

Eguana Technologies Inc.

Annual Information Form

For the year ended September 30, 2015

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GLOSSARY

When used in this Annual Information Form ("**AIF**"), the following terms have the meanings ascribed thereto:

"**ABCA**" means the *Business Corporations Act* (Alberta).

"**Alternating current**" or "**AC**" means a type of electrical current, the direction of which is reversed at regular intervals or cycles. In North America, the standard is 120 reversals or 60 cycles per second; whereas in Europe the standard is 100 reversals or 50 cycles per second.

"**Board** or "**Board of Directors**" means the board of directors of the Corporation as constituted from time to time.

"**Common Shares**" means common shares in the capital of the Corporation.

"**Corporation**" or "**Eguana**" means Eguana Technologies Inc.

"**Current**" means the flow of electrical energy in a conductor measured in amperes. Current can be DC or AC.

"**Demand Charge**" means the fee that an electrical utility charges its customers for the right to connect to the utility power grid and to take power measured in kilowatts at a specified point in time.

"**Direct current**" or "**DC**" means a type of electricity transmission and distribution by which electricity flows in one direction through the conductor, usually relatively low voltage and high current.

"**Energy Storage**" means any device which stores electrical energy also referred to as battery storage.

"**Fiscal Year**" means a twelve month period ending September 30, the fiscal year of the Corporation.

"**Grid Interactive Energy Storage**" means batteries or other storage devices which are connected to the utility power grid and which can dispatch to or receive power from the utility power grid.

"**IFRS**" means International Financial Reporting Standards.

"**Kilowatt**" or "**kW**" means one thousand watts of electrical power.

"**Kilowatt hour**" or "**kWh**" means an hour during which one kW of electrical power has been

continuously produced.

“Load” is a shorthand term referring to electrical load which is an electrical component or portion of a circuit that consumes electric power.

"MD&A" means management discussion and analysis.

"Megawatt" or "MW" means one thousand kW of electrical power.

"Megawatt hour" or "MWh" means an hour during which 1 MW of electrical power has been continuously produced.

"OEM" means original equipment manufacturer and refers to containment-based re-branding, where a company uses a component of another company in its product, or sells the product of another company under its own brand.

"TSX-V" means the TSX Venture Exchange.

“Voltage” is the difference of electrical potential between two points of an electrical or electronic circuit. It measures the potential energy of an electric field to cause an electric current in an electrical conductor. Depending on the difference of electrical potential and the risk of electrical shock, it is called extra low voltage (less than 120 volts DC), low voltage (120 volts DC to 1500 volts DC) and high voltage (more than 1,500 volts DC). Using extra-low voltage (**"ELV"**) is one of several means to protect against electrical shock.

“Watt” means the rate of energy transfer equivalent to one ampere under an electrical pressure of one volt. One watt equals 1/746 horsepower, or one joule per second. It is the product of voltage and current (amperage).

FORWARD-LOOKING STATEMENTS

This AIF contains certain forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements address activities, events or developments that the Corporation expects or anticipates will or may occur in the future, including such things as business results, investment objectives and strategy, development plans, intentions, results of operations, levels of activity, future capital and other expenditures (including the amount, nature and sources of funding thereof), business prospects and opportunities, construction timetable, extent of solar resources and future growth and performance. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "continuous", "potential", "target", "opportunity", "believes", "expected", "plans", "may", "will", "estimates", "would", "could", "should", "predicts" or similar statements, including negatives or other variations thereof that suggest future outcomes.

Various material factors and assumptions are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking statements. Those material factors and assumptions are based on information currently available to the Corporation, including information obtained from third party industry analysts and other third party sources. In some instances, material assumptions and material factors are presented elsewhere in this AIF in connection with the forward-looking statements. Readers are cautioned that the following list of material factors and assumptions is not exhaustive. Specific material factors and assumptions include, but are not limited to: the performance of Eguana's businesses, including current business and economic trends; capital expenditure programs and other expenditures by Eguana and its customers; the ability of Eguana to retain and hire qualified personnel; the ability of Eguana to obtain parts, consumables, equipment, technology, and supplies in a timely manner to carry out its activities; risks associated with international operations such as political, economic and other uncertainties; the ability of Eguana to maintain good working relationships with key suppliers; the ability of Eguana to market its services and products successfully to existing and new customers; the ability of the Corporation to raise additional capital in a timely manner on acceptable terms; currency exchange and interest rates; changes under governmental regulatory regimes and tax, environmental and other laws in Canada and the United States; fluctuations in market value for energy storage power conversion; uncertainty in the Corporation's ability to develop relationships with other companies; and a stable competitive environment.

With respect to forward-looking statements contained in this AIF, management of the Corporation has made statements regarding, among other things: the growth in the solar power industry; the growth of the distributed energy storage industry; characteristics of the markets for distributed energy in Europe and North America; the value of our technology in enabling battery technologies to be used in lower power ratings; the competition for those segments of the market which we are targeting; the barriers to entry or lack thereof that we face in entering those markets and our ability to sell products on favorable terms.

Forward-looking statements reflect management's current beliefs with respect to future events and are based on information currently available to management of the Corporation. The Corporation believes the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Forward-looking statements are not guarantees of the Corporation's future performance and involve known and unknown risks, uncertainties and assumptions that may cause actual results, performance or achievements, or developments in our industry, to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements.

All forward-looking statements contained in this AIF are expressly qualified by the foregoing cautionary statement. The Corporation undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Further information about the factors affecting forward-looking statements is available in the Corporation's current annual MD&A which has been filed with Canadian provincial securities commissions and is available on www.sedar.com.

GENERAL MATTERS

CERTAIN REFERENCES

References in this AIF to “Eguana”, the “Corporation,” “us” “we” or “our” mean Eguana Technologies Inc. together with its subsidiaries, unless otherwise specified or the context otherwise requires. See *Corporate Structure* for an overview of the Corporation and each of its material subsidiaries.

This AIF contains various corporate names, product names, trade names, trademarks and service marks, all of which are the properties of their respective owners. In this AIF, all dollar figures are in Canadian dollars, unless otherwise indicated.

MARKET AND INDUSTRY DATA

This AIF includes market and industry data that has been obtained from third party sources, including industry publications, as well as industry data prepared by management on the basis of its knowledge of and experience in the industry in which the Corporation operates (including management's estimates and assumptions relating to such industry based on that knowledge). Management's knowledge of such industry has been developed through its experience and participation in such industry. Although management believes such information to be reliable, neither the Corporation, nor management, has independently verified any of the data from third party sources referred to in this AIF or ascertained the underlying economic assumptions relied upon by such sources. Furthermore, references in this AIF to any publications, reports, surveys or articles prepared by third parties should not be construed as depicting the complete

findings of the entire publication, report, survey, or article. The information in any such publication, report, survey or article is not incorporated by reference in this AIF.

CORPORATE STRUCTURE

NAME, ADDRESS AND INCORPORATION

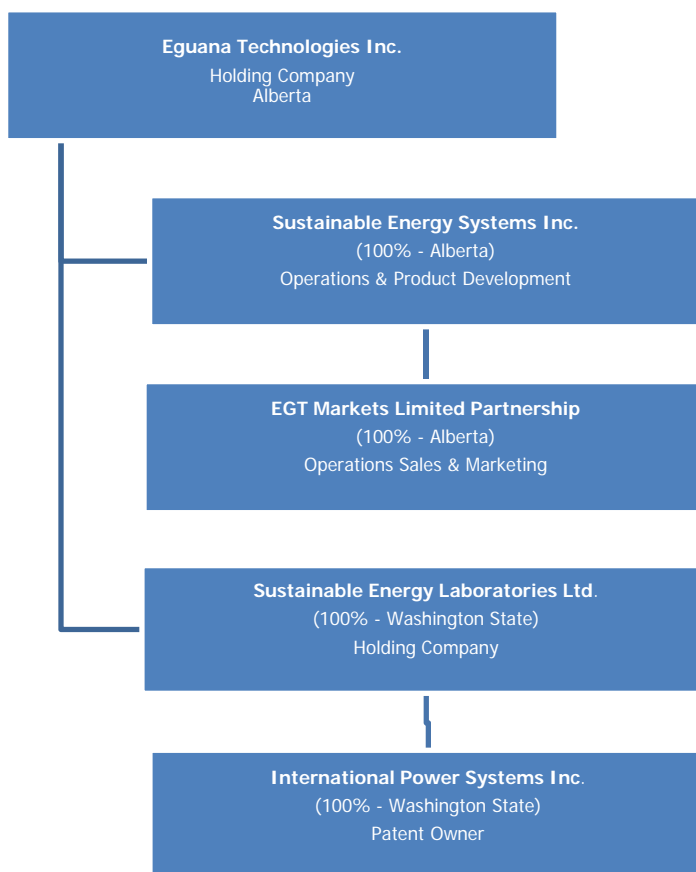
Eguana is a corporation existing under the ABCA. Eguana was originally incorporated under the ABCA on November 4, 1996 as RTM Holdings Inc. ("**RTM**"). On September 30, 1999, RTM acquired all of the issued and outstanding shares of Sustainable Energy Systems Inc. ("**SES**"), a privately owned Alberta corporation organized to develop and manufacture generation systems for remote micro-grid markets. On July 2, 1999, RTM amended its articles and changed its name to Sustainable Energy Technologies Ltd. On December 21, 2012, Sustainable Energy Technologies Ltd. amended its articles to consolidate the issued and outstanding common shares on a ten (10) to one (1) basis. On November 1, 2013, Sustainable Energy Technologies Ltd. amended its articles and changed its name to Eguana Technologies Inc.

Eguana's head and registered office is located at Unit 3, 6143 - 4th Street SE, Calgary, Alberta T2H 2H9. Eguana also has a branch office at 900 - 45 Sheppard Ave, Toronto, Ontario M2N 5W9.

Eguana is a reporting issuer in Alberta, British Columbia, Ontario and Nova Scotia. The Common Shares are listed and posted for trading on the TSX-V under the trading symbol "EGT" and on the OTCQB under the trading symbol EGTYF.

