1668 Derwent Way, Delta, B.C., V3M 6R9, Canada.

The Company has a principal subsidiary company, EnWave USA Corporation which was incorporated under the laws of the State of Delaware, US in 2012. EnWave USA Corporation, in turn, owns the 100% interest in NutraDried, which is a limited liability corporation formed in Washington State, US.

The following diagram describes the current organizational structure of the Company and its principal subsidiaries:



RECENT DEVELOPMENTS

The following recent developments of the Company took place before the date of this report and subsequent to the year ended September 30, 2018:

- On November 7, 2018, the Company announced it signed a research and development license agreement with Cornell University and received a purchase order from Cornell University for a small-scale REV™ machine for installation at its center for excellence.
- On October 15, 2018, the Company announced the resignation of Dr. Gary Sandberg from its Board. Dr. Sandberg also resigned from his position with the Company as Senior Vice President, Technical Services.
- On October 4, 2018, the Company received a purchase order from Bare Foods Co. for its third small-scale commercial REV™ machine.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Over the past three years ended September 30, 2018, EnWave has made significant progress in the commercialization of its REV™ technology in the food, cannabis and pharmaceutical industries. EnWave's strategy is to propagate the use of REV™ dehydration technology globally. As of September 30, 2018, EnWave had signed twenty-four CLAs across ten countries, all of which are currently in effect. Our revenues from sales of machinery represented expansion of the royalty-bearing REV™-drying capacity installed at our Royalty Partners' facilities. NutraDried also expanded distribution of its products in Canada and the US. The Company has completed a number of significant other corporate events over the past three years as described below.

Fiscal Year 2018

- On September 12, 2018, the Company announced that it successfully completed Factory Acceptance Testing and shipped the first 9 kW certified GMP freezeREV® machine to Merck Sharpe & Dohme.
- In August 2018, the Company appointed Mr. Brent Charleton as President and Chief Executive Officer of the Company, replacing Dr. Tim Durance who was no longer with the Company. Mr. Charleton also joined the Board, filling the vacancy caused by Dr. Durance's resignation.
- On August 22, 2018, the Company announced the hiring of Mr. Mike Pytlinski as Chief Executive Officer of NutraDried.
- On August 17, 2018, the Company announced that it discontinued its exploratory equipment development project with Sutro Biopharma Inc. and a write-down of \$865,000 related to the contract balance.
- On July 30, 2018, the Company announced that it received a purchase order from the United States Army Natick Soldier Research, Development and Engineering Center to supply a small-scale REV™ machine for research and development purposes. The United States Army purchased the machine to facilitate the development of nutrient rich field

rations produced using EnWave's technology pursuant to an agreement entered into in June 2017.

- On July 18, 2018, the Company announced that it had entered into a Collaboration and License Option Agreement with GEA, a major global supplier of GMP lyophilization and loading and unloading systems for the pharmaceutical industry. GEA will jointly evaluate a potential partnership to facilitate the manufacture and deployment of continuous certified GMP REV™ lyophilization equipment into the global pharmaceutical sector.
- On July 6, 2018, the Company announced that it had entered into a CLA with Arla Foods, the world's largest manufacturer of organic dairy products, and received a purchase order for small-scale REV™ to initiate commercial production.
- On June 27, 2018, the Company announced that it had entered into a TELOA with Fresh Business Consulting S.L, part of a diversified investment and consulting firm headquartered in Spain that has business interests in its home country, the United Kingdom and Peru.
- On June 26, 2018, the Company announced that NutraDried had expanded its production capacity for Moon Cheese® through the addition of a second 100kW nutraREV® processing line, and a 10kW REV™ machine.
- On June 25, 2018, the Company announced that it had entered into a TELOA with a major Australian dairy company to evaluate the Company's technology for the development of several dehydrated, premium dairy ingredients.
- On May 23, 2018, the Company announced that it had received its second purchase order for a small-scale REV™ machine from Bare Foods Co., a leading American snack food company. The Company entered into a CLA with Bare Foods Co. in March 2017, and received its first purchase order for a small-scale REV™ machine in January 2018.
- On May 7, 2018, the Company announced that it had entered into a TELOA with a food processing company based in a Nordic country to develop dairy, vegetable, meat and seafood products using EnWave's technology.
- On April 30, 2018, the Company announced that it had entered into an equipment purchase agreement with Tilray to deliver a 60kW REV™ machine for commercial dehydration of cannabis in Portugal. The Company had previously signed a CLA with Tilray in October 2017, which grants Tilray an exclusive right to use and sub-license the Company's REV™ dehydration technology to dry and decontaminate cannabis in Canada, which license was subsequently expanded to include the processing of cannabis in Portugal. Tilray submitted a purchase order and deposit for a large-scale 60kW commercial REV™ machine to initiate commercial production and a small-scale 10kW commercial REV™ unit to enable advanced product development. The sub-license rights allow for the sub-licensing of the technology to additional Canadian licensed producers, with sub-license royalties to be shared between EnWave and Tilray.
- On April 20, 2018, the Company announced that it had entered into a TELOA with one of Canada's largest licensed cannabis producers to evaluate the use of REV™ technology for rapid dehydration and decontamination of cannabis in a country in Europe.

- On February 21, 2018, the Company announced that it had completed the purchase of the 49% non-controlling interest in NutraDried LLP for cash consideration of USD \$1,800,000. Concurrent with the closing of the purchase, the Company restructured NutraDried LLP into a Washington State limited liability corporation and renamed it NutraDried Food Company, LLC. Following the acquisition of the 49% non-controlling interest, the Company owns 100% of NutraDried.
- On February 26, 2018, the Company announced that it had entered into a CLA with Nomad Nutrition limited and received a purchase order for a small-scale REV™ machine to initiate commercial production of gourmet shelf-stable meals.
- On January 10, 2018, the Company announced that it had entered into a TELOA with Calbee Incorporated, the largest snack food manufacturer in Japan.
- On January 8, 2018, the Company announced that it had entered into a TELOA with Seven Seas Fish Company Limited.
- On November 15, 2017, the Company announced the closing of the 2018 Financing.
- On November 7, 2017, the Company announced that it had entered into a TELOA with Severn Peanut Company, Inc. d.b.a. Hampton Farms, a major American peanut and tree nut processor and manufacturer.
- On November 6, 2017, the Company announced that it had entered into a CLA with AvoLov LLC, and received a purchase order for a small-scale commercial REV™ machine to initiate commercial production of avocado snack products.
- On October 13, 2017, the Company announced that it had entered into a CLA with Howe Foods Pty Ltd., a diversified banana producer in Australia, and received a purchase order for a small-scale commercial REV™ machine to initiate commercial production.

Fiscal Year 2017

- On September 12, 2017, the Company announced that it had entered into a TELOA with Sun-Rype Products Ltd., a leading Canadian fruit-based food and beverage manufacturer.
- On August 31, 2017, the Company announced that it had submitted a new patent application to the PCT international patent system for the rapid drying and decontamination of cannabis. This patent application was made possible after completing an extensive R&D project to validate the processing and operational advantages of using REV™ to dehydrate and decontaminate cannabis.
- On August 24, 2017, the Company announced that it had entered into a CLA with Ultima Foods Inc., a major Canadian yogurt processor and received a purchase order for a small-scale commercial REV™ machine for the production of yogurt snack products.
- On August 23, 2017, the Company announced that it had amended an existing CLA with Milne Fruit Products d.b.a. Milne MicroDried Inc. and received a non-refundable deposit of \$100,000 for the purchase of Milne's third large-scale REV™ machine. A purchase order for a second large-scale REV™ machine and expanded licence to include new products with this Royalty Partner was announced in June 2016.

- On August 11, 2017, the Company announced that it had entered into a TELOA with a major American multinational food company.
- On August 10, 2017, the Company announced that it had entered into an equipment purchase agreement and received a deposit from Pitalia S.A. for a 100kW REV™ machine for delivery and installation in Costa Rica. Pitalia has purchased two 10kW REV™ machines and ordered one 100kW continuous REV™ production line. EnWave entered into a CLA with Pitalia S.A. in October 2015.
- On July 12, 2017, the Company announced that it had entered into a TELOA with Nestec Ltd., a subsidiary of Nestlé S.A. of Switzerland.
- On June 13, 2017, the Company announced that it had entered into a TELOA with a leading Australian spice company.
- On May 15, 2017, the Company announced it received 43 newly issued patents in multiple global jurisdictions. The Company also reported the submission of four new patent applications to the PCT international patent system.
- On May 9, 2017, the Company announced that it had entered into a TELOA with a major Australasian dairy processor to explore the potential for dried dairy applications.
- On May 8, 2017, the Company announced that it had entered into a CLA with Ashgrove Cheese Pty Ltd., a diversified Australian dairy processor based in Northern Tasmania, who also submitted a purchase order for a small-scale commercial REV™ machine.
- On January 6, 2017, the Company announced that it had entered into a CLA with Van Dyk Specialty Products Ltd., a major Canadian producer of wild blueberry products and received a purchase order to deliver a large-scale 60kW REV™ machine.
- On January 6, 2017, the Company announced that it had received a purchase order for a 100kW REV™ machine from, and signed a non-exclusive marketing cooperation agreement with, Ereğli Agrosan A.S. EnWave signed a CLA with this Royalty Partner in February 2016, and subsequently received purchase orders for two 10kW machines.
- On January 4, 2017, the Company announced that it had received a purchase order and deposit from Natural Nutrition, d.b.a. Nanuva Ingredients for a third small scale REV™ machine.
- On December 29, 2016, the Company announced that it was contracted by Bonduelle, a leading global processor of frozen vegetable products and current licensee of the Company's REV™ technology, upgrade Bonduelle's 120kW REV™ machinery to increase capacity.
- On December 13, 2016, the Company announced that it had entered into a TELOA with Born Wild LLC, a seafood processor in the US.
- On December 12, 2016, the Company announced that it had entered into a TELOA with a major American pulse crop processor, to explore the potential for dried pulse crop products processed by the Company's patented REV™ dehydration technology.

- On December 9, 2016, the Company announced that it had entered into a TELOA with a major European food processor, to explore the potential for dried meat products processed by the Company's patented REV™ dehydration technology.
- In December 2016, the Company performed several organizational changes regarding NutraDried. NutraDried terminated the master supply and distribution agreement with Spire Brands, LLC.
- On December 6, 2016, the Company announced that it had entered into a TELOA with a major European dairy processor to explore the potential for dried dairy applications processed by the Company's patented REV™ dehydration technology.

Fiscal Year 2016

- On August 3, 2016, the Company announced that it had entered into a TELOA with a Mexican food processor for cheese products.
- On July 15, 2016, the Company announced that it had entered into a CLA with Perdue Farms Inc. and received a purchase order for a 10kW machine.
- On July 8, 2016, the Company announced that it had entered into a TELOA with an Australasian meat processor.
- On June 16, 2016, the Company announced that it had entered into a CLA with Kesito LLC of Greece and received a purchase order for a 10kW machine.
- On May 4, 2016, EnWave secured the release of \$1,020,000 in restricted cash funds that were held as collateral in support of a letter of credit issued to a customer of Hans Binder Maschinbeau GmbH, a former subsidiary of the Company. The remaining \$480,000 in restricted cash funds was released in August 2016.
- On February 22, 2016, the Company announced that it had received a 100kW *nutraREV*® machine purchase order from Gay Lea Foods Co-operative Ltd. for cheese snack production.
- On November 11, 2015, the Company announced that it had entered into a TELOA with Nature's Touch Frozen Foods Inc. for dehydro-frozen fruit products.
- On November 1, 2015, the Company announced that it had extended the TELOA with Jack Link's Protein Snacks.
- On October 26, 2015, EnWave confirmed the expansion and extension of Moon Cheese® distribution through Starbucks by NutraDried.
- On October 21, 2015, the Company announced the closing of the 2016 Financing.