INTERCORPORATE RELATIONSHIPS

The following chart provides the name, the percentage of voting securities owned by Eguana and the jurisdiction of incorporation, continuance or formation of Eguana's subsidiaries, either direct or indirect, as at the date hereof.



Eguana is the 100% owner of SES and Sustainable Energy Laboratories Ltd. ("**SET Labs**") and sole limited partner of EGT Markets Limited Partnership ("**EGT LP**"). SES controls EGT LP as general partner of EGT LP with a net 1% interest in EGT LP. SES is the 100% owner of SET Labs which is the 100% owner of International Powers Systems Inc. ("**IPS**"). Eguana also has interests in other foreign companies which are not active.

GENERAL DEVELOPMENT OF THE BUSINESS

GENERAL

On February 29, 2000, Sustainable Energy Technologies Ltd. acquired all of the issued and outstanding shares of CWT Technologies Inc., a Washington state corporation which was subsequently renamed Sustainable Energy Laboratories Ltd. SET Labs conceived and undertook the initial development of a power conversion technology which allowed power generation and storage systems with high current/low voltage operating characteristics to be connected to the power grid with high conversion efficiencies. The original power conversion concepts are the

subject of multiple patents issued by the US Patent Office which were assigned to IPS, a wholly owned subsidiary of SET Labs.

Eguana developed its first commercial products for stationary fuel cells in power ratings from 1kW to 5kW in the year 2002. Fuel cell technologies were then viewed as a disruptive distributed generation technology and required the use of advance power electronics to connect systems to the utility power grid. Our first products were developed for fuel cell-based combined heat and power systems in collaboration with Pillar GmbH, the power supply subsidiary of RWE AG, a large German electrical utility. The product design combined fuel cells and batteries to provide firm, reliable power for residential applications.

The fuel cell industry did not evolve as expected and we moved to adapt our power conversion platform developed with Pillar GmbH for use in the emerging solar PV industry. In 2007, we introduced our first solar inverter under the Sunergy brand name using the same power electronic circuits developed with Pillar GmbH.

During this period we continued to develop our product platform leading to the introduction of a second-generation Sunergy product that was optimized for thin film solar PV technologies. We launched the second-generation product in Ontario during 2010 focusing on rural applications which had received generous pricing incentives under the Province of Ontario's Green Energy Program. Our strategy in Ontario was to demonstrate our value proposition in this market.

THREE YEAR HISTORY

Period from October 1, 2012 to September 30, 2013

Entering 2012 we released a structurally integrated solar PV system under the brand name ProFab Solar which levered the technology advantages of Sunergy to deliver positive investment returns in the Ontario agricultural market by eliminating site specific electrical engineering and reducing installation time. The market response to ProFab Solar was positive. However, we were disappointed by the new government's moratorium on new solar PV projects especially in the rural micro-FIT market which was the only high growth market sector and where we were well-positioned. Demand for ProFab Solar and Sunergy in this market collapsed as a result of the combined effect of these regulations. While the unexpected Government action was a material setback for Eguana, it forced management to reconsider its direction and to refocus its resources on developing the emerging opportunity in Germany for residential energy storage.

On December 21, 2012, the Corporation amended its articles to consolidate the issued and outstanding common shares on a ten (10) to one (1) basis.

On December 27, 2012, the Corporation completed an equity financing with DHCT II Luxembourg, S.à.r.l. ("**DHCT**") for aggregate gross proceeds of \$500,000. In connection with the

financing, DHCT acquired 50,000 units at a price of \$10.00 per unit, with each unit being comprised of one, 8%, five-year First Preferred Shares, Series 13, convertible into Common Shares at a conversion price of \$0.40 per share and 25 Common Share purchase warrants exercisable at a price of \$0.50 per share and an expiry date of December 27, 2017.

On March 15, 2013, the Corporation amended its articles to create the First Preferred Shares, Series 13.

On March 23, 2013, the Corporation completed a private placement to DHCT for aggregate gross proceeds of \$500,000. In connection with the private placement, the Corporation issued \$500,000 principal amount of unsecured convertible debentures bearing interest at a rate of 8% per annum and maturing six months following the date of issuance (the "**Convertible Debentures**") and 4,750,000 Common Share purchase warrants exercisable for a period of five years at an exercise price of \$0.105. The Convertible Debentures were convertible into 50,000, 8% First Preferred Shares, Series 14 of the Corporation. In addition, upon the conversion of the Convertible Debentures into preferred shares, such shares were convertible into Common Shares at a price of \$0.105 per share. In addition to the foregoing, the Corporation granted DHCT a pre-emptive right to participate in up to \$1,000,000 of any subsequent financing conducted by the Corporation.

On April 16, 2013, the Corporation amended its articles to create the First Preferred Shares, Series 15.

On April 17, 2013, DHCT converted its \$500,000 of Convertible Debentures into 50,000 8% 5-year Convertible First Preferred Shares, Series 14 which were exercisable into 4,750,000 Common Shares.

On April 17, 2013, the Corporation completed a private placement of 50,000 units for aggregate gross proceeds of \$500,000. Each unit was comprised of one \$10, 8% 5-year Convertible First Preferred Share, Series 15 and 12 Common Share purchase warrants exercisable at an exercise price of \$0.12 for a period of one year from the date of issuance. Each preferred share issued in connection with the private placement was convertible at the option of the holder into Common Shares at a price of \$0.12 per share. The Warrants entitle the holder to acquire one common share at a price of \$0.12 per share.

On May 16, 2013, the Corporation entered into an exclusive license agreement and supply contract to supply our Bi-Direx platform as a subassembly for energy storage systems designed and manufactured by Sonnenbatterie GmbH (then Prosol Invest Deutschland GmbH) under an OEM model. The first Bi-Direx sub-assemblies were shipped to Sonnenbatterie GmbH at the end of that quarter.

On May 30, 2013, the Corporation completed a private placement of 15,000 units for aggregate gross proceeds of \$150,000. Each unit was comprised of one 8% 5-year Convertible First

Preferred Share, Series 15 and 12 Common Share purchase warrants exercisable at an exercise price of \$0.12 for a period of one year from the date of issuance

On June 4, 2013, subject to the approval of the Corporation's shareholders and the TSX-V, the Corporation reduced the exercise price of 1,449,372 previously granted incentive stock options under the Corporation's incentive stock option plan held by employees, officers and directors of the Corporation to an exercise price of \$0.30 per Common Share. In addition, each of the agreements representing such options was amended to provide for accelerated vesting of the options to the last day of the first month following two consecutive quarters of positive earnings before interest depreciation and taxes. Further, the Corporation also issued a total of 1,151,647 additional incentive stock options to officers, directors and employees exercisable at a price of \$0.40 per Common Share with an expiry date of May 31, 2023. The incentive stock options shall only be exercisable following two consecutive quarters of positive earnings before interest, depreciation and taxes, or if the Company is acquired within the next 24 months.

On August 7, 2013, the Corporation completed a private placement of 89 debenture units (the "**Debenture Units**") for aggregate gross proceeds of \$1,557,500. Each Debenture Unit was comprised of one \$20,000 5-year secured royalty debenture ("**Royalty Debenture**") and, either 8,000 Common Shares, or, at the option of the investor, 16,000 Common Share purchase warrants exercisable for a period of 4 years at a price of \$0.50 per share. In connection with the issuance of the Debenture Units, the Corporation issued a total of 424,000 Common Shares and 576,000 Common Share purchase warrants. A second closing of the private placement of Debenture Units occurred on September 17, 2013 and an additional Royalty Debenture and 32,000 Common Shares were issued for additional gross proceeds of \$35,000.

On September 4, 2013, the Corporation announced that it would operate under the name Eguana Technologies Inc.

On September 13, 2013, the Corporation issued an aggregate of 4,750,000 Common Shares in connection with the exercise of an aggregate of 4,750,000 Common Share purchase warrants by DHCT for an aggregate exercise price of \$500,000.

Period from October 1, 2013 to September 30, 2014

During the fiscal year ended September 30, 2014 we devoted most of our operational and engineering resources towards supporting Sonnenbatterie in bringing its suite of products to the German residential solar self-consumption market.

On October 29, 2013, the Corporation held an annual and special meeting of shareholders where, among other things, the Corporation's shareholders approved the amendment of the Corporation's articles to change the name of the Corporation to Eguana Technologies Inc. and the repricing of incentive stock options granted to insiders of the Corporation which was approved by the Board of Directors on June 4, 2013.

On November 1, 2013, the Corporation amended its articles to change its name to Eguana Technologies Inc.

On November 20, 2013, the Corporation entered into an agreement with Bristol Capital to assist the Corporation in an investor relations capacity. Pursuant to the terms of the agreement, Bristol Capital received \$8,000 per month and, at the discretion of the Board, either 160,000 options to purchase Common Shares exercisable for a period of 3 years at an exercise price of \$0.50 per share or an additional \$2,000 per month.

During December 2013, Eguana completed a series of private placements and issued an aggregate of 1,375,000 common shares in the capital of Eguana at a price of \$0.40 per share for gross proceeds of \$550,000 and 1,200.5 exchangeable limited partnership units of EGT LP at a price of \$1,000 per unit for gross proceeds of \$1,200,500.

On December 23, 2013, Eguana and DHCT entered into an agreement pursuant to which DHCT extended its \$1,500,000 standby equity commitment to May 1, 2018. In exchange for DHCT's agreement to extend the equity commitment, the Corporation extended the term of 3,529,411 Common Share purchase warrants to May 1, 2018.

On January 31, 2014, the Corporation exercised its right to acquire all of the 1,200.5 exchangeable limited partnership units of EGT LP that were issued during December 2013. In connection with such acquisition, the Corporation issued an aggregate of 2,667,778 Common Shares to the holders of the exchangeable limited partnership units.

On February 27, 2014, the holders of the Corporation's First Preferred Shares, Series 7, First Preferred Shares, Series 9 and First Preferred Shares, Series 15 approved the amendment of the Corporation's articles to remove the mandatory redemption provision in respect of the Corporation's First Preferred Shares, Series 7, First Preferred Shares, Series 9 and First Preferred Shares, Series 15, respectively.

During the third quarter of the fiscal year ended September 30, 2014, we shifted increasing production of Bi-Direx subassemblies to a contract manufacturer located in Durach, Germany.

On April 3, 2014, China's Patent Office issued patents to the Corporation for the core technologies underlying the Corporation's Bi-Direx (energy storage) and Paralex (solar) inverter platforms.

On April 16, 2014, Roger Fredette resigned as the Chief Financial Officer of the Corporation and Sharon Penner was appointed as the Corporation's Chief Financial Officer.

On May 28, 2014, the Corporation completed a private placement and issued an aggregate of 2,431,875 units in the capital of Eguana at a price of \$0.40 per unit for gross proceeds of \$972,750. Each unit was comprised of one Common Share and one-half of one Common Share purchase warrant, with each whole warrant entitling the holder thereof to purchase one

Common Share at a price of \$0.60 per share for 18 months from the closing date of the private placement.

On June 17, 2014, the Corporation completed a private placement and issued an aggregate of 2,187,500 units in the capital of Eguana at a price of \$0.40 per unit for gross proceeds of \$875,000. Each unit was comprised of one Common Share and one-half of one Common Share purchase warrant, with each whole warrant entitling the holder thereof to purchase one Common Share at a price of \$0.60 per share for 18 months from the closing date of the private placement.

On June 17, 2014, the Corporation issued 412,500 units in payment of arm's length legacy payables totaling approximately \$165,000. Each unit was comprised of one Common Share and one-half of one Common Share purchase warrant, with each whole warrant entitling the holder thereof to purchase one Common Share at a price of \$0.60 per share for 18 months from the closing date of the private placement.

On June 30, 2014, the Corporation completed a private placement of 18 debenture units for aggregate gross proceeds of \$315,000. Each debenture unit was comprised of one \$20,000 5-year secured royalty debenture and 8,000 Common Shares. In connection with the issuance of the debenture units, the Corporation issued a total of 144,000 Common Shares. Each \$20,000 royalty debenture bears interest at a rate of 3% per annum, plus an amount equal to 2/100 of 1% of the consolidated revenues realized by the Corporation, both payable quarterly in arrears. The royalty debentures are callable by the Corporation at par at any time after the second anniversary of issuance; and if not called, will be amortized in 12 equal quarterly installments beginning on the second anniversary of issuance.

On August 15, 2014, the Corporation retained O&M Partners, LLC at a price of US\$6,000 per month, to act as advisor to the Corporation in respect of the United States capital markets.

During the fiscal year ended September 30, 2014, we also increased our efforts to identify emerging demand in the US and to evangelize the value of the Bi-Direx platform based on our success in Germany. We initially targeted our efforts on remote micro-grid applications and on product development relationships with multiple battery technology developers with the goal of validating the capability of Bi-Direx to work with all the leading battery technologies and with the goal of positioning Bi-Direx as the preferred power control and conversion solution as these technologies became commercial. Our efforts on these strategies were successful, but by the end of 2014, emerging traction in the grid tied residential market and a number of market findings focused our efforts on that market.

Period from October 1, 2014 to September 30, 2015

On October 24, 2014, the Corporation appointed Michael G. Dalton as Vice President of Finance and Chief Financial Officer.

On December 8, 2014, the Corporation issued an aggregate of 22,559,288 Common Shares upon the conversion of First Preferred Shares held by DHCT valued at \$13,346,571, including accrued but unpaid dividends, into Common Shares. As a result of the conversion, all shares of the First Preferred Shares, Series 7, First Preferred Shares, Series 9, First Preferred Shares, Series 10, First Preferred Shares, Series 11, First Preferred Shares, Series 12, First Preferred Shares, Series 13 and First Preferred Shares, Series 14 have been automatically converted into Common Shares effective as of December 8, 2014.

On December 8, 2014, the Corporation entered into the amended and restated investor rights agreement with DHCT.

On December 16, 2014, the Corporation entered into a 3 year contract to supply Bi-Direx power control and conversion systems to E-Gear LLC.

On December 23, 2014, the Corporation completed a private placement of 15,907,903 units for aggregate gross proceeds of \$3,772,371. Each unit was comprised of one Common Share and one-half of one Common Share purchase warrant, with each whole warrant entitling the holder thereof to purchase one Common Share at a price of \$0.39 per share for five years from the closing date of the private placement. In addition, the Corporation completed a second closing on December 31, 2014 and issued an additional 150,000 units for additional gross proceeds of \$45,000.

On December 31, 2014, Eguana completed a private placement and issued an aggregate of 314 exchangeable limited partnership units of EGT LP at a price of \$1,000 per unit for gross proceeds of \$314,000. Pursuant to their terms, each exchangeable limited partnership unit is exchangeable for 3,030 Common Shares.

On March 4, 2015, the Corporation exercised its right to acquire all of the 314 exchangeable limited partnership units of EGT LP that were issued on December 31, 2014. In connection with such acquisition, the Corporation issued an aggregate of 951,420 Common Shares to the holders of the exchangeable limited partnership units.

On May 29, 2015, the Corporation signed a letter of intent to partner with Asteelflash, a global supplier of electronics manufacturing services to manufacture Eguana's patented Bi-Direx power control and conversion system and its innovative AC Batteries in Germany and in California.

On June 5, 2015, upon the resignation of Michael Dalton, the Corporation appointed Patricia Dahm as Chief Financial Officer of the Corporation.

Given the above, we dedicated our product development efforts in 2015 to developing and launching our 'AC Battery' product. The AC Battery was launched in June 2015 and has since been deployed in several demonstration installations around the USA. We are expecting the bulk of the demand for our product to come from the Hawaiian market in 2016.

Concurrent with the above, we were unable to renew our supply contract with Sonnenbatterie after having delivered over 5,000 units once the original 2-year term expired. Our exclusive supply relationship with Sonnenbatterie ended in July 2015. As a result of this situation, we began developing new business opportunities in Germany through the 4th quarter of 2015 and based on customer contracts currently being completed, we expect to have our products back in the European markets within calendar year 2016.

On August 18, 2015, Justin Holland was appointed as the Corporation's Chief Executive Officer, replacing Michael Carten, who will remain as a director of Eguana. In addition, George W. Powlick was appointed to and has agreed to assume the position of interim Chairman of the Board of Directors.

Period from October 1, 2015 to Present

On October 1, 2015, the Corporation completed a private placement of 67,000,000 common shares at a price of \$0.0525 per share for aggregate gross proceeds of \$3,517,500. Concurrently with the closing of the private placement, the Corporation and DHCT entered into a seventh amended and restated investor rights agreement pursuant to which DHCT will, among other things, retain its right to appoint one director of the Corporation and to ex officio membership on committees of the Board and the right to approve the issuance of securities that are senior to the Common Shares.

On November 3, 2015, Vishwas Ganesan was appointed as the Corporation's Director of Business Development USA, Keith Johnston was appointed as Manager of Product Design, and Curtis Smith became the Corporation's Director of Finance.

On December 8, 2015, the Corporation and Itochu Corporation entered into a formal marketing agreement. Pursuant to the agreement, Itochu Corporation, a leading Japanese trading house, will develop opportunities for us through their energy storage network. Itochu Corporation is currently developing opportunities in Japan, Australia, United States, and Europe.

On January 6, 2016, Eguana completed a private placement and issued an aggregate of 747 exchangeable limited partnership units of EGT LP at a price of \$1,000 per unit for gross proceeds of \$747,000. Pursuant to the terms of the units, the Corporation has the ability to acquire all of the units in exchange for: (a) 6,790,977 Common Shares, if acquired on or before March 31, 2016; or (b) 10,186,465 Common Shares if acquired after March 31, 2016.

On February 23, 2016, the Corporation exercised its right to acquire all of the 747 exchangeable limited partnership units of EGT LP that were issued on January 6, 2016. In connection with such acquisition, the Corporation issued an aggregate of 6,790,977 Common Shares to the holders of the exchangeable limited partnership units.

On April 8, 2016, the Corporation completed a private placement of 8,148,402 common shares at a price of \$0.12 per share for aggregate gross proceeds of \$977,808. In addition, the Corporation completed a second closing on April 15, 2016 and issued an additional 1,834,000 units for additional gross proceeds of \$220,080.

DESCRIPTION OF OUR BUSINESS

OVERVIEW

Eguana designs and manufactures power control products for grid interactive energy storage systems using advanced batteries. Based on our core power electronics technology, our products are designed with value added system integration as appropriate for their target market.

Our products charge and discharge batteries converting alternating current to direct current to charge the battery and converting DC to AC to discharge batteries in a seamless bi-directional conversion process. Our products are also the point of connectivity of an energy storage system with the power grid and the consumer or “load” and are the primary focus of regulatory control over the interconnection of the energy storage system to the power grid. All integrated energy storage systems (ess) have three major components, the software controller (energy management system), the battery, and the advanced power controls.

Our focus is on distributed energy storage located at the point of consumption, or grid edge, rather than the point of generation. There are multiple applications for our products including the storage of renewable energy, especially solar energy produced at low demand periods throughout the day to meet peak demand periods in the evenings, providing peak shaving capacity for commercial businesses to reduce utility demand charges, providing grid improvements with respect to voltage control, frequency regulation, and capacity to the utilities and power grid operators, providing residential back up power to homeowners, and providing power to super-charge electric vehicles.

Our competitive advantage is based on our core technology efficiency advantage, our flexible design for integration, our software-driven open controls architecture, and our integration capabilities.

Our business is global. Our primary markets today are in Europe, the United States, Australia and Japan. We have manufactured and shipped more than 5,000 systems in the past 2 years, primarily to markets in Europe, Australia, and the United States.

Our Markets

At this juncture we believe demand for our products will be driven by the following factors:

Solar Self Consumption or Time Shifting:

Energy storage systems enable the owners of solar PV systems to store electricity produced during the day and to use it to reduce the amount of electricity purchased from the power grid in the evening. Demand for solar self-consumption or time shifting has emerged in larger scale in the past two years as a result of the combination of the rapidly declining costs of batteries along with the continuous decline of solar electricity prices and steadily increasing costs of utility supplied electricity which makes storing solar power an economic alternative to utility supplied power. Solar self-consumption has its greatest value in markets where the homeowner's alternative cost of power from the utility is high and where there are limited incentives to generate solar power for sale to the power grid. This is the case in many European countries, Australia, and Hawaii, where we expect demand for solar self-consumption or time shifting to grow significantly.