ENWAVE'S BUSINESS

Business Overview

EnWave is a Vancouver, British Columbia-based industrial technology company that licences, builds and installs commercial-scale dehydration platforms for applications in the food, cannabis and pharmaceutical sectors.

EnWave's proprietary 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, *nutraREV*®, *powderREV*® and *quantaREV*® and one technology in the pilot-scale stage, *freezeREV*®. 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 CLA defines the royalty terms based on a percentage of sales generated or units produced by the Royalty Partner from the use of the REV™ technology. These agreements also restrict the Royalty Partner's use of the technology to specific applications and production using the REV™ technology to a limited geographical area. The Company also seeks to generate profits from the sale of its REV™ machines. 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.

EnWave has other prospective Royalty Partners evaluating the REV™ technology under TELOAs. The strategy under these arrangements is to co-develop product applications using the REV™ technology for specific partner opportunities and to ultimately convert them into commercial licences. EnWave earns revenues under TELOAs from short-term REV™ machine rentals as well as fees for access to EnWave's R&D facilities and product development expertise. EnWave has several active TELOAs with prospective Royalty Partner companies that are evaluating REV™ technology for potential commercial adoption.

As of the date hereof, EnWave has entered into twenty-four royalty-bearing CLAs with various food processing, cannabis and pharmaceutical companies. The table below outlines EnWave's CLAs that are currently in effect:

Royalty Partner	Licensed Territory	Licensed Product Category	REV™ Machine Capacity
Milne Fruit Products	State of Idaho and the United States	Fruits and Vegetables, Blueberries and Strawberries exclusive in the United States	120kW <i>quantaREV</i> ® 114kW MIVAP ⁽¹⁾
Gay Lea Foods	Canada	Cheese Snacks	100kW <i>nutraREV</i> ® 10kW REV™
NutraDried ⁽²⁾	United States	Cheese Snacks	100kW <i>nutraREV</i> ® 100kW <i>nutraREV</i> ® 10kW REV™ 2kW <i>nutraREV</i> ®
Bonduelle Group	Worldwide	Dehydro-frozen Vegetables	120kW <i>quantaREV</i> ® ⁽³⁾
Cal-San Enterprises	British Columbia	Blueberries, Cranberries	75kW <i>nutraREV</i> ®

Pitalia	Central America	Fruits and Vegetables, Cheese Snacks	100kW <i>quantaREV</i> ^{®(4)} 10kW REV [™] 10kW REV [™]
Ereğli Agrosan	Turkey	Fruits and Vegetables, Cheese	100kW <i>nutraREV</i> [®] 10kW REV [™] 10kW REV [™] 2kW <i>nutraREV</i> [®]
Van Dyk Specialty Products	Worldwide	Wild Blueberries	60kW <i>nutraREV</i> [®]
Tilray	Canada and Portugal	Cannabis Products	60kW REV ^{™(4)} 60kW REV ^{™(4)} 10kW REV ^{™(4)}
Merom Farms	British Columbia	Wasabi Products	20kW <i>nutraREV</i> [®]
Nanuva Ingredients	Chile	Fruits & Vegetables	10kW REV [™] 10kW REV [™] 10kW REV [™]
Umland	United States	High Kosher Cheese Snacks	10kW REV [™]
Perdue Farms	United States	Pet Food and Pet Treats	10kW REV [™]
Lake Blue	Chile	Cheese Snacks	10kW REV [™]
Dominant Slice	Portugal and Spain	Cheese Snacks, Fruit Products	10kW REV [™]
Kesito	Greece	Cheese Snacks	10kW REV [™]
Ashgrove Cheese	Australia	Cheese Snacks	10kW REV [™]
Ultima Foods	Canada	Yogurt Products	10kW REV [™]
Howe Foods	Australia	Banana Products	10kW REV [™]
AvoLov	Worldwide	Avocado Snacks	10kW REV [™]
Bare Foods	Thailand, Canada and United States	Fruits Snacks	10kW REV [™] 10kW REV [™] 10kW REV [™]
Arla Foods	Denmark, Sweden, Finland and Norway	Dairy Products	10kW REV [™]
Nomad Nutrition	Canada	Ready-to-Eat Meals	10kW REV [™]
Merck, Sharp & Dohme	Worldwide	Pharmaceuticals	<i>freezeREV</i> ^{®(4)}

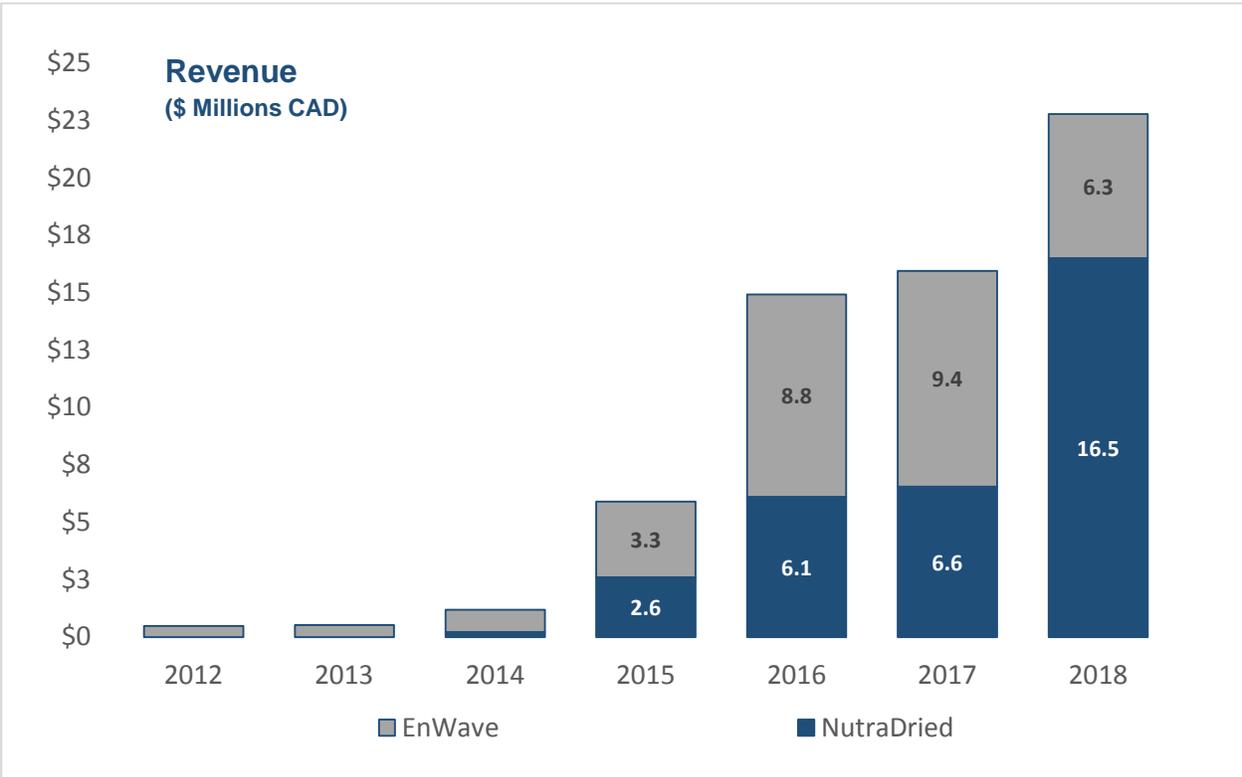
Notes:

- (1) The Company holds an exclusive worldwide royalty-bearing license granted by INAP GmbH over its MIVAP technology, an alternative microwave vacuum dehydration technology. Royalties generated from the Company's *quantaREV*[®] machine platform make use of the MIVAP technology, and will be subject to the royalty sharing arrangement. This license provides EnWave with a competitive advantage in the market by reducing the possibility of competition from other companies pursuing similar technologies and strengthening our intellectual property position.
- (2) NutraDried Food Company, LLC, is a consolidated wholly-owned subsidiary of the Company.
- (3) Bonduelle is leasing the 120kW machine on a monthly lease ending in 2019, with Bonduelle having both termination and defined buy-out options for the lease of the machine.
- (4) Machine is currently under fabrication or installation and not yet commissioned for use by the royalty partner.

To date, EnWave has also signed two Research and Development License Agreements, which enable Cornell University of New York State and the US Army to actively develop innovative, new product applications using a 10kW REV™ machine supplied by EnWave. The US Army is focused on improving the quality of Meals Ready-to-Eat that are currently offered to war fighters. Cornell University aims to partner with leading consumer packaged goods companies to exploit the value proposition made available by REV™ technology.

Revenue Trend

The chart below depicts the company’s revenue growth over the past seven years. EnWave’s revenues have experienced a compound annual growth rate (CAGR) of approximately 90%.



Products and Technologies

nutraREV® High Volume Continuous Dehydration

Designed for the dehydration of fruits, vegetables, herbs, dairy products, meats and seafood, *nutraREV®* machinery is currently available with up to 160kW and higher in rated microwave power. *nutraREV®* is modular in design, allowing EnWave to provide its partners with customized machine scale to suit their specific production needs. *nutraREV®* machinery tumbles the product in large drums as they pass through the vacuum-microwave chamber. Total processing times can range from forty-five to ninety minutes on average, depending on the individual product and desired end moisture content. *nutraREV®* is continuous and is controlled by a PLC operating system. *nutraREV®* units are available at varying scales: 2kW for product development, 10kW for pilot-scale production, 60kW for commercial production, or 100kW or higher for large-scale commercial production.

quantaREV® High Volume Continuous Dehydration

Designed for high-volume, low-temperature dehydration of solid, liquid, granular or encapsulated food or industrial products, *quantaREV®* implements either a tray-based or belt-based system to move the product load through the vacuum-microwave chamber. *quantaREV®* is highly scalable and provides an appropriate method to dry fragile solid products and viscous liquid slurries. *quantaREV®* machinery is currently available in up to 120kW in rated power. As the system is scalable, EnWave has designed larger *quantaREV®* machines as large as 400kW.

powderREV® Bulk Powder Dehydration

Designed for bulk dehydration of temperature-sensitive biomaterials such as probiotics and enzymes, *powderREV®* is a commercial-scale dehydration platform for food and pharmaceutical ingredient processing. EnWave has developed *powderREV®* as a high-speed, low-energy, continuous alternative to lyophilisation. Pilot-scale and commercial-scale machinery is currently available for use by EnWave partners.

freezeREV® In-vial High Speed Dehydration for Biopharmaceuticals

Designed for the dehydration of biomaterial and pharmaceutical products below the freezing point in vials, *freezeREV®* is currently available as a multi-vial prototype for partner research and development. EnWave is currently testing the first commercial-scale GMP *freezeREV®* machine suitable for the drying of vaccinations in partnership with Merck Pharmaceuticals. This commercial installation will enable testing and advancement of the Company's *freezeREV®* technology in the pharmaceutical industry. Commissioning of the Company's first commercial-scale GMP *freezeREV®* is planned for 2019.

Proprietary Trademarks

Trademark	Jurisdiction	Registration Date	Registration Number	Expiration
<i>BioREV®</i>	Canada	Apr 3, 2008	TMA710,864	Apr 3, 2023
<i>BIOREV®</i>	United States	Jun 8, 2010	No. 3,797,989	Jun 8, 2020
<i>FREEZEREV®</i>	Canada	Oct 9, 2012	TMA833,981	Oct 9, 2027
<i>FREEZEREV®</i>	United States	Apr 14, 2015	No. 4,718,474	Apr 14, 2025
<i>FRUIT STAND®</i>	Canada	Feb 2, 2017	Class 29: No. 1821912	Feb 2, 2032
<i>NUTRADRIED</i>	Canada	Jan 24, 2011	TMA788,439	Jan 24, 2026
<i>NUTRADRIED</i>	United States	Jun 28, 2011	No. 3,983,126	Jun 28, 2021
<i>NUTRADRIED</i>	Mexico	Class 29: Jun 22, 2012 Class 30: Jun 28, 2012	Class 29: No. 1292649 Class 30: No. 1294041	Jan 30, 2022
<i>NUTRADRIED</i>	European Community	Jun 2, 2010	No. 008751174	Dec 11, 2019
<i>NutraREV®</i>	Canada	Mar 25, 2008.	TMA710,134	Mar 25, 2023
<i>NUTRAREV®</i>	United States	Jun 15, 2010	No. 3,801,522	Jun 15, 2020
<i>POWDERREV®</i>	Canada	May 17, 2011	TMA797,852	May 17, 2026
<i>POWDERREV®</i>	United States	Oct 25, 2011	No. 4,043,651	Oct 25, 2021
<i>QUANTAREV®</i>	Canada	Jul 4, 2012	TMA827,524	Jul 4, 2027
<i>QUANTAREV®</i>	United States	May 7, 2013	No. 4,330,089	May 7, 2023
<i>REV™</i>	Canada	Oct 23, 2013	TMA863,459	Oct 23, 2028
<i>REV™</i>	United States	Mar 18, 2014	No. 4,496,847	Mar 18, 2024

	Canada	Aug 8, 2012	TMA829,481	Aug 8, 2027
	United States	Jan 1, 2013	4,266,446	Jan 1, 2023
CRUNCHIFY	United States	Nov 14, 2017	5,332,297	Nov 14, 2027
MOON CHEESE	South Korea	Nov 28, 2017	40-1307791	Nov 28, 2027
MOON CHEESE	United States	May 24, 2013	85945637	May 24, 2023

Proprietary Patents

Patent Family	Title	Country	PCT No.	Patent No. / Application No.	Priority Date
1	Method and Apparatus for Drying or Heat-Treating Products (MIVAP I)	Granted in the United States.		US (ORD) 6297479 US (CON) 6442866	Feb 4, 1998 (ORD) Feb 3, 1999 (CON)
2	Process for Dehydration of Berries (Berries)	Granted in Canada and the United States.		CA 2354300 US 6312745	Jul 30, 2001 (CA) Jul 7, 2000 (US)
3	Process for Drying Medicinal Plants (Medical Herbs)	Granted in the United States.		US 6128831	Jun 3, 1999
4	Method for Producing Hydrocolloid Sponges and Foams (Hydrocolloid)	Granted in Australia, Canada, China, Europe, Germany, Hong Kong, India, Italy, Switzerland, United Kingdom and the United States.	PCT/CA2005/001192	AU 2005266812 CA 2571232 CN ZL200580025500.X EP 1771503 DE 60 2005 044 655.9 HK 1115503 IN 268059 IT 1771503 CH 1771503 UK 1771503 US 8722749	Jul 30, 2004
5	Method of Drying Biological Material (Vaccines)	Granted in Austria, Belgium, Canada, China (PCT), China (Divisional), Europe, France, Germany, Hong Kong, India, Italy, Switzerland, the United Kingdom, and the United States (Continuation in Part). Pending application in Brazil.	PCT/CA2007/000134	<u>Granted Patents:</u> AT E933975 BE 2111426 CA 2673589 CN (PCT) ZL200780052152.4 CN (DIV) ZL201210024322.0 EP 2111426 FR 2111426 DE 60 2007 052 558.6 HK 1135715B IN 279898 IT 502017000130557 CH 2111426 UK 2111426 US (CIP) 8877469 <u>Pending Application:</u> BR PI0721365-4	Feb 1, 2007

6	Apparatus and Method for Dehydrating Biological Materials (bioREV)	Granted in Canada and the United States.	PCT/CA2008/001615	CA 2699120 US 8718113	Sep 13, 2007
7	Apparatus and Method for Dehydrating Biological Materials with Freezing and Microwaving (freezeREV)	Granted in Canada, Hong Kong and the United States. Pending continuation application in the United States.	PCT/CA2009/001259	<u>Granted Patents:</u> CA 2736317 HK1156655 US 10023857 <u>Pending Application:</u> US (CON)16/033767	Sep 12, 2008 (CA 2736317, US 10023857, HK 1156655) Sep 11, 2009 (US (CON) 16/033767)
8	Apparatus and Method for Microwave Vacuum-Drying of Organic Materials (nutraREV)	Granted in Australia, Brazil, Canada, Chile (Ordinary Filing), Chile (Divisional), China, Europe (Divisional), Germany, Hong Kong, India, Japan (PCT), Japan (Divisional), New Zealand, and United Kingdom. Pending applications in Europe (PCT), Mexico (PCT), Mexico (Divisionals), and the United States.	PCT/CA2008/001811	<u>Granted Patents:</u> AU 2008314458 BR PI 0818421-6 CA 2678089 CL (ORD) 49.322 CL (DIV) 52.630 CN ZL200880111390.2 EP (DIV) 2377411 DE 602008049538.8 HK 1143718 IN 286136 JP (PCT) 6110052 JP (DIV) 6177814 NZ 584266 UK 2377411 <u>Pending Applications:</u> EP (PCT) 08838608.1 MX/a/2010/004095 (PCT) MX/a/2013/001809 (DIV) MX/a/2018/006614 (DIV) US 12/682989	Oct 15, 2007
9	Apparatus and Method for Dehydrating Biological Material (powderREV I)	Granted in Canada.	PCT/CA2010/000629	CA 2755039	Apr 28, 2009
10	Microwave Vacuum-Drying of Organic Materials (powderREV II)	Granted in Australia, Austria, Belgium, Canada, Chile (PCT), China, Czech Republic, Denmark, Europe, Finland, France, Germany, Hong Kong, Hungary, Ireland, Italy,	PCT/CA2010/001686	<u>Granted Patents.</u> AU 2010342753 AT 2525675; 2526776 BE 2525675; 2526776 CA 2781644 CL (PCT) 51.948 CN ZL201080061581.X CZ 2525675; 2526776 DK 2525675; 2526776 EP 2525675 (PCT); 2526776 (DIV) FI 2525675; 2526776 FR 2525675; 2526776	Jan 18, 2010

		<p>Japan, Mexico, Netherlands, New Zealand, Poland, Portugal, Spain, Switzerland, United Kingdom, and the United States.</p> <p>Pending applications in Brazil (PCT), India (PCT), Mexico (Divisional), Chile (Divisional) and the United States (Divisionals).</p>		<p>DE 60 2010 024 052.5; 60 2010 027 821.2 HK 1172214 HU 2525675; 2526776 IE 2525675; 2526776 IT 2525675; 2526776 JP 5778175 MX 332017; MX (DIV) 341850 NL 2525675; 2526776 NZ 600723 PL 2525675;2526776 PT 2525675; 2526776 ES 2525675; 2526776 CH 2525675; 2526776 UK 2525675; 2526776 US (PCT) 9316437 US (DIV) 9958203</p> <p><u>Pending Applications</u> BR 11 2012 016310 8 IN 1575/MUMNP/2012 CL (DIV) 02280-2015 US (DIV) 15/942646 US (DIV) 15/942688</p>	
11	Apparatus and Method for Microwave Drying of Organic Materials (powderREV III)	Granted in Canada, Europe, France, Germany, United Kingdom, and the United States.	PCT/CA2012/000677	<p>CA 2833280 EP 2734282 FR 2734282 DE 60 2012 020 069.3 UK 2734282 US 9273901</p>	Jul 19, 2011
12	Microwave Vacuum-Drying of Organic Materials (Modular nutraREV)	<p>Granted in Australia, Canada, China, Hong Kong, Japan, New Zealand, and the United States.</p> <p>Pending applications in Brazil, Chile, Europe, India, Indonesia, Mexico, Republic of Korea, and Thailand.</p>	PCT/CA2012/050880	<p><u>Granted Patents.</u> AU 2012396134 CA 2818377 CN ZL201280076907.5 HK1208524 JP 6042996 NZ 706088 US 9267734</p> <p><u>Patent Applications:</u> BR 11 2015 013184-0 CL 01519-2015 EP 12866410.9 IN 700/MUMNP/2015 ID P00 2015 04039 MX /a/2015/005161 KR 10-2015-7014896 TH 1501003146</p>	Dec 7, 2012
13	Microwave Vacuum-Drying of Organic Materials (MIVAP II)	Pending applications in Canada and the United States.	PCT/CA2014/050545	<p>CA 2950188 US 15/313390</p>	Jun 11, 2014
14	Method of Making Dried Food Products (Tofu)	Pending applications in Canada, China, Hong Kong, Republic of	PCT/CA2015/051034	<p>CA 3001046 CN 201580085295.X HK18112783.6 KR 10-2018-7013502 US 15/768439</p>	Oct. 14, 2015

		Korea, and the United States.			
15	Method of Making a Puffed Dehydrated Food Product (Starch Based Snacks)	Pending PCT application and pending application in Israel.	PCT/CA2017/050231	IL 262117	Feb 23, 2017
16	Method of Making Dehydrated Fried Potato Products (French Fries)	Pending PCT application	PCT/CA2017/050327		Mar 13, 2017
17	Method of Making Dried Porous Food Products (Frozen In)	Pending PCT application	PCT/CA2017/050469		Apr 13, 2017
18	Dehydration Below the Triple Point of Water (Triple Point Drying)	Pending PCT application	PCT/CA2017/050594		May 16, 2017
19	Method and Apparatus for Pasteurizing and Dehydrating Marijuana (Cannabis)	Pending PCT application	PCT/CA2017/051025		Aug 30, 2017

Research and Development

EnWave continues to develop intellectual property and advancements in its dehydration technology to further improve EnWave’s technological advantage. The Company’s R&D team is composed of engineers and scientists with expertise in a broad range of technical competencies, including: food science, biotechnology, computer science, data science, machine learning, electrical engineering, mechanical engineering, and optical engineering. EnWave’s R&D teams work to improve its technology platforms by introducing new innovations, and the latest advancements in cutting-edge technologies.

Intellectual Property

Utility and design patents, trademarks, copyrights, and trade secrets support a multi-faceted approach to help protect EnWave against third-party infringement of its dehydration solutions. EnWave continues to develop and extend its patents by constantly improving its technology. EnWave has several trademarks in use in Canada, the US, and other jurisdictions worldwide. EnWave seeks and maintains what Management considers appropriate protection for its trademarks and intellectual property.

EnWave maintains appropriate copyright notices, assignments of copyright, and waivers of moral rights with respect to EnWave’s suppliers, employees and sub-contractors who create or develop or who have created or developed proprietary material for EnWave, as well as with respect to resellers who use such proprietary material.

Competitive Conditions

The Company's REV™ technology competes primarily against freeze drying and air drying, as well as other microwave drying processes in the food, legal cannabis and pharmaceutical industries.

For many years, companies experimenting with vacuum microwave dehydration technology have been trying to establish broader commercial success with a variety of machine designs. To date, the major obstacle blocking their success has been their failure to harness and direct microwave energy within a vacuum environment in order to deliver scalable commercial technology with consistent output quality. There are many technical challenges to overcoming these hurdles; EnWave has overcome these technical challenges through extensive R&D investment and has sought to protect its innovations with pending or granted patents.