Grid Quality Services:

Increased levels of distributed solar PV systems, especially on residential feeder lines, negatively impact the ability of the utility to balance loads, control voltages within the prescribed ranges, and maintain frequency control. These power quality issues have the potential to limit the growth of residential solar PV systems, which are valued by the community for the lower cost power and for the beneficial impact on the environment. Energy storage installed alongside residential solar PV systems mitigates these issues, allowing much higher levels of solar penetration on the feeders. The same energy storage system also provides multiple value chains for the homeowner, such as back-up power, time of use shifting, and provides quick charge capabilities for electric vehicles. We believe that these values will drive increased demand for distributed energy storage systems from companies which are actively marketing residential solar PV systems and which have the capacity to create "fleets" of storage systems that can be accessed at scale by the electric utility and from electrical utilities which will distribute storage systems throughout the power grid to address power quality issues with much lower capital requirements.

Utility Demand Charges:

Increasingly, utilities are moving from a simple price per kilowatt hour of electricity consumed to a fixed charge per billing cycle for the right to demand power from the grid in addition to the per hour billing. This "demand charge" is based on the peak demand measured in watts at any period of time during the billing cycle. Depending on the level of demand charge this can create strong economic incentive for customers with high volatility in power usage demands to reduce or eliminate these peaks to a point that is closer to the average baseline load. We believe that these markets will be served mainly by energy service companies, which will also provide equipment financing as part of a broader energy management package. Our assumption is that these companies will also move towards creating fleets of behind-the-meter energy storage that can participate in supplying energy storage capacity and other ancillary value to the power grid.

Our Opportunity

Distributed energy storage systems generally have lower power ratings reflecting the requirements of their environments. For example, residential systems in Europe are typically around 3kW whereas residential systems in the USA are typically around 5kW. In commercial and light industrial applications, power ratings will be higher, although, based on market feedback, the meaningful portion of the commercial demand market will be for power ratings between 15kW and 60kW. Moreover, in these markets, reliability on demand is more important in this application and asset redundancy is emerging as one of the critical factors. We believe that this will lead to demand for systems comprised of two or more energy storage modules to meet a given peak demand instead of a single high power energy storage systems matched to peak demand. This redundancy protects the investment by maintaining the ability to manage the peak if the system experiences failure.

Conventional grid interactive power inverters developed for the solar industry need low current to voltage ratios in order to provide the power conversion at high efficiencies and are generally not suitable for these applications. Also, most solar inverters are simple DC to AC inverters and do not have the required bi-directional power conversion functionality to allow the battery to be charged from the power grid. The mismatch in current to voltage ratios is exacerbated with new lower cost battery technologies which rely on higher current to voltage ratio battery cells to achieve their lower cost structure.

How We Conduct Our Operations

Our preferred model is to sell our products under longer term customer relationships where we have the opportunity to plan production and deliveries to meet forecasted demand from our customers. Our goal is to minimize the amount of product and component inventory in the supply chain and to thereby minimize our working capital required during a production ramp. Our model also enables us to optimize our manufacturing model which outsources manufacturing of interchangeable sub-assemblies to multiple vendors around the world, locating final assembly and testing of the finished product close to our customers.

Such an operating model requires a highly integrated supply chain which responds flexibly and very quickly to changes in demand forecasts from our customers. To optimize our supply chain we manage our operations through a Sales and Operations ("**S&OP**") planning process which (i) updates our assessment of market conditions monthly, (ii) measures and aligns our operations across the same period, and (iii) adjusts our production and capacity plans to match anticipated changes to the demand mix. We believe that our S&OP process enables us to maintain optimal inventory positions, manage capacity and working capital, while minimizing financial risk to Eguana. We are able to do this effectively because all our products are based on the same standardized power electronics sub-assemblies which are easily adapted through our software drivers and changes to the windings on our transformers.

We supply our Bi-Direx PCS functionality under two product models described below.

Bi-Direx PCS Sales:

Our OEM business encompasses sales of the core power electronics sub-assemblies needed to provide the power conversion and control functionality of our Bi-Direx technology to a manufacturer of integrated energy storage systems. The principal components of the sub-assemblies are the power electronics circuits and embedded firmware, which are delivered as two primary sub-assemblies including the electronic module and the magnetics module. Each is typically manufactured in different locations by us or by our contract manufacturers or suppliers and delivered separately to our customer for integration by the customer at its site.

In these applications, we take no responsibility for integration of the Bi-Direx PCS into the energy storage system, although we will typically provide engineering support services for a fee. This model also requires a higher level of engineering capacity on the part of the customer and continuous support from our engineering group especially for new product development. During the 2014 and 2015 fiscal years more than 90% of total revenues were derived from OEM sales to customers outside the consolidated entity.

AC Battery Sales:

We define an AC Battery as an integrated and certified combination of our Bi-Direx PCS and a specific battery that requires only a grid connection and a dispatch signal to provide a fully functional and durable energy storage system. Our model is to assemble, test, and deliver a factory ready AC Battery to our customers incorporating the Bi-Direx PCS and the specific battery selected and sourced by the customer. To execute on this model we develop software controls for each AC Battery design that integrate the Bi-Direx PCS control software with the battery management software controls for each battery type.

We collaborate with the battery manufacturer to fully integrate and certify the combination to meet regulatory standards so that no further inspection is required on installation of the AC Battery. Our model allows customers to select the best battery for their application and to negotiate pricing for the batteries.

Our Growth Strategy

Our goal is to be recognized as a market leader in providing the core power control and power conversion functionality needed for smart grid energy storage systems in power ratings from 2kW to 60kW. We measure success as a 30% market share in each of the target markets. Our strategy to achieve this goal is to work through non-exclusive strategic relationships with companies which have the capability in terms of technology, market presence, and channels to move our Bi-Direx products in high volume.

Our goal is to position our Bi-Direx platform as a “universal” power control and conversion system that will allow our customers to move easily between the different battery technologies selecting the best combination of cost and performance for the application without changing their power control strategies. We believe that our customers will be companies that have

developed or sourced their own proprietary energy management and supervisory control system which will brand and define their position with their end customers. We believe that these customers will also source batteries based on their individual choice of performance criteria for the various applications which they serve.

COMPETITIVE PRODUCTS AND TECHNOLOGIES

There are relatively few competitive products in the market which can connect batteries to the power grid in our target power ratings with acceptable power conversion efficiencies and cost. Based on testing results from the California Energy Commission, we believe we have a significant efficiency advantage through our patented energy conversion process. Customer feedback indicates our Bi-Direx platform is superior to other products in terms of grid connectivity and the ease with which customers are able to adapt and integrate the Bi-Direx platform to optimize battery performance.

In the solar self-consumption market and, potentially, in the grid power quality application, a theoretical alternative to our approach and a high voltage battery is to combine a bi-directional DC to DC power converter which will bridge the gap between the low battery voltage outputs and the high voltage input specifications of conventional grid interactive inverters. Commonly referred to as a DC coupled system, the approach is challenging. First, creating a bi-directional DC to DC converter which can bridge a gap of several hundred volts is technologically challenging and there is no commercial product in the market at this time. Second, our estimates of manufactured cost are that it will be at least as high as the cost of an additional inverter and requires a bi-directional solar inverter with added functionality and likely, added cost. Third the approach requires twice the power conversion steps as the AC coupled approach which increases system losses. DC to DC coupled systems are also limited to new systems and cannot be used to retrofit systems already in place except by replacing the in-place solar inverter and do not operate with micro-inverters which represent a significant portion of power conversion devices for the US residential market

TECHNOLOGY DIFFERENCES

Grid Interactive Inverters

Grid-interactive inverters use modern solid-state power electronics technology to convert direct current from an electrical generator or storage device into the high quality alternating current power required by the power grid and by most electronic and electrical equipment. Grid-interactive inverters require a much higher level of real time control over the power conversion process since they must precisely match the AC wave shape (the sinusoidal wave shape that characterizes AC power) to the AC wave shape of the power grid in real time, meet a variety of power quality standards (harmonic distortion, power factor etc), detect grid outages, and disconnect the energy source from the power grid for safety and grid control reasons.

A key challenge for grid interactive inverters is to limit energy losses as the DC energy is converted into AC energy while maintaining power quality required by the power grid. This is impacted by the resistance of the power electronics to the current level. As the current passing through the electronics circuits increases the conversion, efficiency of the inverter declines with the square of the increase in the current. Sometimes referred to as the “ I^2R ” phenomenon, it means that power ratings of conventional inverters can only be increased without impacting efficiencies by increasing the DC voltage inputs while maintaining low current inputs.

This is a serious issue wherever the generation or storage technology produces high currents (with correspondingly lower voltages) since it is impossible to increase the power ratings of the systems with conventional high voltage inverters without compromising electrical conversion efficiencies of the system. In fact, all cellular generation and storage technologies including solar PV cells are inherently more efficient where the cells are larger and the voltage is maintained at a low level while the power ratings are increased by increasing current output relative to the voltage.

OUR DIFFERENCES

Our inverter design reduces the impact of the “ I^2R ” phenomenon on conversion efficiencies through a variety of connected mechanisms and advanced and patented software controls. Most inverter topologies combine a DC to DC converter which stabilizes the input voltage (and in the case of solar inverters is responsible for maximum power point tracking the PV system) with a DC to AC converter where the DC power is converted into AC power by passing it through power semiconductor switches. The switches control large amounts of power which are operated at comparatively high switching frequencies and using a single “H” bridge to step up the voltage to the voltage output required by the power grid. The high current passing through the “H” bridge is the source of the “ I^2R ” problem for high-voltage inverters.