The Company's competitive analysis has identified a number of potentially competitive technologies in Europe, China and North America. However, to EnWave's knowledge, there are no companies with technology comparable to REV™ that pose a direct material threat to EnWave in terms of being both commercial-scale, reliable in production and strongly protected by a portfolio of patents.

In some cases, companies appear to be developing vacuum-microwave designs that EnWave has already experimented with, but has discarded for reasons such as non-scalability or inconsistent quality of output. Furthermore, patent searches conducted by EnWave's personnel and by its patent agents have found a variety of food-related vacuum microwave patents dating back as much as 30 years (most of which are now in the public domain), but very little in the biomaterials sector.

Several small-scale vacuum microwave systems are currently available in the market. The Company's REV™ technology operates under high-power density with a much smaller volumetric chamber which greatly increases system efficiencies. The high-power density approach requires a sophisticated PLC to counteract the problems others have resolved with size, lower power and resulting higher cost. Having design control of the REV™ equipment and the process controller provides the user with the flexibility to customize products. The Company believes that its REV™ technology is competitive because of the combination of product development, process control, patented products and economically priced equipment.

REV™ technology competes with incumbent dehydration technologies including spray, air and freeze drying. REV™ technology is designed to offer a commercial dehydration process that is high-speed and low-cost, while maintaining the maximum levels of nutrition, colour, flavour and texture in food and bulk liquids, and bioactivity and shelf-life in biomaterials. The Company has conducted a wide array of tests on all of its platforms to determine their competitive advantages over the three aforementioned main forms of dehydration used in the identified target markets and the general results are presented in the following table:

Method	Process	Economics	Product Quality
Spray & Air Drying	High heat using hot air into a chamber or on continuous belt	Low cost High speed	Heat & oxygen damage nutrients, flavour, colour, texture, bioactivity
Freeze Drying	Freeze and slowly remove moisture through sublimation in large batches	Very slow Capital intensive Energy intensive	High quality preservation of nutrients, flavour, colour, texture, bioactivity
REV™ Technology	Microwave energy applied under vacuum in a low temperature environment above or below freezing	Low cost High speed	High quality preservation of nutrients, flavour, colour, texture, bioactivity

There are many current companies that produce spray, air and freeze drying machinery. Dominant air, spray and freeze dryer producers include SMC Corporation, Parker Air Dryers, Buhler Group, GEA Group, and GEA Niro among others.

Based upon information and comparisons obtained from industry analysis reports, information from certain companies and the Company’s own cost comparisons, and as the result of EnWave’s patent position and the technological advances that the Company has made over the past 15 years, EnWave is comfortable in continuing to present REV™ as a technology that can be made available on an exclusively-licensed basis to global and regional processors. Our patented technology will allow us to pursue revenues from both equipment sales and royalty payments. Management believes that the processing of food and other products as detailed in this AIF utilizing the Company’s REV™ technology is faster and more economical than freeze drying, producing a better-quality end product than the utilization of traditional air drying or spray drying methods.

Target Market Verticals

EnWave’s goal is to assist its partners in meeting the evolving consumer demands for convenient, nutritious food applications while also cutting costs to improve margins and establishing higher production efficiencies. EnWave’s technology conveys that high product quality and low processing costs are no longer mutually exclusive. Partners in different market verticals have different dehydration needs depending on the nature of their business and raw materials used. EnWave’s dehydration platforms are designed to provide features such as high-speed processing, reduced energy usage, continuous processing, flexible moisture content, enhanced product attributes, and new product innovations. EnWave targets long-term partnerships with companies seeking to bring new and innovative products, through the use of our proprietary REV™ technology, into their respective marketplace. These attributes appeal to a range of vertical markets, including:

- Dairy
- Meat production and processing
- Fruits and vegetables
- Spices and herbs
- Pulse crops
- Cannabis
- Protein-based products
- Starch-based products
- Nutraceuticals
- Biopharmaceutical products
- Vaccines
- Seafood

EnWave has filed a patent application on methods for rapidly drying and decontaminating cannabis. This patent application expands the application of EnWave's technology to the rapidly growing global medicinal and recreational cannabis market sector. EnWave's patent-pending technology has the potential to uniformly dry and pasteurize cannabis in a few hours to dramatically shorten the time from harvest to marketable products while circumventing the need to transport medicinal and recreational cannabis to highly-specialized and expensive off-site gamma irradiation facilities. EnWave has signed an exclusive, sub-licensable, royalty-bearing commercial license with Tilray, a Canadian licensed cannabis producer. The license grants Tilray an exclusive right to use and sub-license the Company's REV™ dehydration technology to dry and decontaminate cannabis in Canada and Portugal. The sub-license rights granted allow for the sub-licensing of the technology to additional Canadian and Portuguese licensed producers, with sub-license royalties to be shared between EnWave and Tilray.

Sales and Distribution

EnWave relies on internal channels to market, distribute, and sell its products. EnWave is currently commercializing its REV™ dehydration technology through the formation of partnerships with food, pharmaceutical and licensed cannabis companies. At this time, we do not use any third-party distributors or independent agents to sell our products; however, EnWave has established cooperation agreements with third parties internationally to establish communication with potential partners. EnWave's proactive sales effort involves two main phases that are explained below.

Firstly, EnWave vigorously pursues new partnerships through targeted outreach and strategic business development efforts. Companies that confirm tangible interest in REV™ technology may first enter into a TELOA. A TELOA is an agreement that provides a prospective partner with an exclusive option, for a defined period of time, to license a product application within a specific geography for processing. The purpose of the TELOA is to provide optionality on a licensing arrangement during the time the prospective company is evaluating the adoption and investment case in REV™. During the TELOA term, each company either works collaboratively with our food science team to conduct product development at our pilot plant facility in Canada or they can choose to rent REV™ machinery on their premises. We provide enhanced value to these prospective partners during this stage by identifying the appropriate machinery as well as sharing integral processing know-how that has been developed over our many years of vacuum microwave experience. Our R&D team works closely with the prospective partner to co-develop the desired product application, resulting in new, innovative product ideas through the use of REV™. Approximately one third of EnWave's current commercial licenses were developed through a TELOA. Other Royalty Partners have moved directly from preliminary trials to royalty-bearing commercial licenses.

Once REV™ value has been clearly defined for a prospective partner, we typically enter into a royalty-bearing licensing agreement referred to as a CLA. The CLA grants our partner the exclusive right to use REV™ technology in a defined geographic region to process a defined product or list of defined products, thus creating a competitive advantage for them in their marketplace. The CLA specifies minimum annual royalty payments needed to maintain the granted exclusivity and typically requires a simultaneous purchase order of EnWave's machinery upon signing. It also may stipulate any future machine purchase order requirements of the partner.

Manufacturing and Production

EnWave's machinery is assembled and tested at its manufacturing facility located in Delta, British Columbia, Canada. Electronic and mechanical components are purchased from third party suppliers; the steel is sourced from local suppliers. EnWave regularly and carefully monitors demand, supply, and stock of higher risk components and sub-assemblies that have a long lead-time for production, are custom made, or are manufactured by a single supplier. EnWave employs a team of skilled mechanical and electrical engineers and technicians that manage the fabrication, assembly and installation of the REV™ machinery.

Components

EnWave uses a number of third-party suppliers to produce the various parts and components used to build REV™ machinery. The primary components used to build REV™ machinery include stainless steel chambers and mechanical components, microwave generators, vacuum pumps and PLCs. All key components are widely available from a number of potential suppliers and the Company believes it is in a favourable position to negotiate terms and purchase prices. EnWave's engineering division currently uses suppliers based in both North America, Europe and China to maximize efficiencies and lower overall machine costs.

EnWave currently sources microwave magnetron generators from suppliers in Europe and North America. PLCs and control systems are purchased from several major sources. Sensors and conventional stainless steel parts are purchased from a number of specialist firms depending on the component. Vacuum chambers are built to EnWave's design and specifications by British Columbia machine fabrication shops. REV™-specific machine parts are made in EnWave's own machine shop or by specialty manufacturers.

Facilities

EnWave leases its head office premises in Delta, British Columbia, Canada. Corporate services, customer service, sales, finance, and other administration personnel operate out of a satellite office, but will be consolidating to the head office in early 2019. EnWave's manufacturing operations, R&D and logistics staff primarily work at EnWave's head office in Delta, British Columbia, Canada.

Employees

EnWave had 30 full-time personnel employed or retained as at September 30, 2018, excluding personnel at NutraDried.

Foreign Operations

EnWave's operations, facilities and employees are all located within Canada. NutraDried's operations, facilities and employees are all located in the US. EnWave typically derives the majority of its revenues from outside of Canada. The US is currently both EnWave's largest market and source of revenue by geographic area. In addition to Canada and the US, EnWave has entered into CLAs with companies operating globally.

NUTRADRIED'S BUSINESS

Business Overview

NutraDried is a limited liability corporation registered in Washington, US. NutraDried manufactures and sells Moon Cheese®, an all-natural dried cheese snack produced using two of EnWave's 100kW *nutraREV*® machines. NutraDried produces Moon Cheese® in cheddar, gouda, mozzarella, pepper jack and sriracha flavours at its manufacturing facility located in Ferndale, Washington, US. Moon Cheese® is sold in approximately 25,000 retail locations across Canada and the US.



Figure 1: Pepper Jack, Cheddar and Gouda Moon Cheese® packages

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 precedent 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, to continue to demonstrate the commerciality of REV™ to potential Royalty Partners to advance the adoption of REV™ in the global dehydration industry, and to pursue other opportunities to enhance shareholder value.

NutraDried holds a CLA for REV™ technology and pays a quarterly royalty to EnWave based on sales. The royalty payment from NutraDried is eliminated from revenue and expense in the consolidated financial statements of the Company.

Industry Trends

NutraDried operates in the consumer-packaged goods or CPG industry. The Company's research has shown that consumer behavior in the US and Canada is increasingly shifting toward healthy and on-the-go snacking. Consumers are increasingly focused on eating and snacking healthier, leading to robust growth in "better-for-you" snacks. The "better-for-you" snacks leading the way are typically all-natural and are produced with simple ingredients. Research also shows that consumers are snacking more frequently across all parts of the day.

Gluten-free dieting is an emerging growth segment in the food products industry. Consumption of gluten-free snacks and other CPG products has increased in recent years due to increased awareness of new healthy dietary trends. Moon Cheese® is well positioned as a crunchy, low carb snack product that provides a healthy and gluten-free snacking experience.

Protein has become a major focus for consumers and the food products industry. Operators are looking for new and innovative ways to introduce healthy protein into product offerings. Consumers are increasingly seeking protein-based snacks as a healthy alternative to traditional CPG items. Industry trends are showing growth in protein-based snacks such as beef jerky, dairy and nuts.

Sales and Distribution

NutraDried's products are sold through a variety of direct customer relationships, brokers and distributors. NutraDried also sells its products directly to certain retailers and to distributors in Canada and the US. NutraDried retains the services of brokers in the food industry to secure supply arrangements with retailers, and brokers are paid commissions on sales to their customer accounts. NutraDried's product is available in approximately 25,000 retail points of distribution across Canada and the US. The Company also sells a small amount of product direct to consumer through its online store at www.mooncheese.com.

Manufacturing and Production

NutraDried's products are produced at its manufacturing facility located in Ferndale, Washington in the US. The primary raw materials required for production are raw, refrigerated cheese, packaging supplies and energy. NutraDried produces Moon Cheese® products on two 100kW *nutraREV*® machines and operates a finish-fill pouch packaging line. The principal raw material used in production is cheese purchased from US based dairy manufacturers. The costs of our inputs may fluctuate widely due to market fluctuations, currency fluctuations and changes in governmental agriculture and energy policies. The majority of our inputs are purchased on the open market and we do not use long-term fixed price contracts or derivatives to hedge our exposure. The components required are widely available from multiple suppliers, and our goal is to source raw materials of high quality at a price point that support a targeted gross margin. We believe that we will be able to secure the necessary supply of inputs required to meet our operational needs.

Competitive Conditions

NutraDried operates in the CPG industry and faces a number of competitive conditions that are experienced industry-wide. The consumer foods industry is highly competitive, with numerous manufacturers of various sizes in the US, Canada and globally that have significant brand power and scale. The snack category that NutraDried competes in is also highly competitive. Consumers have many competing products available to them and the rates of product substitution are high. There are many companies operating in this category of products that have substantial financial, marketing and other resources. Competition is based on product innovation, quality, price, brand recognition and loyalty. We compete with both multi-national and local manufactures of CPG products positioned for snacking. We compete with widely advertised, branded products and also with regional brands and other products generally sold at lower prices.

Intangible Property

NutraDried has a commercial license for REV™ technology granted by EnWave. Pursuant to this license agreement, NutraDried pays a royalty of 5% of net sales of its product to EnWave Corporation, its parent company, on a quarterly basis. The license agreement furnishes NutraDried with the exclusive right to produce dehydrated cheese snacks in the US utilizing EnWave's REV™ technology. NutraDried also holds a registered trademark for the brand Moon Cheese®.

Economic Dependence

NutraDried sells to a number of US and Canadian customers, including distributors, grocery stores, other retailers and coffee shops. NutraDried's two largest customers are Costco and Starbucks. This concentration of sales to two significant customers creates customer concentration risk to the business. During the year ended September 30, 2018, sales to Costco and Starbucks represented 40% and 14% of NutraDried's sales, respectively.

Facilities

NutraDried leases an industrial food processing facility in Ferndale, Washington State.

Employees

NutraDried had 50 full-time personnel employed or retained as at September 30, 2018.

RISK FACTORS

The Company is subject to a number of risk factors and uncertainties related to its business. These risk factors could materially affect the Company's future operating results and financial position and could cause actual events to differ materially from those described in forward-looking information relating to the Company.

The Board of Directors has the overall responsibility and oversight of the Company's risk management practices. The Company's management is responsible for developing and monitoring the Company's risk strategy, and reports to the Board on its activities. Risk management is incorporated in all levels of strategic and operational planning, and is reviewed regularly to reflect changes in market conditions and the Company's activities. The risks described below are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also materially and adversely affect its business. The reader is urged to review these risk factors.

Dependence on Core Technology and Royalty Partners

The Company may face delays, difficulties or unanticipated costs in establishing licensing fees, royalties, sales, distribution and manufacturing capabilities or partnerships for its technologies which could adversely affect the Company's business, financial condition and results of operations. The Company's ultimate success in selling, licensing or generating a sustainable royalty stream from its *quantaREV*®, *nutraREV*®, *freezeREV*® and *powderREV*® technologies in the food, pharmaceutical and cannabis industries will depend, in a large part, on whether these

targeted markets view these technologies as safe, effective and economically beneficial. Market acceptance will also depend on the Company's ability to demonstrate that its 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. Additionally, EnWave's business development efforts may not result in increased vertical and market penetration in the global dehydration industry. EnWave may also be exposed to material unexpected costs related to liability or warranty claims in respect EnWave's technology.

The Company has entered into a commercial licenses and equipment supply agreement with Merck, Sharpe & Dohme pursuant to which it has contracted to provide a *freezeREV*[®] machine in accordance with its customers' specifications. There may be significant costs required to develop the *freezeREV*[®] equipment designs to the point where they are technically viable for commercial processing, and with such costs being unknown, the project related to *freezeREV*[®] could be economically impractical to complete. There is no guarantee that a *freezeREV*[®] machine will be delivered in a timely fashion or that it will meet the output and product standards expectations of the recipient. The Company has not proven the business case for adoption of the Company's *freezeREV*[®] or *powderREV*[®] technologies over incumbent pharmaceutical dehydration processes and there is no guarantee that there will be any commercial acceptance of *freezeREV*[®] or *powderREV*[®] in the pharmaceutical industry.

The Company has entered into commercial licenses and equipment supply agreements with several Royalty Partners in the food processing industry. There is no guarantee that these Royalty Partners will successfully launch products that are sustainable in the marketplace or ultimately pay royalties to the Company. There is no guarantee these Royalty Partners will place future commercial machine orders with the Company or continue doing business with EnWave on favourable terms or at all.

Dependence on Major Customers

NutraDried is developing a market for natural dried cheese snacks for the US. There is no guarantee that a sustainable market for natural dried cheese snacks can be established or if the market is viable. Natural cheese snack products sold in the US, Canada and other countries could expose the Company to liability in the event its products are proven to cause personal damages to consumers or fail to meet regulatory standards, such as FDA standards, or other applicable laws or regulations. NutraDried may require the Company to invest capital to establish the market and increase commercial processing capabilities and there is no guarantee that such capital will be available. The CPG market is highly competitive and the rate of substitution among competing products is high. There is no guarantee that NutraDried will be able to secure new points of distribution, or retain existing points of distribution for Moon Cheese[®] on favourable terms or at all. A significant portion of NutraDried's revenue is from sales to two major customers, which creates customer concentration risk. There is no guarantee that such customers will continue to purchase product from the Company in the future. The loss of the two major customers could have a material adverse effect on the financial results, cash flows, and the overall financial condition of NutraDried and, therefore, EnWave.

A significant reduction of purchases, whether as a result of postponements or delays in orders for our products, contractual disputes or otherwise, by any of our largest customers or Royalty Partners, could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Negative Operating Cash Flow

The Company has made significant up-front investments in research and development, sales and marketing, and general and administrative expenses in order to develop and expand its business. The Company is currently incurring expenditures related to the Company's operations and investment activities that may generate negative operating cash flow. Operating cash flow may decline in certain circumstances, many of which are beyond the Company's control. There is no assurance that sufficient revenues will be generated in the near future. Because the Company continues to incur significant expenditures for research and development, sales and marketing, and general and administrative expenses, the Company may experience negative operating cash flow until it reaches a sufficient level of sales and royalty earnings with positive gross margins to cover operating expenses. An inability to generate positive cash flow until the Company reaches a sufficient level of sales and royalty earnings with positive gross margins to cover operating expenses or raise additional capital on reasonable terms will adversely affect the Company's viability as an operating business. Fluctuations in EnWave's operating and capital expenses may cause fluctuations in quarterly operating results and may have a material negative impact on our financial condition.

Additional Funding Requirements

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. If our revenues decline, we may have limited ability to expend the capital necessary to undertake or complete future projects. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to us. Moreover, future activities may require us to alter our capitalization significantly. Our inability to access sufficient capital for our operations could have a material adverse effect on our financial condition, results of operations or prospects. If we issue additional equity securities, existing shareholders may experience dilution or be subordinated to any rights, preferences or privileges granted to the new equity holders.

The economic viability of the Company's business plan is impacted by the Company's ability to obtain financing. Global economic conditions impact the general availability of financing through public and private debt and equity markets, as well as through other avenues. Significant political, market and economic events may have wide-reaching effects and, to the extent they are not accurately anticipated or priced into markets, may result in sudden periods of market volatility and correction. Periods of market volatility and correction may have an adverse impact on economic growth and outlook, as well as lending and capital markets activity, all of which may impact the Company's ability to secure adequate financing on favourable terms, or at all.

Dependence on Third Party Suppliers

The Company is dependent upon the supply of microwave parts from key manufacturers for the successful operation of its business. A supplier's failure to supply materials or components in a timely manner, material defects and component quality of parts and raw materials sourced from suppliers, or the Company's inability to obtain substitute sources for these materials and components in a timely manner or on terms acceptable to the Company, could harm the Company's ability to integrate and deliver its products to its customers. Additionally, the loss of

the services of any of these suppliers and a failure to obtain an acceptable alternative solution at a similar cost could have a material adverse effect on our relationships with our customers and Royalty Partners, and the business, operations and financial condition of the Company.

Equipment Risk

EnWave may not achieve its planned production level in respect of REV™ equipment or dried cheese snack product, cost projections or quality in respect of its operations. EnWave's technology may not function as intended or be suitable for the end users it is intended for. Cost overruns, equipment breakdowns, damage during shipment of equipment or failures to perform to design specifications in a manner that is not correctable in a timely or cost-effective fashion or at all, could have a material adverse effect on the Company's results of operations and financial performance.

Credit and Liquidity Risk

The Company is exposed to counterparty risks and liquidity risks including but not limited to: (i) through the companies with which the Company has financial instruments and customer contracts; (ii) through financial institutions that hold the Company's cash and cash equivalents and with which the Company enters foreign exchange derivative contracts; (iii) through companies that have payables owing to the Company; (iv) through the Company's insurance providers; and (iv) through the Company's lenders. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, such facilities may not be on terms favourable to the Company. If these risks materialize, the Company's operations and the trading price of the Common Shares could be adversely affected.

Foreign Exchange

Our profitability is subject to fluctuations in foreign currencies, particularly the US dollar. Fluctuations in foreign currencies and interest rates affect our competitive position in world markets. Our competitiveness in world markets is also affected by the relative strength of the currencies of other producing countries. We use a variety of derivative financial instruments to reduce our exposure to risks associated with fluctuations in foreign exchange and interest rates.

Lengthy Sales Cycle and Variable Results

The Company's revenue model is dependent on joint product development projects with prospective Royalty Partners operating under TELOAs. The Company is unable to predict when and if the time and economic investment made during the sales cycle will convert into a CLA and revenue from the sale of equipment and royalty payments. This sales cycle can be long and does not necessarily translate into revenues, and there is no guarantee that companies evaluating the adoption of REV™ under TELOAs or R&D agreements will convert into CLAs. As a result, the Company cannot accurately predict the length of its sales cycle, which results in fluctuations in revenues, profitability and cash flow.

Changes in Consumer Preferences and Demand

The Company may be unable to anticipate changes in consumer preferences and trends, which may result in decreased demand for our technology. Our success depends in part on our Royalty

Partners' ability to anticipate the tastes, habits and purchasing behaviors of consumers and to offer products that appeal to their preferences in channels where they shop. Consumer preferences and category-level consumption may change from time to time and can be affected by a number of different trends and other factors. If our partners fail to anticipate, identify or react to these changes and trends, such as adapting to emerging e-commerce channels, or to introduce new and improved products on a timely basis, they may experience reduced demand for their products, which would in turn could have a material adverse impact on the Company's operating results and financial performance.

Future Sales or Issuances of Securities

The Company may issue additional equity or debt securities to finance future activities. The Company cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the Common Shares. Sales or issuances of substantial numbers of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices of the Common Shares. With any additional sale of Common Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings, if any, per Common Share.

Our Securities are Subject to Market Price Volatility

The market price of the Common Shares and our other securities may be adversely affected by a variety of factors relating to EnWave's business, including fluctuations in the Company's operating and financial results, the results of any public announcements made by the Company and the Company's failure to meet analysts' expectations. In addition, from time to time, the stock market experiences significant price and volume volatility that may affect the market price of our securities for reasons unrelated to the Company's performance. Additionally, the value of our securities is subject to market value fluctuations based upon factors that influence the Company's operations, such as legislative or regulatory developments, competition, global capital market activity and changes in interest and currency rates. There can be no assurance that the market price of our securities will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Company's performance. The value of the Common Shares will be affected by the general creditworthiness of the Company. The value of our securities may also be affected by the Company's financial results and political, economic, financial and other factors that can affect the capital markets generally, the stock exchanges on which our securities are traded and the market segment of which the Company is a part.