Our inverter platform eliminates the DC-DC converter and directly splits the DC input into four streams by using four “H” bridges, which are then linked in series on the secondary side. The advanced software controls then sum the output of each transformer to create the high quality AC wave share. By sharing the current between the bridges the current through each component is reduced, resulting in lower overall conducted losses. Because the output is created by summing the transformer output, the switching frequency of each H-bridge is only one quarter of what is usually required, so there are no additional switching losses. The ability to control the switching of each transformer independently also enables the inverter to accept a wide input voltage range with minimal impact on efficiency, eliminating the need for a DC/DC pre-converter as used in most other grid tied solar inverters. This, in turn, allows for much faster and more stable control loops than competitive products leading to faster, more effective maximum power point tracking with greater conversion efficiency.

Our approach enables much higher DC input current to be converted to higher voltage AC outputs without compromising power quality and conversion efficiencies. This allows the inverter to convert the low voltage DC output of energy and storage devices at very high

efficiencies. Instead of stepping up the voltages through a series to achieve higher power outputs the DC current outputs are summed while the voltage is maintained at a lower level. This is achieved by wiring the DC generators or storage devices in “parallel.”

In the context of grid-interactive energy storage systems, our high-efficiency, bi-directional conversion of DC to AC or conversely AC to DC enables a very simple power electronics topology and, we believe, the highest roundtrip power conversion efficiencies in the industry.

BARRIERS TO ENTRY

Like all electronics, our products are subject to various product safety and electromagnetic compatibility ("EMC") regulations in the different geographical regions in which our products are sold. EMC compliance ensures that electronic products operate without causing or suffering from radio-frequency interference. In general, with Europe being a notable exception, regulations for product safety require third party agency certification and are mandated by national or regional electrical codes. Certification is usually available only from nationally or regionally accredited agencies and must be done to standards in force in the applicable region. Testing and evaluation of samples leads to certification, which is followed up with regular inspections at manufacturing locations to ensure ongoing compliance.

Each country or region has its requirements, which we design and test to and maintain the results on file. Ongoing compliance is left to the manufacturer to control, according to engineering, manufacturing and quality assurance processes, with re-testing required if changes are made to the design that could affect compliance.

In the European Union, product safety is covered under a self-declaration process, with compliance of the design and of ongoing production left to the manufacturer to control according to engineering, manufacturing and quality assurance processes, with re-testing required if changes are made to the design that could affect compliance.

Within the Europe Union, there is also a Restriction on Hazardous Substances which restricts the use of hazardous substances in electrical and electronic equipment and the environmentally sound recovery and disposal of waste electrical and electronic equipment. Non-technical barriers to entry vary from market to market. The most significant non-technical barrier is that the market is generally accustomed to high voltage inverters and the solar PV module industry has developed wiring solutions to accommodate the high voltage inverters which result in additional wiring being required to arrange the modules in parallel. There is also a perception among new entrants to the industry that the additional wiring is problematic in terms of installation time and cost, with little knowledge or appreciation of the value of the parallel alignment.

INTELLECTUAL PROPERTY

The following are patents issued by the US Patent Office and owned by the Corporation:

- U.S. Patent Nos. 6,198,178 6,08,404 6,978,916 describe the step wave power conversion process used by Eguana to allow low voltage DC power to be more efficiently converted into AC power using the controlling step wave voltages output from multiple different bridge circuits so that in combination the voltages create an AC output voltage.
- U.S. Patent Nos. are 6,628,011 6,882,063 describe how power transfer is managed between a plurality of different DC power sources and a DC bus using a rechargeable DC power source.
- U.S. Patent No. 6,765,315 describes a fuzzy logic power conversion concept whereby a control circuit monitors voltage levels and power demands on opposite sides of the inverter and then controls the operations of the converter or inverter according to the monitored voltage levels and power demands.
- U.S. Patent No. 6,738,692 describes a process where a plurality of modules configured to perform power conversion and power management operations are connected together through a common backplane.
- U.S. Patent No. 7,087,332 describes a power slope targeting process for optimizing the performance of fuel cells by identifying in real time a maximum allowable power output and adjusting the electrical parameters of the fuel cell to output power at approximately the identified maximum allowable power level.
- US Patent No 8,026,639 describes a control scheme for backup power and off grid applications.
- US patent No. 8,031,495 describes a robust controller and the single transformer topology.

We have made a provisional filing covering 5 new inventions related to AC Battery concepts with the USPTO in February 2016.

In addition to our patents, we rely on copyrights, trademarks, trade secrets, and contracts to protect our technologies, products, and brands. We have registered the Bi-Direx TM trademark in the United States and Europe, and we assert copyright ownership for our published materials and for the software embedded in our products. We use technical means to prevent unauthorized copying of the software embedded in our products.

CORPORATION, OFFICES AND PEOPLE

We have offices in Toronto, Ontario and Calgary, Alberta in Canada. We have 17 full-time personnel, of which 5 are engaged in engineering and product development, 4 are engaged full-time in sales and marketing, 5 are in operations and 3 are in administration.

DESCRIPTION OF CAPITAL STRUCTURE

The following is a summary of the material attributes and characteristics of the securities of Eguana. The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of First Preferred Shares, issuable in series.

COMMON SHARES

Holders of Common Shares are entitled to receive notice of and to attend all meetings of shareholders of the Corporation, except meetings at which holders of another specified class of shares are exclusively entitled to vote, and are entitled to one vote for each Common Share held on all votes taken at such meetings. Holders of Common Shares are entitled to dividends as and when declared by the board of directors of the Corporation. In the event of the liquidation, dissolution or winding up of the Corporation, the holders of Common Shares are entitled to receive, subject to the prior rights of the holders of other classes of shares, any remaining assets of the Corporation. As of the date hereof, there are 167,856,952 Common Shares issued and outstanding as fully paid Common Shares.

FIRST PREFERRED SHARES

The Corporation is authorized to issue an unlimited number of convertible \$10, 8% redeemable First Preferred shares, issuable in series. As of September 30, 2015 and as at the date hereof, there is 1 First Preferred Share, Series 8 issued and outstanding and DHCT is the holder thereof.

DHCT, holder of the First Preferred, Series 8 share, is entitled to receive notice of and to attend all meetings of the shareholders and, except for the right to designate one director to the Board of Directors or as otherwise required by the ABCA, DHCT is not entitled to vote at any meeting of the shareholders. Subject to the foregoing, as long as DHCT, together with its affiliates, own in the aggregate more than 10% of the issued and outstanding Common Shares and any non-voting common shares on a fully-diluted basis, DHCT, voting separately as a class, shall have the right to designate and elect one director from time to time, at the meetings of the shareholders and/or between meetings of the shareholders, and shall not, only in its capacity as holder of the First Preferred, Series 8 share, be entitled to vote in the election of the remaining directors of the Corporation.

MARKET FOR SECURITIES

TRADING PRICE AND VOLUME

The Common Shares of the Corporation are listed for trading on the TSX-V under the symbol "EGT", they are also listed on the OTC under the symbol "EGTYF". The following table sets the high, low and closing trading prices and the volume of Common Shares traded on the TSX-V for the most recently completed financial year:

Month	High	Low	Closing	Volume
2014				
October	0.40	0.32	0.39	407,153
November	0.40	0.32	0.35	181,110
December	0.43	0.30	0.33	755,842
2015				
January	0.43	0.33	0.35	564,500
February	0.43	0.35	0.40	519,380
March	0.45	0.32	0.34	467,098
April	0.34	0.24	0.28	2,081,392
May	0.35	0.28	0.29	2,039,832
June	0.31	0.24	0.24	1,282,463
July	0.24	0.10	0.12	4,465,374
August	0.12	0.06	0.08	1,580,754
September	0.10	0.07	0.08	1,967,334

PRIOR SALES

During the financial year ended September 30, 2015, the Corporation issued the following securities which are currently outstanding but are not listed or traded on a marketplace:

<u>Date of Issuance</u>	<u>Number and Type of Securities</u>	<u>Issue/Exercise Price Per Security</u>
April 16, 2014	300,000 options	\$0.38
December 31, 2015	314 Limited Partnership Units	\$1,000
March 31, 2015	2,032,764 options	\$0.35
June 30, 2015	200,000 options	\$0.35

DIVIDENDS

The Board has not established a policy of declaring cash dividends on the Common Shares or the First Preferred Shares. The declaration and payment of dividends are subject to the discretion of the Board and depend on, among other things, the Corporation's financial condition, general business conditions and other factors that the Board may in the future consider to be relevant.

DIRECTORS AND OFFICERS

The names, municipalities of residence, positions with Eguana and the principal occupations of the directors and executive officers of Eguana are set out below. The Board presently consists of five (5) directors, all of whom are elected annually to hold office until the next annual meeting of shareholders or until their successor is duly elected or appointed unless their office is earlier vacated in accordance with the provisions of the ABCA or Eguana's by-laws.

BOARD OF DIRECTORS

Name and Position with the Corporation	Principal Occupation and Municipality of Residence
George Powlick ¹ Director since May 2009 Interim Chairman of the Board	Managing Director, Doughty Hanson Technology Ventures Los Gatos, USA
Michael Carten ¹ Director since Sept 1999	Corporate Director St. Albert, Canada
Robert Penner CA ¹ Director since July 2004	Corporate Director Calgary, Canada
Andrew K Gustajtis Director since 2012	D & D Securities Inc. Investment Banking Toronto, Canada
Gregory H Nelson Director since April 2008	Corporate Director Gilbert, USA

Note:

¹Member of Audit Committee.

EXECUTIVE OFFICERS OF EGUANA AND ITS SUBSIDIARIES

Name	Principal Occupation and Residence
Justin Holland	Chief Executive Officer

Toronto, Canada

Brent Harris

Chief Technology Officer
Millarville, Canada

As of the date hereof, the directors and executive officers of the Corporation own as a group, directly or indirectly, or exercise control or direction over a total of 7,460,630 Common Shares representing 4.44% of the outstanding Common Shares. Mr. Powlick is the designated appointee of DHCT which holds an aggregate of 56,768,920 Common Shares and one First Preferred Share, Series 8.

Biographies of each director and senior executive officer, including his principal occupations for the last five years, are set forth below:

George Powlick, MBA: Mr. Powlick is currently a managing director of Doughty Hanson Technology Ventures ("DHTV"). Mr. Powlick has been an active venture capitalist since 1995 in Silicon Valley and in Europe. Before co-founding DHTV in 2000, Mr. Powlick was head of the Strategic Investments and Acquisitions Group for Intel Corporation in Europe and the Middle East.

Michael A. Carten, LLB: Mr. Carten founded Eguana in 1999 with the mission to create, build and export innovative renewable energy technologies and products. He has shepherded the Corporation since 2000 from the first conceptual stages of the inverter technology, through product development and the commercialization process, as well as arranging financing for the Corporation through its development. Prior to August 18, 2015, Mr. Carten was the CEO and Chairman of the Board. Prior to founding the Corporation, Mr. Carten had a successful career in law and corporate and government finance as a senior partner of Bennett Jones LLP and as a Director and Senior Vice President and Director of Corporate and Government Finance for BMO Nesbitt Burns, both based in Calgary, Alberta. Through his career he has represented some of Canada's largest companies and often served as an advisor to Federal and several Provincial governments on energy and fiscal policy matters.

Gregory H. Nelson: Greg Nelson was a consultant to Eguana during the last five years. He was formerly Executive Vice President and Chief Operating Officer of First Solar, the world's largest manufacturer of thin film PV modules, and Executive Vice President and Chief Operating Officer of ZBB Inc., a battery manufacturer. Mr. Nelson has more than 20 years of experience in high volume manufacturing and in managing the transition of technology companies from product development to production and commercial success.

Robert D. Penner, CA: Mr. Penner has been retired during the last five years. He has 40 years of accounting experience and was formerly a partner with KPMG Canada in Calgary. At KPMG Canada, Mr. Penner held senior positions within the tax practice, served on the Canada Partnership Board and was also Chairman of the Compensation Committee. His community

service work is well recognized and he has often lectured and been published on taxation related issues. Mr. Penner is also a director of Corridor Resources Ltd., and Gastar Exploration Ltd.

K Andrew Gustajtis: Mr. Gustajtis holds a Master of Science from Dalhousie University, was one of the original founding research scientists with the Centre for Cold Ocean Resources Engineering at Memorial University in St. John's, and served on the Board of Governors of the University of Waterloo. Mr. Gustajtis began his investment career with Wood Gundy in 1978 and held various officer and director position with a number of Canadian investment dealers. With others acquired controlling interest in Dominick & Dominick Canada – renamed D&D Securities Inc. in 2006 – and remains active in an investment banking position with the firm.

Justin Holland: Mr. Holland has been an officer of the Corporation during the last five years. He is a Senior Operations Executive with expertise in multi-site operations, supply chain Integration, P&L management and general operations. Mr. Holland brings demonstrated excellence in strategic planning, class A manufacturing, business integration best practices, activity based cost modeling and performance management. He has worked in the High Tech/Electronics, Pharmaceutical, Food and Beverage and Custom Manufacturing industries with such firms as Christie Digital, Pepsi Canada, General Mills and Torpharm (Apotex).

Brent Harris: Mr. Harris is a co-founder of the Corporation and has been an officer of the Corporation during the last five years has been a key contributor to the development of the Corporation's technology and products since inception. Mr. Harris is an inventor of the Corporation's key patents and has led the commercialization of the Corporation's technology. Mr. Harris is responsible for directing product development, maintaining and expanding the Corporation's intellectual property, and helping the Corporation's customers and partners with the integration of its products into their applications. Mr. Harris graduated from Queens University in Ontario in Electrical Engineering.

CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

CEASE TRADE ORDERS

To the knowledge of Eguana, no director or executive officer is, as of the date of this AIF, or was within ten (10) years prior to the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Eguana) that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the Corporation access to any exemption under securities legislation and which order was in effect for a period of more than thirty (30) consecutive days while he was acting in the capacity as director, chief executive officer or chief financial officer of such company; or (ii) was subject to any of the foregoing orders for a period of more than thirty (30) consecutive days after he ceased to be a director, chief executive officer or chief financial officer of such company and which resulted from an event that occurred while he was acting in such capacity.

BANKRUPTCIES

To the knowledge of Eguana and other than as disclosed below, no director, executive officer or Shareholder holding a sufficient number of securities to affect materially the control of Eguana is, as of the date of this AIF, or was within ten (10) years prior to the date of this AIF, a director or executive officer of any company (including Eguana) that, while such 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.

Mr. Penner was a director of Storm Cat Energy Corporation ("**Storm Cat**"), all of the wholly owned subsidiaries of which filed a voluntary petition on November 10, 2008 for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Colorado. Storm Cat was not included in the U.S. bankruptcy filing, nor did it file an application for creditor protection under the Companies' Creditors Arrangement Act in Canada. Subsequently Storm Cat received a delisting notice from the NYSE Alternext US LLC and a notice from the Toronto Stock Exchange to suspend trading of its shares. In both cases the reasons given include, among others, the voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code on November 10, 2008, Storm Cat's financial performance, and the low per share trading price of Storm Cat's common stock for a substantial period of time.

Mr. Penner was a director of Terra Energy Corp. ("**Terra**"). On March 21, 2016 its lender, Canadian Western Bank ("**CWB**"), made a demand on Terra, as debtor, and each of its Guarantors, for payment in full of Terra's outstanding indebtedness plus accrued interest, costs and fees. CWB provided Terra and each of its Guarantors with a Notice of Intention to Enforce Security under section 244(2) of the *Bankruptcy and Insolvency Act* (Canada), and as a result Terra and each of its Guarantors has consented to the enforcement by CWB, as secured lender to Terra of CWB's security pursuant to section 244(2) of the *Bankruptcy and Insolvency Act* (Canada). The reasons given include, among others, the cost of operations, including processing and transportation of commodities, field labour and production costs, royalties, and administrative expenses, exceed gross revenues at current commodity pricing levels. The Corporation's lender declined to provide further financial support to Terra and there is no other means of financing available to the Corporation at this time.

PENALTIES OR SANCTIONS

To the knowledge of Eguana, no director or executive officer of Eguana, or Shareholder holding a sufficient number of securities to affect materially the control of Eguana has been subject to 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 has been subject to 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

The directors and officers of the Corporation are engaged in, and will continue to engage in, other activities in the industries in which the Corporation operates and, as a result of these and other activities, the directors and officers of the Corporation may become subject to conflicts of interest. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA. As at the date hereof and other than as described herein, the Corporation is not aware of any existing or potential material conflicts of interest between the Corporation and a current director or officer of the Corporation.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as detailed below or disclosed elsewhere in this AIF, no director or executive officer of Eguana, or any person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares, or any associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction since the commencement of Eguana's third most recently completed financial year or during the current financial year, or in any proposed transaction, that has materially affected or is reasonably expected to materially affect Eguana or any of its subsidiaries.

Each of the directors has participated in one or more of the financings undertaken by the Corporation during the three previously completed financial years. In addition, DHCT purchased 28,571,429 common shares or 42.6% of the 67,000,000 common shares issued in the financing that closed September 29, 2015. Further, DHCT purchased 2,500,000 common shares or 25.0% of the 9,982,402 common shares issued in the financing that closed April 15, 2016. In no other case has any one director or officer acquired more than 10% of the securities issued.

Further, on October 1, 2015, the Corporation and DHCT entered into a seventh amended and restated investor rights agreement pursuant to which DHCT will, among other things, retain its right to appoint one director of the Corporation and to ex officio membership on committees of the Board and the right to approve the issuance of securities that are senior to the Common Shares.

RISK FACTORS

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Corporation's other public filings before making an

investment decision. The risks below are not an exhaustive description of all the risks associated with the Corporation and natural gas exploration.

GOING CONCERN

Our audited consolidated financial statements for the fiscal year ended September 30, 2015, have been prepared on a "going concern basis", which is described more fully in note 3 of the consolidated financial statements. In accordance with IFRS, and based upon key factors listed herein, we believe such a note in our consolidated financial statements is appropriate and our independent auditors agree. The application of "going concern" depends upon our ability to realize our assets and discharge our liabilities in the normal course of business for the foreseeable future. To date, we have not recorded a profit from operations and have derived virtually all of our working capital from the sale of our securities. We have experienced erratic revenue trends over the course of our history and, at times, deficiencies in working capital. Our business also faces many known and unknown risks, including those described in this AIF that could hinder our ability to continue as a going concern.

OPERATING LOSSES

We have a limited operating history. We are in the growth phase of our business and are subject to the risks associated with early stage companies, including uncertainty of revenues, markets and profitability, and the need to raise additional funding. As is common with companies at this stage of development, it is likely that marketing and operating costs will exceed net sales revenues during the product launch period. Our business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development, particularly companies in relatively new and evolving markets.

NEED FOR ADDITIONAL CAPITAL

In order to accelerate our growth objectives, and realize the full potential of our market opportunities we will likely need to raise additional funds from lenders and/or equity markets in the future. The capital needed to execute on this strategy would be tied to working capital, increased investment in human resources for marketing and new product development and additional production test equipment needed to ramp production. If we are unable to raise the capital on reasonable terms, our growth could be limited. If we issue Common Shares, or securities convertible into Common Shares, in order to obtain additional financing, shareholders may suffer additional dilution.

ACCESS TO EQUIPMENT, PARTS AND COMPONENTS

The ability of Eguana to compete and expand will be dependent on Eguana having access, at a reasonable cost, to equipment, parts and components, which are at least technologically equivalent to those utilized by competitors and to the development and acquisition of new competitive technologies. Failure by Eguana to do so could have a material adverse effect on Eguana's business, financial condition, results of operations and cash flow.

MARKET ACCEPTANCE

Market acceptance of our Bi-Direx platform is the most significant factor in achieving our strategic goals. A key risk in the minds of our customers is our financial stability and our continued ability to support our product offerings over a long period of time. We address this issue in the short term by marketing our products through strategic partnerships which provide our customers with an ability to manufacture our products in the event of significant interruptions of supply. In the long term we may be required to address this through strictly OEM relationships or technology licensing as the market grows.

EMERGING MARKET

Distributed energy storage is an emerging market that is highly dependent on growth in the solar power industry, regulatory policies affecting electrical utilities, and the use of grid interactive storage to address increased use of renewable energy. Growth in this market is also highly dependent on the cost of batteries. In such emerging markets, demand and market acceptance for recently introduced products and services are subject to a high level of uncertainty and risk. The development of a mass market for our products may be affected by many factors, some of which are beyond our control, including the emergence of newer, more competitive technologies and products, the cost of fuels used by our products, regulatory requirements, consumer perceptions of the safety of our products and related fuels, and end-user reluctance to buy a new product. If a mass market fails to develop, or develops more slowly than we anticipate, we may never achieve profitability. In addition, we cannot guarantee that we will continue to develop, manufacture or market our products if sales levels do not support the continuation of the product

COMPETITION AND TECHNOLOGICAL CHANGE

Because we are a first mover in an emerging market there is a higher than normal risk that we will face unexpected competition in the form of new technologies and new competitors, many of whom are larger and have greater resources than us. Many of our potential competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, sales, marketing, technical and other resources than we do. Our competitors may enter into strategic or commercial relationships on terms that increase their competitiveness. These competitors may be able to respond more quickly to changing customer demand and devote greater resource to developing, marketing, and selling their products than we can.

MANUFACTURING COST TARGETS

Our business model assumes that we will be able to achieve manufactured cost targets that will enable industry standard margins. Delays in reaching adequate rates and efficiencies in production could impair the profitability of our products. Our ability to manufacture products that are cost effective depends on reaching efficient production levels. The failure to reach adequate production levels and efficiencies would impair our ability to profitably market our products and would have a material adverse effect on our business, results of operation and financial condition. We cannot control the cost of our raw materials. Our principal raw materials are copper and steel. The prices for these raw materials are subject to market forces

largely beyond our control and have varied significantly and may vary significantly in the future. We may not be able to adjust our product prices, especially in the short-term, to recover the cost of increases in these raw materials. Our future profitability may be adversely affected to the extent we are unable to pass on higher raw material or reduce our costs to compensate for such changes.

OPERATION AND SUPPLIER RISK

We outsource production of core sub-assemblies to a series of contract manufacturers and there is a risk that one or more of these subcontractors will not perform its contractual obligations. There is also a risk that long lead times for critical components may affect production lead times. Where possible, we address these risks through contract frustration insurance. We also actively monitor critical component suppliers to the contract manufacturer and in some cases invest to secure longer lead time items. At this stage of our development we have greater exposure to financial loss due to a concentration of customers. This risk is exacerbated by our business strategy which is to develop multi-year contracts with a few leading market players. We have in the past obtained contract frustration insurance from Export Development Canada to protect against premature cancellation of the contract or failure to pay for product when due and we intend to continue to do so wherever possible. We also structure our supplier purchase contracts to ensure that we are not over committed to purchase products.

FOREIGN EXCHANGE RISK

Most of our product sales are and will for the foreseeable future be made in Euros or in US dollars. In Europe our sales are denominated in Euros. While we source the larger share of our components under Euro denominated contracts, key components are sourced in US dollars creating the potential for reduced margins on sales. In the US and in other markets, our sales are typically denominated in US dollars and we will source components and manufacturing services in US dollar contracts. More than 80% of our fixed operating costs are incurred in Canadian dollars. Changes in the Euro and the US dollar values relative to the Canadian dollar will impact our net contribution to cover these operating costs. To date we have not hedged these transactions except in the form of cash deposits on sales and for the cost of production, and we have no immediate plans to do so. As a result there is a risk that margins will be reduced due to adverse changes in these currencies relative to the Canadian dollar.

INTERNATIONAL OPERATIONS

Because we are an Alberta corporation, and because much of our business is done in Europe, there is a risk that the European Union or individual governments will implement protective measures which make it more difficult to export to these markets. While the risks of these actions are mitigated by our contract manufacturing strategy which enables us to easily change where we manufacture products, there can be no assurance that the various government licenses and approvals or amendments thereto that from time to time may be sought will be granted at all or with conditions satisfactory to the Corporation or, if granted, will not be cancelled or will be renewed upon expiry, or that income tax laws and government incentive

programs relating to the Corporation's business, and the solar energy industry generally, will not be changed in a manner which may adversely affect the Corporation.

ATTRACTING AND RETAINING KEY MANAGEMENT PERSONNEL

Our future prospects depend to a significant extent on the continued service of our key executives. Furthermore, the Corporation's continued growth and future success depends on its ability to identify, recruit and retain key management personnel. The competition for such employees is intense and there can be no assurance that the Corporation will be successful in identifying, recruiting or retaining such personnel. If any of these events occur, it may have a material adverse effect on the business, financial condition and results of operations of the Corporation or the value of the Common Shares.

SHARE PRICE FLUCTUATIONS

The Corporation's market capitalization is small and the market price of the Common Shares is likely to be volatile, and investors may not be able to resell shares at, or above, the purchase price paid for such Common Shares due to fluctuations in the market price of the Common Shares, including changes in price caused by factors unrelated to its operating performance or prospects.

WE MAY NOT BE ABLE TO ACHIEVE COMMERCIALIZATION OF OUR PRODUCTS ON THE TIMETABLE WE ANTICIPATE, OR AT ALL

We cannot guarantee that we will be able to develop commercially viable products on the timetable we anticipate, or at all. In addition, before we release any product to market, we subject it to numerous field tests. These field tests may encounter problems and delays for a number of reasons, many of which are beyond our control. If these field tests reveal technical defects or reveal that our products do not meet performance goals, our commercialization schedule could be delayed, and potential purchasers may decline to purchase our products.

WARRANTY CLAIMS COULD NEGATIVELY IMPACT OUR GROSS MARGINS AND FINANCIAL PERFORMANCE

There is a risk that our warranty accrual estimates are not sufficient and we may recognize additional expenses, including those related to litigation, as a result of warranty claims in excess of our current expectations. Such warranty claims may necessitate changes to our products or manufacturing processes and/or a product recall, all of which could hurt our reputation and the reputation of our products and may have an adverse impact on our financial performance and/or on future sales. While we attempt to mitigate against these risks through product development, quality assurance and customer support and service processes, there can be no assurance that these processes are adequate. Even in the absence of any warranty claims, a product deficiency such as a design or manufacturing defect could be identified, necessitating a product recall or other corrective measures, which could hurt our reputation and the reputation of our products and may have an adverse impact on our financial performance and/or on future sales. New products may have different performance characteristics from previous products. In addition, we have limited field experience with existing commercial products from which to make our warranty accrual estimates.

WE DEPEND ON OUR INTELLECTUAL PROPERTY, AND OUR FAILURE TO PROTECT THAT INTELLECTUAL PROPERTY COULD ADVERSELY AFFECT OUR EXPECTED FUTURE GROWTH AND SUCCESS

Failure to protect our existing intellectual property rights may result in the loss of our exclusivity or the right to use our technologies. If we do not adequately ensure our freedom to use certain technology, we may have to pay others for rights to use their intellectual property, pay damages for infringement or misappropriation, or be enjoined from using such intellectual property. We rely on patent, trade secret, trademark and copyright laws to protect our intellectual property. However, some of our intellectual property is not covered by any patent or patent application, and the patents to which we currently have rights expire between 2019 and 2029. Our present or future-issued patents may not protect our technological leadership, and our patent portfolio may not continue to grow at the same rate as it has in the past. Moreover, our patent position is subject to complex factual and legal issues that may give rise to uncertainty as to the validity, scope and enforceability of a particular patent. Accordingly, there is no assurance that: (a) any of the patents owned by us or other patents that third parties license to us will not be invalidated, circumvented, challenged, rendered unenforceable or licensed to others; or (b) any of our pending or future patent applications will be issued with the breadth of claim coverage sought by us, if issued at all. In addition, effective patent, trade secret, trademark and copyright protection may be unavailable, limited or not applied for in certain countries.

We also seek to protect our proprietary intellectual property, including intellectual property that may not be patented or patentable, in part by confidentiality agreements and, if applicable. We can provide no assurance that these agreements will not be breached, that we will have adequate remedies for any breach, or that such persons or institutions will not assert rights to intellectual property arising out of these relationships.

Certain of our intellectual property have been licensed to us on a non-exclusive basis from third parties who may also license such intellectual property to others, including our competitors. If necessary or desirable, we may seek further licences under the patents or other intellectual property rights of others. However, we may not be able to obtain such licences or the terms of any offered licences may not be acceptable to us. The failure to obtain a licence from a third party for intellectual property we use could cause us to incur substantial liabilities and to suspend the manufacture or shipment of products or our use of processes requiring the use of such intellectual property.

We may become subject to lawsuits in which it is alleged that we have infringed the intellectual property rights of others or commence lawsuits against others who we believe are infringing upon our rights. Our involvement in intellectual property litigation could result in significant expense to us, adversely affecting the development of sales of the challenged product or intellectual property and diverting the efforts of our technical and management personnel, whether or not such litigation is resolved in our favour.

LEGAL PROCEEDINGS

Eguana is involved in litigation from time to time in the ordinary course of business. In addition to proceedings to which Eguana is currently a party, legal proceedings could be filed against Eguana in the future. No assurance can be given as to the final outcome of any legal proceedings or that the ultimate resolution of any legal proceedings will not have a materially adverse effect on Eguana.

PROMOTERS

The Corporation has not had a promoter during the last two fiscal years.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as set forth below, management of the Corporation is not aware of any existing or contemplated legal proceedings material to the Corporation, to which the Corporation, or any predecessor of Eguana, is, or during the financial year ended September 30, 2015 was a party to or to which any of its property is or was subject.

The Corporation is currently in a dispute with a prior customer, Sonnenbatterie, as a result of the cancellation of a supply contract. A claim has been prepared to recover 1,479,332 Euros (\$2,178,139 CAD) for unpaid invoices and interest along with the option to claim an additional 903,584 Euros (\$1,366,568 CAD) for European inventories purchased on Sonnenbatterie's direction. Litigation is inherently uncertain and while we believe that we have a strong case, as a matter of financial prudence, we are carrying the receivable on our books at near zero.

Sonnenbatterie in return has made warranty claims against the Corporation related to first generation 3-phase Comfort series product. We believe that this claim is without merit and that the failures are tied directly to a fundamental system failure in the Sonnenbatterie Comfort design for which Sonnenbatterie was solely responsible. These failures were documented and pointed out to Sonnenbatterie at that time and the Corporation advised not to ship systems without rectification of the system design flaws. The system issues noted were corrected in the new generation Eco product line that utilizes the identical Bi-Direx product as Comfort. There are no outstanding power controls claims with respect to the second-generation product. We believe that the Sonnenbatterie decision to ship 3-phase Comfort in spite of warnings voids any warranty claim.

The Corporation's former contract manufacturer submitted a claim against Eguana related to the cancellation of the Sonnenbatterie supply contract for 1,534,000 Euros (\$2,320,000 CAD) in the Alberta Court of Queen's Bench. The Corporation is disputing 799,000 Euros (\$1,174,530 CAD) of the amount the contract manufacturer is seeking for recovery of a prior deposit paid and contested invoices for units produced without purchase orders. In addition to the disputed amount, the Corporation has filed a counter-claim against the contract manufacturer. The

Corporation has recorded the undisputed amount and has filed a counter-claim against the contract manufacturer.

Management of the Corporation is not aware of any penalties or sanctions imposed against the Corporation, or any predecessor of the Corporation, by a court relating to securities legislation or by a securities regulatory authority during the financial year ended September 30, 2015 or any other penalties or sanctions imposed by a court or regulatory body against Eguana, or any predecessor of Eguana, that would likely be considered important to a reasonable investor in making an investment decision.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares and for the First Preferred Shares, Series 8 is TMX Equity Transfer Services, Calgary, Alberta.

MATERIAL CONTRACTS

In August 2015, the Corporation entered into a settlement agreement with Michael A. Carten, the former CEO of the Corporation, who is also a director of the Corporation, under which the Corporation agreed to pay deferred compensation earned by the Mr. Carten since 2010 in equal monthly payments of \$13,115 without interest over a period of 82 months beginning October 1, 2015. The Corporation's liability was valued at \$563,571 using Level 2 valuation techniques with a discount rate of 25%.

Payment of the unpaid balance becomes immediately payable in certain circumstances including the Corporation realizing an average of \$1,000,000 in earnings before interest, taxes, depreciation and amortization for any two consecutive fiscal quarters or a change of control. The Corporation's obligation is secured by a security interest in the Corporation's assets which security is subordinate to existing liens as of September 1, 2015, and which will be subordinate, under certain circumstances, to security granted to secure certain future indebtedness incurred to fund corporate activities provided that all such secured indebtedness (including existing indebtedness as of September 1, 2015) shall not exceed \$12 million, plus an amount up to \$1.5 million for an operating line.

Any outstanding stock options granted to Mr. Carten pursuant to the Corporation's incentive stock option plan were amended to allow Mr. Carten to exercise all outstanding options to acquire Common Shares in accordance with their terms until the end of the maximum permissible date under the Corporation's incentive stock option plan and option agreements.

In January 2016, the Corporation settled a contingent liability totaling approximately US\$696,294 with a third party who performed consulting services in fiscal 1998 to a subsidiary of the Corporation agreeing to pay US\$ 31,658 (\$42,422) per year (payable semi-annually) for a period of 10 years. The obligation was unsecured and was fair valued at US\$104,927 (\$140,697), using Level 2 valuation techniques with a discount rate of 27%. Conditions existed

at the balance sheet date that required the liability to be recognized in the current year financial statements.

Except for contracts entered into the ordinary course of business and the contracts noted above, the Corporation has not entered into any other material contracts within the most recently completed financial year, or before the most recently completed financial year, that are still in effect.

INTERESTS OF EXPERTS

BDO Canada LLP is the external auditor and is independent within the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information pertaining to the Corporation, including directors' and officers' remuneration and indebtedness, and options to purchase securities which is contained in the Statement of Executive Compensation of the Corporation, is available on SEDAR at www.sedar.com. Additional financial information is included in the Consolidated Financial Statements and MD&A of Eguana for the year ended September 30, 2015, as filed with the applicable Canadian regulatory authorities. These documents are available on SEDAR at www.sedar.com and may also be obtained without charge by written request to the Corporation at Unit 3, 6143 - 4th Street SE, Calgary Alberta Canada T2H 2H9.

AUDIT COMMITTEE

AUDIT COMMITTEE CHARTER

The Audit Committee charter is attached as hereto as Appendix A.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors is comprised of Michael Carten, Robert Penner and George Powlick. Messrs. Carten, Penner and Powlick are all considered financially literate however, only Mr. Penner and Mr. Powlick are considered independent. Michael Carten is the former President and CEO of the Corporation and is not independent as defined by National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”).

RELEVANT EDUCATION AND EXPERIENCE

Robert Penner, CA is a chartered accountant and businessman. Mr. Penner was a senior tax partner with KPMG LLP where he worked from 1979 to 2004. Mr. Penner is a graduate of the Institute of Corporate Directors.

George Powlick is Managing Director of DHTV. Mr. Powlick has been an active venture capitalist since 1995 in Silicon Valley and in Europe. He holds an MBA from Anderson School of Business at UCLA and a BSc in materials science and engineering from the University of California, Berkeley.

Michael Carten, LLB is the co-founder and former President, CEO and Chairman of the Corporation and has led the Corporation from proof of concept through the product development and commercialization process to full production. Mr. Carten has more than 30 years' experience in the conventional and alternative energy industry. Mr. Carten holds a BA from Loyola College (Université de Montréal) and a Bachelors of Law from Dalhousie Law School.

AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of the Corporation'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.

RELIANCE ON CERTAIN EXEMPTIONS

Since the commencement of the Corporation's most recently completed financial year, it has not relied on the exemption in Section 2.4 (*De Minimis Non-audit Services*) of NI 52-110.

PRE-APPROVAL POLICIES AND PROCEDURES

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee charter.

EXTERNAL AUDITOR SERVICE FEES

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

Financial Year Ending	Audit Fees¹	Audit Related Fees²	Tax Fees³	All Other Fees
September 30, 2015	\$182,114	Nil	Nil	Nil
September 30, 2014	\$205,720	Nil	Nil	Nil

¹Fees paid for the audit of the annual financial statements and other regulatory audits and fillings.

²Fees paid for services related to the audit services.

³Fees paid for tax compliance, tax advice, tax planning and advisory services.

EXEMPTION

The Corporation is relying upon the exemption in Section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and its reporting obligations under NI 52-110.

Audit Committee Charter

Constitution

The Board of Directors of Eguana Technologies Inc. (the "**Company**") hereby resolves to establish an Audit Committee (the "**Committee**") which is formally constituted as a committee of the Board.

Membership

The Board shall appoint the members of the Committee:

- At least two members of the Committee including the Chair shall be non-executive members of the Board.
- The Chair shall not chair any other Board committee.
- The Board may co-opt additional members to the Committee as required; initially there will be three members of the Committee.
- A quorum shall be two members of whom at least one shall be a non-exec Board member. At least one member of the Committee should have a financial background.

Objective

The Audit Committee shall monitor on the Board's behalf the appropriate processes and controls resulting from policies set by the Board; this will include particular focus on:

- The scope, results and effectiveness of the external audit.
- Careful review of any non-audit services provided by the external auditors.
- Effectiveness of the processes of governance.
- Effectiveness of spend/value for money.
- Compliance with policy and statutory requirements.
- Internal controls including adherence to policy.
- Safeguarding of assets.

The Committee will depend on reporting from the finance department, external audit and other reporting from management or from external advisors as appropriate in order to achieve this.

Scope of Duties

Corporate Governance:

To support the Board in reviewing the effectiveness of the corporate governance to enable the Company to implement best practice as set out in appropriate guidance.

Internal Control:

To commission reviews of specific controls and procedures (financial or non-financial) where so requested by the Board.

Compliance with External Legislation and Internal Policies:

To ensure adherence to management policies and directives.

To verify that mechanisms are in place to ensure compliance with statutory requirements, financial and other.

Financial Statements:

To review the annual report and accounts before submissions to the Board, focusing particularly on:

- Any changes in accounting policies and practices.
- Major judgmental areas.
- Significant adjustments arising from the audit.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with legal requirements.
- Any presentational issues having particular significance to the public perception of the organization.
- To receive during the course of the year reports on any matters that may impact on the accounts and disclosure therein.

External Audit:

To consider the appointment and performance of the external auditor, the audit fee, and any questions of resignation or dismissal.

To discuss with the external auditor the long term approach to the audit of the Company. On an annual basis, before the audit commences approve the Audit Plan with particular reference to its nature and scope, emphasis and priorities.

To discuss any problems or reservations arising from the external auditors' work and any other matters that the external auditors may wish to bring to the attention of the Committee.

To review the external auditors' management letter together with management's written response before presentation to the Board.

To review the contents of any report issued by the external auditor along with management's written response, before its presentation to the Board and monitor the implementation of those external auditors' recommendations, which are accepted by the Committee.

Reporting:

The Chair will report to the Board as appropriate on the areas covered by the above terms of reference.

Specifically, the Committee is required:

- To recommend the approval of the audited report and accounts.
- To recommend to the Board the reappointment or change in appointment of external auditors.

The minutes of the Committee meetings should be formally recorded and submitted to the Board at its next meeting.

Authority:

The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the committee.

The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Committee is authorized to approve the issuance of interim unaudited quarterly financial statements and to appoint any one of its members and the Chief Executive Officer to sign the statements on behalf of the Committee and the Board.

Frequency of Meetings:

Meetings shall be held at least four times per year (generally every quarter and ideally two weeks prior to a Board meeting).

Attendance at Meetings:

The Committee shall have the power to request Management to attend its meetings. The Chairman of the Committee to attend or to speak may also call upon other persons. The Controller and/or Director Finance shall normally attend meetings. A representative of the external auditors may be requested to attend meetings when appropriate.

Proceedings of Meetings:

The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by the Committee.

All or any of the members of the Committee may participate in a meeting of the Committee by means of conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.