Reliance upon Key Management Personnel

The Company's future success depends, to a large extent, upon the services of highly skilled and experienced management and technical personnel. The loss of the services of one or more of our management and technical personnel could make us less competitive in certain areas, including sales and marketing, knowledge and expertise, prioritizing expenditures and maintaining employee relations, and cost management, that could have a material adverse effect on our business. In addition, as the Company's business grows, it will require additional qualified key administrative, scientific and technical personnel. The Company faces intense competition for qualified personnel, and there can be no assurance that the Company will be able to attract and retain such personnel. The Company does not have key man insurance in place in respect of any of its senior officers or personnel.

Competition

New dehydration systems are being developed around the world by many companies and new advances may significantly reduce the value of the Company's technologies. The Company's technologies and products compete against those of other more established companies, some of which have greater financial, marketing and other resources than that of the Company. Some of the products of the Company's competitors are already established in the food and pharmaceutical processing industries and this provides those companies with advantages over the Company. In addition, these competitors may be able to institute and sustain price wars, or imitate the features of the Company's products, resulting in a reduction of the Company's market share and reduced price levels and profit margins. The introduction of competing dehydration systems to the marketplace could negatively impact the Company's ability to earn royalties. There can be no assurance that the Company will be successful in the face of increasing competition from new products and enhancements in existing products introduced by existing competitors or new companies.

New snack products are developed consistently by food companies throughout the world. There is no guarantee that NutraDried will successfully develop a sustainable market for the Moon Cheese[®] product. Competing food companies may develop similar products that are preferred by consumers or existing NutraDried customers.

Intellectual Property

To establish and protect our intellectual property rights, we rely on a combination of copyright, trade secret and trademark laws, patents, confidentiality procedures, contractual provisions, and other similar measures, all of which offer only limited protection.

The Company's future success and competitive position depends, in part, on its ability to obtain and maintain the proprietary nature of its technologies, products and manufacturing processes. There can be no assurance that we will not be subject to intellectual property infringement claims by others, or that any patent applications will result in patents being issued or that current or additional patents will afford protection against competitors. No guarantee can be given that others will not independently develop substantially equivalent proprietary information or techniques, or otherwise gain access to our proprietary technology. To protect its intellectual property against third party infringement or misappropriation, the Company may become involved in litigation (the outcome of which is uncertain), which could result in substantial expenses, divert the attention of the Company's technical and management personnel and materially disrupt the conduct of its businesses by adversely affecting the development of the Company's technology and products or sales. Some of the Company's competitors may be able to sustain the costs of complex patent litigation more effectively than the Company because they have substantially greater resources. Uncertainties resulting from the initiation and continuation of any litigation could adversely affect the Company's revenue, financial position and results of operations. Our confidentiality agreements with our licensees and other parties may not provide us with adequate remedies for any breach or prevent other persons or institutions from asserting rights to intellectual property arising out of these relationships.

Additionally, certain jurisdictions may not offer intellectual property protection that is as effective or enforceable as other jurisdictions. The steps we have taken to protect our intellectual property may not prevent the misappropriation of proprietary rights or the reverse engineering of our technology. Moreover, others may independently develop technologies that are competitive with or superior to those of our Company or that infringe our intellectual property. The enforcement of

our intellectual property rights in such jurisdictions may depend on us taking legal action against such infringing parties, and we cannot be sure that these actions will be successful, even when our rights have been infringed.

The Company's intellectual property includes trade secrets and know-how which may not be protected by its patents. There can be no assurance that the Company will be able to protect its trade secrets. To help protect the Company's rights, the Company requires its employees, consultants, advisors and collaborators to enter into confidentiality agreements. There can be no assurance that these agreements will not be breached or that the Company would have adequate remedies for any breach. Accordingly, these agreements may not adequately protect the Company's trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure. In addition, non-Canadian courts are sometimes less willing than Canadian courts to protect trade secrets. If our competitors independently develop equivalent knowledge, methods and know-how, we may not be able to assert our trade secrets against them and our business could be harmed.

Regulatory Risk

The Company'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 US 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 by the Company or our Royalty Partners in obtaining regulatory approval, unforeseen changes to food safety and compliance regulations in the food processing industry, or legal or regime changes, including changes to import and export requirements of foreign jurisdictions, could have an adverse impact on the Company's ability to earn future revenues from these technologies.

Research and Development

Research and development activities for new technologies are costly and may not result in the creation of new or enhanced products in a timely or cost-effective fashion or at all. There is no assurance that any or all of the Company's technologies for pharmaceutical products 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 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. Furthermore, technological developments by the Company's competitors may render the Company's technologies obsolete.

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.

Taxes and Accounting Rules

The Company operates in Canada and has subsidiaries in the US. The Company earns royalties from companies domiciled in various other international jurisdictions. The introduction of new tax laws or regulations, or changes to, or differing interpretation of, or application of, existing tax laws

or regulations in Canada, the US, or the countries of our Royalty Partners could result in an increase in the Company's taxes, or other governmental charges, duties or impositions. The Company's international transactions have not yet been reviewed by the Canada Revenue Agency or the Internal Revenue Service and, should such transactions be reviewed, no assurances can be given that the tax matters will be resolved favourably. No assurance can be given that new tax laws or regulations will not be enacted or that existing tax laws or regulations will not be changed, interpreted or applied in a manner which could have a material adverse effect on the Company, and unexpected tax liabilities may materially adversely affect the Company's financial condition.

Environmental and Safety Regulations and Permits

The Company's operations sometimes involve hazardous materials. The Company believes that it takes the necessary precautions to appropriately contain such hazardous materials in its operations. The Company is required to comply with applicable environmental and safety regulations. Changes to environmental and safety regulations may limit the Company's activities or increase its costs. An environmental accident may have adverse consequences for the Company's operations and financial condition. To our knowledge, the Company has obtained all required permits, certifications, authorizations and approvals for its operations. However, failure to obtain any required permits, certifications, authorizations and approvals could have a material adverse effect on the Company's financial condition and results of operations.

Warranty Claims, Product Liability, and Product Recalls

EnWave typically provides warranties on its products and the failure of its products to operate as described may cause loss of customers, damage to the Company's reputation, delay in or loss of market acceptance, additional warranty expenses or costs associated with product recalls. From time to time, the Company may become subject to warranty or product liability claims that may require it to make significant expenditures to defend these claims or pay damage awards. The Company may also incur costs and expenses relating to a recall of one or more of its products. The process of identifying recalled products that have been widely distributed may be lengthy and require significant resources and the Company may incur significant replacement costs, contract damage claims, and harm to its reputation.

Insurance and Uninsured Risks

Our business is subject to a number of risks and hazards generally, including industrial accidents, product defects, changes in the regulatory environment and natural phenomena. Such occurrences could result in damage to our premises, equipment and products, personal injury or death, delays in operations, monetary losses and possible legal liability. Although we maintain insurance, and we require our Royalty Partners and other licensees to obtain applicable insurance coverage, including product liability insurance for their products, there can be no assurance that we will not incur losses beyond the limits of, or outside the coverage of, such insurance. There can be no assurance that in the future we will be able to maintain existing coverage or that premiums will not increase substantially.

Cyber Security and Information Technology Systems

EnWave is dependent on IT networks and systems, including the internet, to process, transmit and store electronic information, to manage business operations and for the functioning of the Company's products and services. Although EnWave has implemented security systems and

monitoring systems to prevent, detect and address potential security breaches, there are no assurances that such security and monitoring systems will be effective and computer hackers may be able to penetrate the Company's network security. Computer hackers may be able to create system disruptions or develop and deploy viruses, worms, and other malicious software programs that attack the Company's networks or otherwise exploit security vulnerabilities of the Company's products, services or software. It is also possible that computer hackers could penetrate the network security of customers using EnWave's products. Any of the foregoing could affect the Company's operations, products or services, harm EnWave's reputation, result in a claim for damages against the Company, and require the Company to incur significant costs to eliminate or alleviate the problem. Additionally, the Company's ability to transact business may be affected. There are no assurances that advances in criminal capabilities, new discoveries in the field of cryptography, or other developments will not compromise or breach the technology protecting the Company's IT networks, systems, products, and software.

EnWave's IT systems are also subject to disruption, damage, or failure from natural disasters, power loss and defects in design. To date, EnWave has not experienced any material losses relating to IT system disruptions, damage or failure, but there are no assurances that EnWave will not incur such losses in the future. Any of these and other events could result in IT systems failures, operational delays, production downtimes, destruction or corruption of data, security breaches, or other manipulation or improper use of the Company's systems and networks.

Litigation

The Company may, from time to time, and in the ordinary course of conducting its business, be threatened with, or may be named as a defendant in various legal proceedings, including lawsuits based upon product liability, personal injury, breach of contract, lost profits or other consequential damage claims which could exceed the Company's existing insurance coverage. A significant judgment against the Company, or the imposition of a significant fine or penalty, as a result of a finding that the Company failed to comply with laws or regulations, or being named as a defendant on multiple claims, could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations.

The Company, like other manufacturers and sellers of commercial processing equipment, is subject to potential liabilities connected with its business operations including potential liabilities and expenses associated with product defects, performance, reliability or delivery delays. A major product liability claim could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations because of the size of any judgment awarded, the costs of defending against such claims, diversion of key employees' time and attention from the business and potential damage to its reputation.

Facilities

As EnWave continues to grow its business and personnel, it will need to maintain, develop, and acquire adequate and modern real property facilities in various locations. Even if EnWave believes that its facilities are adequate for the Company's current needs and that suitable additional or substitute space may be available as needed, there are no assurances that EnWave will be able to renew these facilities' leases, as applicable, or find alternative facilities that meet its needs on favourable terms, or at all.

Economic and Political Conditions and International Trade

Customer demand for EnWave's systems and products may be affected by economic and political conditions on an international, regional, country, and local level. Because a significant portion of the Company's purchases and sales are made in foreign jurisdictions, the Company is subject to numerous risks including shipping delays, political instability, conflict, labour strikes, and import duties and trade restrictions.

EnWave's operations may require importing and exporting goods and technology across international borders on a regular basis. The Company may be subject to various duties applicable to materials manufactured in foreign countries and may be affected by various other import and export restrictions, as well as other considerations or developments impacting upon international trade, including economic or political instability, shipping delays, and product quotas. Although the Company mandates strict compliance with Canadian, US, and other applicable international trade laws, there are no assurances that the Company's policies and procedures will prevent violations of such laws. Failure to comply with applicable trade laws may subject the Company to civil or criminal penalties, including material monetary fines, or other adverse consequences including denial of import or export privileges, and could damage the Company's reputation and business prospects.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the industry in which the Company operates, global supply and demand for the Company's production inputs and products (including, but not limited to, dairy and other food commodity pricing fluctuations), political developments, legislative or regulatory changes, social or labour unrest and stock market trends will affect the Company's operating environment and its operating costs, profit margins and share price. Uncertainty or adverse changes relating to government regulation, economic and foreign policy matters, and other world events have the potential to adversely affect the performance of and outlook for the Canadian and global economies, which in turn may affect the ability of the Company to access financing on favourable terms or at all. For example, recent uncertainty regarding Canada's ability access to North American markets via the North American Free Trade Agreement and increased levels of turmoil in certain geopolitical hotspots have the potential to increase uncertainty and volatility in Canadian and global markets, respectively. The occurrence of negative sentiment or events in the Canadian and broader global economy could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Global financial conditions remain subject to sudden and rapid destabilizations in response to future events, as government authorities may have limited resources to respond to future crises. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect our growth and profitability. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on commodity prices, demand for our or our Royalty Partners' products, availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect our operations (or those of our Royalty Partners, which in turn would affect our operations) and the trading price of our securities.

Risks Related to the Cannabis Industry

The cannabis industry is a relatively new industry and the Company anticipates that associated regulations will be subject to change. The market for cannabis in Canada is now regulated under the *Cannabis Act*, the *Cannabis Regulations* and other applicable law. Health Canada is the primary regulator of the industry as a whole. The *Cannabis Act* and the *Cannabis Regulations* came into force on October 17, 2018, with the *Cannabis Act* amending the *Controlled Drugs and Substances Act* and the *Cannabis Regulations* replacing the *Access to Cannabis for Medical Purposes Regulations*.

Provincial and territorial governments have taken different approaches to regulate the distribution and sale of cannabis for adult-use purposes. For example, Quebec, New Brunswick, Nova Scotia and Prince Edward Island have chosen the government-regulated retail, whereas Alberta, Manitoba, Saskatchewan and Newfoundland & Labrador have opted for a private sector approach. Ontario and British Columbia announced plans to pursue a hybrid approach of public and private sale and distribution.

Our Royalty Partners are and will be subject to a variety of laws, regulations, guidelines, and policies relating to the management, labelling, advertising, sale, storage, and disposal of cannabis, as well as laws and regulations relating to the health care industry, drugs, controlled substances, health and safety, labour standards, the conduct of operations, and the protection of the environment.

The Company cannot predict the impact of the changes to the compliance regime for the Canadian medical and recreational marijuana industry. Similarly, the Company cannot predict the time required for its Royalty Partners to secure all appropriate regulatory approvals for their products, or the extent of testing and documentation that may be required by governmental authorities. The impact on our Royalty Partners who operate or may in the future operate in this industry, whether in terms of opportunity or competition or otherwise, will impact the magnitude of EnWave's opportunity to earn royalty revenues in this particular industry and there is no assurance that EnWave will be successful in transforming its commercialization and patent development in the cannabis industry into material earnings.

In the US, cannabis is largely regulated at the state level. To the Company's knowledge, there are, as of the date hereof, a total of 33 states, and the District of Columbia, that have now legalized cannabis in some form, including California, Nevada, New York and Florida. Notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a controlled substance under the *Controlled Substances Act* and as such, cultivation, distribution, sale and possession of cannabis violates federal law in the US. The Company accordingly does not have any plans to enter the US market for cannabis drying unless and until the cultivation, distribution, sale and possession of cannabis is legal under federal law in the US.

Corruption and Bribery

EnWave's operations are governed by and involve interactions with many levels of government in various jurisdictions. EnWave is required to comply with anti-corruption and anti-bribery laws, including the *Canadian Corruption of Foreign Public Officials Act* and the *US Foreign Corrupt Practices Act*, as well as similar laws in the countries in which EnWave conducts business. In recent years, there has been a general increase in both the severity of penalties and frequency of enforcement under such laws, resulting in greater punishment and scrutiny to companies convicted of violating anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also any of its third-party agents. Although EnWave has adopted

policies and a risk-based approach to mitigate such risks, such measures are not always effective in ensuring that the Company and its employees or third party agents will strictly comply with such laws. If the Company is subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines or sanctions (including debarment) being imposed on EnWave.

Reputation

Damage to our reputation may arise from an incident or event which is in monetary terms not material. Matters which could affect our reputation include significant design or manufacturing defects of our machines, quality issues with NutraDried's products, or a contravention of law, such as environmental or health law or a failure to maintain appropriate standards of corporate responsibility.

Dividends

The Company has not paid out any cash dividends to date and has no plans to do so in the immediate future. As a result, an investor's return on investment will be solely determined by his or her ability to sell Common Shares in the secondary market.

Conflicts of Interest

Certain of the directors and officers of the Company also serve as directors and/or officers of other public and private companies and consequently there exists the possibility for such directors and/or officers to be in a position of conflict. Any decision made by any of such directors and/or officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. Conflicts, if any, will be subject to the procedures and remedies available under the CBCA, which provides that, in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his/her interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the CBCA. In appropriate cases, we will establish a special committee of independent directors to review a matter in which directors or management, may have a conflict. In accordance with the provisions of the CBCA, our directors and officers are required to act honestly and in good faith with a view to the best interests of our Company.

DIVIDENDS AND DISTRIBUTIONS

EnWave has not declared or paid any dividends on Common Shares since incorporation, and it is not anticipated that any dividends will be declared or paid in the immediate or foreseeable future. Any decision to pay dividends will be made by the Board on the basis of earnings, financial requirements, and other relevant factors existing at such future time. See "*Risk Factors – Dividends*".

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of voting Common Shares without par value as well as an unlimited number of voting preferred shares ("Preferred Shares"), issuable in series. As of the date of this AIF, 101,742,236 Common Shares were issued and outstanding and there were no Preferred Shares issued and outstanding.

Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Company, to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Company's Board at its discretion from funds legally available therefor, and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series of class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

The Preferred Shares may, at any time and from time to time, be issued in one or more series, each series to consist of such number of shares as may be determined by the Company's Board. Subject to the provisions of the CBCA, the directors of the Company may, prior to the issuance thereof, fix the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Shares.

A complete description of the terms and conditions of our warrants issued pursuant to the 2018 Financing (the "**Warrants**"), each of which is exercisable into one Common Shares at a price of \$1.50 until November 15, 2022, and which are listed and posted for trading on the TSXV under the symbol "ENW.WT", are contained in the Warrant Indenture between the Company and Computershare Trust Company of Canada dated as of November 15, 2017, which is available on SEDAR at www.sedar.com.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the TSXV under the symbol "ENW" and on the Frankfurt Stock Exchange under the symbol "E4U".

The following table sets forth information relating to the trading of the Common Shares on the TSXV for the most recently completed financial year ended September 30, 2018:

Month	High (\$)	Low (\$)	Trading Volume
October	1.17	1.08	972,667
November	1.13	1.05	4,197,399
December	1.04	0.97	1,517,561
January	1.09	1.00	1,519,331
February	1.15	1.05	2,661,783
March	1.29	1.16	2,701,819
April	1.47	1.17	3,338,383
May	1.50	1.29	1,672,234
June	1.40	1.19	2,349,531
July	1.38	1.25	1,197,374
August	1.35	1.17	1,767,425
September	1.27	1.17	2,094,844

The Warrants are listed and posted for trading on the TSXV under the symbol “ENW.WT”.

The following table sets forth information relating to the trading of the Warrants on the TSXV for the most recently completed financial year ended September 30, 2018:

Month	High (\$)	Low (\$)	Trading Volume
October	n/a	n/a	n/a
November	0.25	0.21	165,200
December	0.25	0.21	157,850
January	0.29	0.19	124,800
February	0.31	0.24	227,500
March	0.45	0.30	286,710
April	0.50	0.33	239,305
May	0.50	0.34	90,250
June	0.40	0.34	58,100
July	0.39	0.29	53,000
August	0.41	0.30	47,100
September	0.41	0.37	108,100

Prior Sales

During the year ended September 30, 2018, the following securities of the Company, which are not listed or quoted on a marketplace, were issued:

Date of Issuance	Type of Security	Number of Securities	Exercise Price	Expiry Date
October 17, 2017	Investor Warrant ⁽¹⁾	112,500	\$1.20	October 22, 2020
November 15, 2017	Agent Warrant	525,539	\$1.05	November 15, 2019
January 15, 2018	Stock Option	100,000	\$1.07	January 14, 2023
February 27, 2018	Stock Option	10,000	\$1.12	February 26, 2023
April 23, 2018	Stock Option	115,000	\$1.45	April 22, 2023
April 23, 2018	RSR ⁽²⁾	275,000	n/a	n/a
June 12, 2018	Stock Option	20,000	\$1.34	June 11, 2023
August 28, 2018	Stock Option	200,000	\$1.27	August 27, 2023
September 10, 2018	Stock Option	1,507,600	\$1.17	September 9, 2023
September 10, 2018	RSR ⁽²⁾	135,000	n/a	n/a

(1) The \$1.20 Investor Warrants were issued as part of the 2016 Financing

(2) Each RSR entitles the holder to one Common Shares of the Company upon vesting.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the knowledge of the Company, none of its securities are in escrow or subject to a contractual restriction on transfer.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

The following persons are the current Directors and executive officers of the Company as of the date hereof:

Name, Province or State, Country of Residence	Principal Occupation or Employment and Occupation during the Past Five Years	Director Since
<p>Brent Charleton British Columbia, Canada</p> <p><i>President, Chief Executive Officer, and Director</i></p>	<p>Mr. Charleton has been employed by the Company in various senior roles since 2010, including Senior Vice President of Corporate Affairs and Senior Vice President of Sales and Business Development, prior to being appointed President and CEO in August 2018. Mr. Charleton is a graduate of the Marketing Management program at British Columbia Institute of Technology, holds a Bachelor of Arts degree in Criminology and Communications from Simon Fraser University, and is a Chartered Financial Analyst® charterholder.</p>	<p>August 29, 2018</p>
<p>John P.A. Budreski British Columbia, Canada</p> <p><i>Executive Chairman and Director</i></p>	<p>Mr. Budreski has been the Executive Chairman of EnWave Corporation since June 2014. He is also the Executive Chairman of Morien Resources Corp. (TSXV:MOX), a mining development company, where he has been an executive since November 2012. He has been a director of Sandstorm Gold Ltd. (TSX:SSL) since June 2009, a director of Input Capital Corp. (TSXV: INP) since February 2017 and a director of NuLegacy Gold (TSX: NUG) since April 2018. Mr. Budreski also served as a director of Alaris Royalty Corp. (TSX:AD) from July 2008 until May 2018. From 1987 to 2012, Mr. Budreski spent 25 years in the investment banking industry beginning as an associate with RBC Capital Markets in Calgary and New York, a Managing Director with Scotia Capital Markets in New York and Toronto and ultimately becoming the President and CEO of Orion Securities. He also served as Vice Chairman with Cormark Securities Inc. and completed multiple capital markets transactions as an independent advisor or as a principal. Mr. Budreski holds an MBA from the University of Calgary and a Bachelor of Engineering from TUNS/Dalhousie.</p>	<p>June 23, 2014</p>
<p>Dr. Stewart Ritchie British Columbia, Canada</p> <p><i>Director</i></p>	<p>Dr. Ritchie is the President of Canadian Poultry Consultants (since 1989) and S.J. Ritchie Research Farms (since 1993). Dr. Ritchie developed and has been participating in the Platinum Brooding® program since inception, an educational session used by poultry producers to promote poultry health and part of the curriculum at the University of Georgia, Master of Avian Medicine Program, the Aviagen International Broiler Production School in Alabama and the New Producer Entrant program of the British Columbia Broiler Chicken Marketing Board. Dr. Ritchie was the President of the</p>	<p>November 25, 2013</p>

	American Association of Avian Pathologists from 2010 to 2011. Dr. Ritchie holds a B.Sc. from UBC, a M.S. from the University of Arkansas, a Doctor of Veterinary Medicine degree from the University Saskatchewan and is a Diplomate of the American College of Poultry Veterinarians.	
Hugh McKinnon British Columbia, Canada <i>Director</i>	Mr. McKinnon is a director and shareholder of Norscot Investments Ltd., a privately held corporation with extensive interests in media and residential/commercial developments in Washington, Alaska, British Columbia and Alberta and he is a Director of Premium Brands Holdings Corporation (since 2007) (TSX:PBH), which owns a broad range of leading specialty food manufacturing and differentiated food distribution businesses. Mr. McKinnon was a director (1999) and Chairman of the Board (2000-2005) of Rainmaker Entertainment Inc. (TSX:RNK).	January 24, 2014
Mary C. Ritchie Alberta, Canada <i>Director</i>	Ms. Ritchie is President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services company; a director and Chair of the Audit Committee of Alaris Royalty Corp. (TSX:AD); member of the RBC Global Asset Management Independent Review Committee; a director of Industrial Alliance Ltd.; a director for the Canada Development Investment Corporation; on the three-member advisory committee for the Privy Council of Canada; and a director of IPL Plastics Inc. (TSX:IPLP). She is a member of the Canadian Institute of Chartered Accountants and a Fellow of the Institute of Chartered Accountants of Alberta.	October 6, 2014
Dan Henriques British Columbia, Canada <i>Chief Financial Officer and Corporate Secretary</i>	Mr. Henriques joined EnWave as Chief Financial Officer in September 2015. Mr. Henriques has extensive experience in finance effectiveness and financial reporting. Prior to joining EnWave, Mr. Henriques was part of the Assurance group at PwC, and supported numerous mid-market companies, including companies listed on the Toronto Stock Exchange, TSXV and the New York Stock Exchange, with financial reporting and compliance. While at PwC, Mr. Henriques provided clients in the manufacturing and technology sectors professional services in the areas of financial audits, financial reporting and tax. Mr. Henriques earned his Bachelors of Science with an Honours Distinction and his Diploma of Accounting at the University of British Columbia. Mr. Henriques is also a Chartered Professional Accountant.	N/A

Each director's term of office expires at the next annual meeting of shareholders of the Company or when his or her successor is duly elected or appointed, unless his/her term ends earlier in accordance with the articles or by-laws of the Company, he/she resigns from office or he/she becomes disqualified to act as a director of the Company.

The Company currently has two committees of the Board, comprised of the following members:

- (a) Audit Committee: Ms. Mary C. Ritchie (Chair); Dr. Stewart Ritchie and Mr. Hugh McKinnon; and
- (b) Independence Committee: Mr. Hugh McKinnon (Chair), Dr. Stewart Ritchie and Ms. Mary C. Ritchie.

As of the date of this report, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 1,967,311 Common Shares, representing approximately 1.9% of the total number of Common Shares outstanding before giving effect to the exercise of options to purchase Common Shares held by such directors and executive officers which resulted from an event that occurred while that person was acting in the capacity as director or executive officer.

Other than described below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially control of the Company, (i) is, or within ten years prior to the date of this AIF has been, a director or executive officer of any company (including EnWave) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

John P.A. Budreski was a director of EarthFirst Canada Inc. until March 2, 2010, a company engaged in the development of wind power and related generation facilities, when it obtained creditor protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") on November 4, 2008. The CCAA process has been completed and EarthFirst Canada Inc. amalgamated with another entity and no longer exists as a separate entity. In addition, Mr. Budreski became a director of Colossus Minerals Inc. ("Colossus") in late March of 2014 pursuant to the terms of, and upon the completion of, a Court supervised restructuring. Prior to Mr. Budreski joining the Board of Colossus, Colossus had failed to file its requisite disclosure materials with the applicable regulatory bodies and, on April 29, 2014, the Ontario Securities Commission issued a cease trade order against Colossus. As of the date hereof, the cease trade order remains in effect.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of the Company's knowledge, and other than as disclosed in this AIF, there are no known existing or potential material conflicts of interest between the Company and any director or officer of the Company, except that certain of the directors and officers serve as directors and

officers of other public companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of such other companies.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

EnWave was not involved nor has been involved in any material legal or regulatory proceedings (including any such proceedings which are pending or threatened of which we are aware) within the financial year ended September 30, 2018.

Regulatory Actions

There were no (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during its most recently completed financial year; (b) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or (c) settlement agreements that the Company entered into before a court relating to securities legislation or with a securities regulatory authority during its most recently completed financial year.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Company is not aware of any material interest, direct or indirect, of (i) a Director or executive officer of the Company, (ii) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares, or (iii) any associate or affiliate of any of the foregoing, in any transaction within the three most recently completed financial years or during the current financial year, that has materially affected or is reasonably expected to materially affect the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are PricewaterhouseCoopers LLP, Chartered Professional Accountants, at their offices located at PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia.

Computershare Trust Company of Canada is the Company's registrar and transfer agent at its principal offices located at 2nd Floor, 510 Burrard Street, Vancouver, British Columbia.

MATERIAL CONTRACTS

The only material contracts entered into by the Company during the most recently completed financial year, or entered into by the Company prior to the most recently completed financial year, but which are still in effect, are as follows (collectively the “**Material Contracts**”):

Underwriting Agreement

On November 1, 2017, Company entered into an underwriting agreement with Cormark Securities Inc., together with CIBC World Markets Inc., Haywood Securities Inc., Industrial Alliance Securities Inc., PI Financial Corp. and Raymond James Ltd. pursuant to the Company's 2018

Financing. A summary of the 2018 Financing is contained in the *Glossary of Terms* section of this document.

Warrant Indenture(s)

On October, 2015, the Company and Computershare Trust Company of Canada entered into a warrant indenture providing for the issue of warrants pursuant to the Company's 2016 Financing. A summary of the 2016 Financing is contained in the *Glossary of Terms* section of this document.

On November 15, 2017, the Company and Computershare Trust Company of Canada entered into a warrant indenture providing for the issue of Warrants pursuant to the Company's 2018 Financing. A summary of the 2018 Financing is contained in the *Glossary of Terms* section of this document.

Copies of the Material Contracts are available under the Company's profile on SEDAR at www.sedar.com, and the descriptions of the Material Contracts in this AIF are qualified in their entirety by the full text of the Material Contracts.

AUDIT COMMITTEE

The Company's Audit Committee is a committee of the Board established for the purpose of monitoring the Company's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Company's external auditors. The Audit Committee is also responsible for reviewing the Company's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full Board.

The Audit Committee's charter ("Charter") sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Board. A copy of the full text of the Charter is attached hereto as Schedule "A" to this AIF.

The following are the current members of the Audit Committee:

Ms. Mary C. Ritchie (Chair)	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Mr. Hugh McKinnon	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Dr. Stewart Ritchie	Independent ⁽¹⁾	Financially literate ⁽¹⁾

(1) As defined by National Instrument 52-110 *Audit Committees*

Relevant Education and Experience

Mary C. Ritchie – Ms. Ritchie is the President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services firm based in Edmonton, Alberta. She has over 30 years of experience in both the public, private and not-for-profit sectors and is a member of CPA Canada and a Fellow of CPA Alberta. Ms. Ritchie is a member of the board of directors and audit committees of Alaris Royalty Corp., Industrial Alliance Insurance and Financial Services Inc., IPL Plastics Inc. and is also a member of RBC Global Asset Management's independent oversight committee. Ms. Ritchie holds a B.A. degree from the University of Western Ontario and a Bachelor of Commerce degree from the University of Alberta.

Hugh McKinnon – Mr. McKinnon has over 30 years of experience in business administration and fundraising. He is director and shareholder of Norscot Investments Ltd., a privately held company with extensive interests in media and residential/commercial developments in British Columbia, Alberta, Alaska and Washington State, and he is a Director of Premium Brands Holdings Corporation (since 2007) (TSX:PBH), which owns a broad range of leading specialty food manufacturing and differentiated food distribution businesses. Mr. McKinnon was a director (1999) and Chairman of the Board (2000-2005) of Rainmaker Entertainment Inc. (TSX:RNK). Mr. McKinnon is also currently a director of Castanet.net, a privately held internet media company based in Kelowna, British Columbia.

Dr. Stewart Ritchie – Dr. Ritchie has been a shareholder of a group of companies in the agricultural industry and he has extensive experience with managing the internal and external finances of this group including such transactions as foreign exchange, combined statements, and other balance sheet, income statement, and cash flow statements. Dr. Ritchie holds a B.Sc. from the UBC, a M.S. from the University of Arkansas and a Doctor of Veterinary Medicine degree from the University of Saskatchewan.

Reliance on Certain Exemptions

At no time since the commencement of the Company’s most recently completed financial year has the Company relied on any exemption from NI 52-110 other than the exemptions available in Section 5 (Reporting Obligations) of NI 52-110, as the Company is a venture issuer.

Audit Committee Oversight

At no time since the commencement of the Company’s most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors of the Company.

Pre-Approval Policies and Procedures

The Charter sets out responsibilities regarding the provision of non-audit services by the Company’s external auditors. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor’s independence and all non-audit related services require Audit Committee pre-approval.

External Auditor Service Fees

The aggregate fees billed by the Company’s external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ended September 30	Audit Fees	Audit-Related Fees ⁽¹⁾	Tax Fees ⁽²⁾	All Other Fees ⁽³⁾	Total
2018	\$127,050	nil	nil	\$53,448	\$180,498
2017	\$120,113	\$35,280	\$43,712	\$5,688	\$204,793

(1) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements which are not included under the heading “Audit Fees”.

- (2) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.
- (3) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees". For 2018, Other Fees included fees paid to the auditors in connection with the 2018 Financing.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP, the Company's external auditors for the financial year ended September 30, 2018, have confirmed that they are independent of the Company in accordance with the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found under the Company's profile on SEDAR at www.sedar.com.

Additional information, including Directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's Management Information Circular dated as of February 14, 2018, which is available under the Company's profile on SEDAR at www.sedar.com.

Additional financial information is provided in the Company's financial statements and Management's Discussion and Analysis for the year ended September 30, 2018 which may be found under the Company's profile on SEDAR at www.sedar.com.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

1. Mandate

The audit committee will assist the board of directors (the "**Board**") in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the Corporation's business, operations and risks.

2. Composition

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Corporation. The audit committee will consist of a minimum of three directors.

2.1 Independence

A majority of the members of the audit committee must not be officers, employees or control persons of the Corporation.

2.2 Expertise of Committee Members

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

3. Meetings

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Corporation's Chief Financial Officer and external auditors in separate executive sessions.

4. Roles and Responsibilities

The audit committee shall fulfill the following roles and discharge the following responsibilities:

4.1 External Audit

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;
- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

4.2 Internal Control

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Corporation. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Corporation; and
- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 Financial Reporting

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

- (c) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and

- (e) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

- (f) review and approve the interim financial statements prior to their release to the public; and
- (g) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

- (h) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 Non-Audit Services

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Corporation or any subsidiary of the Corporation shall be subject to the prior approval of the audit committee.

Delegation of Authority

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (b) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
 - (ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- (c) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:

- (i) the pre-approval policies and procedures are detailed as to the particular service;
- (ii) the audit committee is informed of each non-audit service; and
- (iii) the procedures do not include delegation of the audit committee's responsibilities to management.

4.5 *Other Responsibilities*

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 *Reporting Responsibilities*

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

5. Resources and Authority of the Audit Committee

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

6. Guidance – Roles & Responsibilities

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

6.1 *Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

6.2 *Financial Reporting*

General

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Corporation's adoption of them.

Annual Financial Statements

- (d) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Corporation reports or trades its shares;
- (e) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (f) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (g) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (h) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements

- (i) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (j) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (k) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
 - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the Corporation's operations and financing practices;
 - (iii) generally accepted accounting principles have been consistently applied;
 - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
 - (v) there are any significant or unusual events or transactions;
 - (vi) the Corporation's financial and operating controls are functioning effectively;
 - (vii) the Corporation has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
 - (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 Compliance with Laws and Regulations

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 Other Responsibilities

- (a) review, with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements.