EnerDynamic Hybrid Technologies Corp.

Management Discussion and Analysis

For the Year Ended November 30, 2016

(Expressed in Canadian Dollars)

Dated

March 30, 2017

This management's discussion and analysis (the "MD&A") of EnerDynamic Hybrid Technologies Corp. ("the Company" or "EHT Corp.") is dated March 30, 2017. The following information should be read in conjunction with the consolidated financial statements of EnerDynamic Hybrid Technologies Corp. for the year ended November 30, 2016, copies of which are available on SEDAR at www.sedar.com.

All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Forward Looking Statement

This MD&A includes certain forward-looking information and forward-looking statements (collectively "Forward-Looking Statements") concerning the future performance of the Company's business, Operations and financial performance and condition, as well as management's objectives, strategies, beliefs and intentions. Forward-Looking Statements are frequently identified by such words as "may", "will", "plan", "expect", "anticipate", "estimate", "intend" and similar words referring to future events and results.

Forward-Looking Statements are based on the current opinions and expectations of management based on currently available information. All Forward-Looking Statements are inherently uncertain and subject to a variety of risks and uncertainties, some of which are described throughout this MD&A. Such Forward-Looking Statements are based on a number of assumptions, including but not limited to, information or statements concerning the Company's expectations for its ability to raise capital and meet the Company's obligations. Should one or more risks and uncertainties materialize or should any assumptions prove incorrect, then actual events or results may differ materially from those expressed or implied in the Forward Looking-Statements. Investors are cautioned against placing undue reliance thereon. The Company will provide the reader with revised or updated Forward-Looking Statements in accordance with section 5.8(2) of National Instrument 51-102.

Statement of Compliance with International Financial Reporting Standards

The consolidated financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect for the Company's reporting year ended November 30, 2016.The accounting policies adopted are consistent with those of the previous financial year.

Corporate Strategy

EHT delivers proprietary, turn-key energy solutions which are intelligent, bankable and sustainable. Most energy products and solutions can be implemented immediately wherever they are needed. EHT stands above its competitors by combining a full suite of solar PV, wind and battery storage solutions, which can deliver energy 24 hours per day in both small-scale and large-scale format. In addition to traditional support to established electrical networks, EHT excels where no electrical grid exists. The organization supplies advanced solutions for various industries in combination with energy saving and energy generation solutions. EHT's expertise includes the development of module structures with full integration of smart energy solutions. These are processed through EHT's production technologies into attractive applications: modular homes, cold storage facilities, schools, residential and commercial out buildings and emergency/temporary shelters.

History of the Business

EnerDynamic Hybrid Technologies Corp. (“EHT Corp”, the “Parent Company”) (formerly MCM Capital One Inc.) was incorporated on April 28, 2010 as a capital pool company as defined by the TSX Venture Exchange ("TSXV"). Its principal business was the identification and evaluation of assets or businesses with a view to acquiring significant assets by way of purchase, amalgamation, merger or arrangement with another company. The purpose of such a transaction was to satisfy the related conditions of a qualifying transaction under the Exchange rules (the "Qualifying Transaction").

On October 23, 2013, EHT Corp entered into a letter of intent to complete a business combination agreement with EnerDynamic Hybrid Technologies Inc. (“EHT Inc.” or “Operations Company”) a private company involved in the production and distribution of alternative energy products including solar panels and hybrid systems using wind turbines. The acquisition by EHT Corp was for all of the issued and outstanding shares of EHT Inc.

EHT Inc. was incorporated under the provisions of the OBCA pursuant to a certificate of articles of incorporation dated December 23, 2011, as amended by articles of amendment dated September 5, 2013, pursuant to which its name was changed from “2311044 Ontario Inc.” to “EnerDynamic Hybrid Technologies Inc.”. The Operations Company did not commence formal business operations until October 1, 2013. EHT Inc. has its manufacturing facilities located at 1110 Hansler Road, Welland, Ontario. It is involved in the advancement of businesses in the renewable resources sector with its current focus on production and wholesale distribution of hybrid solar and wind systems, solar panels and solar system site installations.

In accordance with IFRS 3, Business Combination, the structure of the Qualifying Transaction was a reverse takeover of a non-operating company (EHT Corp.). The transaction was accounted for as outlined in IFRS 3. The Qualifying Transaction does not constitute a business combination as EHT Corp does not meet the definition of a business under IFRS standards given that EHT Corp.’s principal activities prior to the acquisition were limited to management of cash resources and the maintenance of its stock listing. As a result, the Qualifying Transaction is accounted for as a capital transaction, with EHT Inc. being identified as the acquirer and the equity consideration received by EHT Inc.’s shareholders being measured at fair value.

In December 2014, the Company entered into an agreement, to acquire one of the largest solar photovoltaic (PV) energy project portfolios in Canada. The total energy portfolio amounts to 38 Megawatts in aggregate scale and consists of 149 individual rooftop solar energy installations (the “Projects). Each Project has a 20-year Power Purchase Agreement issued by the Ontario Government under the Ontario Feed in Tariff (FIT) program.

The acquisition of the portfolio required certain milestone payments to the originating developer (Reliant First Nations LP). The Independent Electricity Systems Operator (IESO) issued a Notice to Proceed (NTP) which provided the company with a registered energy contract with the IESO and allows the company to commence with the construction phase. 100% of the Notices to Proceed have been received by EHT.

In Fiscal 2016 the Comapny entered a complex purchase and sale agreement to sell the solar energy contracts it had agreed to acquire from Reliant First Nations LP. The purchaser acquired the contracts and will build the solar systems on the roof top of schools across the Peel School Board.

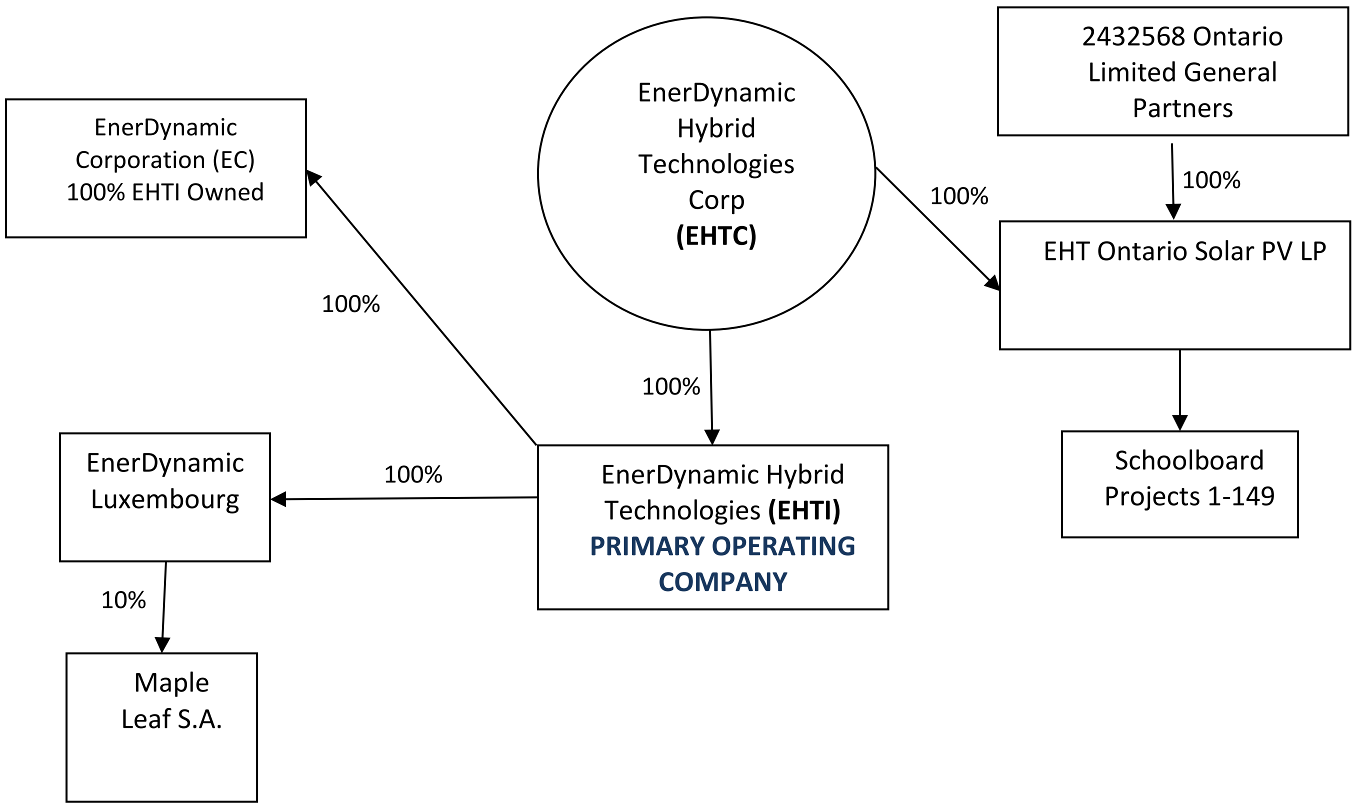
History of the Business (continued)

The purchase/sale agreement calls for EHT to receive up to $7,061,400.00 for the sale of the assets based on the actual projects built by the purchaser. Financial payment/settlement is to occur in the fourth calendar quarter of 2017. EHT received $1.00 for the original sale.

EHT was unable to finance the construction of these projects and was therefore eager to recover much of its original investment. Additionally, the NTP deposits will be returned to EHT as applicable on completion of the projects and at time of payment/settlement.

Narrative Description of the Business

Corporate Structure



Narrative Description of the Business (continued)

Principal Products or Services

Based on the consolidated financial statements for the year period ended November 30, 2016, the table below sets forth the revenues, as percentages of total consolidated revenues of EHTI, of each category of principal products and services.

Category of Principal Products or Services	Percentage of Total Revenues for the Year Ended November 30	
	2016	2015
Solar Panels/Micro-grid Systems	100%	77%
Solar Panel OEM Services	0%	22%
Solar System and Installation Projects	0%	1%

The revenue mix set out above principally reflects sales information during the development of the new production processes required for the production of the modular homes, now commercialized. EHT's hybrid products including energy efficient and energy independent modular homes are projected to contribute to revenue growth and generation as principal products. 2016 has seen a shift away from OEM solar panel production again due to margin pressures. However, production may resume in 2017 as market demand increases from Mexico and Central America, impacted by the more export friendly Canadian dollar, which will again allow margins sufficient to justify the working capital commitments.

Product Descriptions

EHT Structural Systems

The EHT advanced ENERTEC Modular Wall and Roof System uses a proprietary skin and foam core that is stronger and more energy efficient than traditional wood or steel structures providing the highest ratings for energy efficiency. EHT works with its partners worldwide to erect the buildings on-site utilizing EHT staff and local crews. After installation, each structure can be furnished and finished to meet the customer's requirements including siding, tile, kitchens and bathrooms or segregated commercial rooms. The finished wall product can be shipped on pallets and delivered via rail, truck or water in standard formats.

At the core of the ENERTEC product line is the ENERTEC Embedded Solar Roof Module. Solar cells can be embedded in a proprietary fire proof skin resulting in substantial cost savings by eliminating heavy glass panels and aluminum racking required for traditional solar panels. Two barriers to greater adoption of solar energy are weight limitations of the roof on which solar panels could be deployed and onerous shipping and labour costs. A lighter product at a better price point will open a larger market for solar due to the faster return of capital investment especially for rural and remote users looking to go off-grid. Furthermore, the entire EHT embedded solar roof becomes a massive solar panel capable of producing significantly more energy than the home requires, allowing the structure to then become an important source of power for the local micro grid or large battery storage systems.

Narrative Description of the Business (continued)

ENERTEC home in Ivory Coast.

EHT has developed a micro-utility concept that allows for the sharing of energy across many sources, PV, wind, solar, battery, generators and grid as needed. Utilizing a suite of products designed and manufactured by EHT as well as specifically chosen electronic equipment unmatched in the world, demonstrating itself as having less than a 1% failure rate globally over the past 20 years.

An advanced Micro-grid in Ghana being installed.

Narrative Description of the Business (continued)

Standard PV Module

All modules are made in a batch process with many human and computerized checks. This ensures that each module is of the highest quality and meets EHT's standards for a class A PV module. All modules are produced using oversized connecting ribbons and bus bars to ensure less resistance resulting in cooler running temperatures and higher efficiency.

EHT Wind Products

EHT's patented vertical axis wind vanes are used in many ways in conjunction with specifically wound generators to ensure a highly efficient VAWT (Vertical Axis Wind Turbine). These wind generators are specifically designed for systems that utilize PV modules and a battery storage system from 12 Vdc to 48 Vdc. They are scalable to achieve various amounts of energy production depending on requirements of the system.

Principal Products or Services (continued)

Products in Development

The Company is now commercializing its worksite and emergency power trailer which is a self-contained energy supply that can be pulled behind a pickup truck or weather emergency transport. This unit is capable of generating sufficient energy to charge tool batteries/forklifts/radios/fans and even a microwave oven on site or hundreds of smartphones: day or night.

The company has now commercialized its energy generating carport which will provide shelter and power to automobiles, snowmobiles, ATV's or outbuildings.

Narrative Description of the Business (continued)

Operations

The operations of EHT are located at its head office and administration facility in Welland, Ontario. EHTI operates entirely out of a 91,375 square-foot facility that meets all of its needs and it is anticipated that it will continue to meet these needs for the foreseeable future. The Company's modular buildings are constructed on site.

The premises lease is for a term of ten (10) years (5+5), which term commenced effective October 1, 2013, with annual current rents payable totaling $420,000 (2015: $594,000.00).

The raw materials for all of the EHT products are generally available within modern economies. Much of the raw materials and components are imported from China and Europe for cost purposes, however replacement of capacity can be undertaken within a short period of time in the event of disruption. Licenses are in place to access certain specialized product components that increase functionality but are not critical to success.

EHT has historically continually advancing its product offerings through internal research and development activities to ensure a steady pipeline of enhanced current products and new future products. The alternative energy industry is relatively new with rapid expansion and evolution expected. EHT aims to stay at the forefront of innovation through internally developed technologies or acquisitions of complementary products that would be accretive to its business. Development was limited during the current year as the modular building system became commercialized.

EHT relies upon the patent and trademark protection offered under the Patent Co-Operation Treaty. Claims are constructed as broad format protection against competitors seeking to circumvent EHTI's technology. The patent filings refrain from providing details of specific materials, sizes, dimensions or ranges which could in any way minimize or limit the overall patent protection sought in the claim(s).

The patents and intellectual property acquired under various licenses are critical to EHTI's products offering for the next several years. It can reasonably be expected that the advancement of technology will reduce the long-term value of the current patents but lead to the advancement of new property rights. Management expects to maintain a competitive advantage for many years under the current patents supporting current and future product offerings. Historic intellectual property has been written down in the current year as the Company moves towards modular building units with integrated solar systems and away from smaller scale wind energy.

There are no known regulatory regimes that impact the business of EHT negatively. Manufacturing processes, limited chemical use and elimination of liquids from all processes allow for virtually no emissions or contamination potential.

As a revenue-related item, environmental regulatory regimes can have a positive impact on education and product demand. There are no known planned regulatory changes anticipated to impact EHT in the short term.

EHT employed a total of 12 employees as at November 30, 2016 between administration and production positions. EHT makes extensive use of contractors in its system installation segment and in general, across the business where specialized knowledge is required.

Narrative Description of the Business (continued)

Market

EHTI expects much of its growth to be driven by international sales through direct sale primarily in Africa and North America. Local join-venture partners will often be both needed and required. This strategy ensures compliance with domestic regulations in foreign jurisdictions where EHTI's products are to be sold and minimizes or eliminates trade restrictions, import duties, and transportation costs.

Through the planned rapid expansion of the marketing efforts, management expects to expand market share and create a brand identity that provides the value of the first significant entrant into any new product category. In targeting regions and large organizations, reputational value, and the complexity of the bidding/tender processes, EHTI will benefit from established relationships.

The target markets are broadly defined as commercial, local and regional governments and non-governmental aid (NGO) organizations globally in addition to some retail distribution. The primary markets include Africa, South America, and urban North America.

Competitive Conditions

EHT, due to its patented hybrid technology and modular frame technology, has limited direct competitors at the present time. Competition comes from the modular home and solar and small wind sectors. EHT is expected to hold a competitive advantage because of its patented technologies and market development advantage that provides an expected eighteen (18) to twenty-four (24) month head start.

Notwithstanding the foregoing, there is some risk that EHT may lose market share to larger companies that are better equipped to weather deterioration in market conditions due to increased competition. EHT's industry is subject to rapid change and has moderate barriers to entry. Competition may also exist from solar and HVAC systems installers and servicers, electricians, utilities and other providers of solar and wind power equipment or electric power. EHTI believes the principal competitive factors in the renewable energy industry include:

- responsiveness to customer needs;
- availability of technical personnel;
- availability and prices of system components;
- speed of system design and installation;
- quality of service;
- price;
- project management capabilities;
- technical expertise;
- company reputation; and
- installation technology.

It is possible that competition in the renewable energy industry could increase in the future, partly due to only moderate barriers to entry, as well as from other alternative energy resources now in existence or developed in the future.

Proprietary Protection

Management of EHT intends to protect its intellectual property and secure proprietary protection by obtaining various patents. EHT currently has several pending patents that it expects will provide the necessary protection of its "know how", trade secrets, and other intellectual property. Specifically, EHT has filed worldwide patents and patent applications for its ENERTEC products.

Company News Highlights

To date the Company has explored a number of opportunities in Western Africa which reached the Memorandum of Understanding (MOU) stage. The Company had faced various delays in dealing with national governments which delayed the implementation of its plans for Western Africa and have slowed the progress of the MOU's to reach definitive contracts. The Company remains committed to being able to deploy its modular building technology solutions under signed definitive contracts with various Governments in the region in 2017.

On December 11, 2015, the Company closed a private placement of 5,100,000 units to raise $1,530,000 at $0.30 each. Each unit consisted of one common share and one share purchase warrants exercisable at $0.40 expiring 36 months from the closing of the offering. Kingsdale received cash commission of $107,100 and 510,000 broker warrants exercisable at $0.40 dollar for a 36-month period.

On February 17, 2016 the Company entered into a binding agreement to sell its interests in the Reliant First Nation LP schoolboard projects. Management had determined that the working capital requirements necessary to complete the projects exceeded a level deemed acceptable and thus had sought to sell its position.

On February 29, 2016, the Company completed a first closing of private placement of 725,000 units to raise $145,000 at $0.20 each. Each unit consisted of one common share and one share purchase warrants exercisable at $0.40 expiring 36 months from the closing of the offering. Kingsdale received a sum of $25,000 for commission and expenses and 72,500 broker warrants exercisable at $0.40 dollar for a 36-month period.

On March 4, 2016, the Company closed a private placement of 6,275,000 units to raise $1,255,000 at $0.20 each. Each unit consisted of one common share and one share purchase warrants exercisable at $0.40 expiring 36 months from the closing of the offering. Kingsdale received cash commission of $98,000 and 627,500 broker warrants exercisable at $0.40 dollar for a 36-month period.

On June 9, 2016, 262,000 common shares of the Company were issued to pay for directors' fees in the amount of $131,000.00 at a deemed price of $0.50 per common share.

On June 14, 2016, the Company reached an agreement to settle obligations ("The Shares for Debt Transactions") owed to a creditor in the amount of $547,500 through the issuance of 3,650,000 common shares of the Company at a deemed price of $0.15 per common share. All securities issued in connection with the Shares for Debt Transaction are subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities law legislation.

Company News Highlights (continued)

On June 17, 2016, the Company announced it had withdrawn from the EVIA Finance transaction previously announced. The vender had failed to provide audited financial data and meet other requirements of the agreement in a timely manner. The Company would be seeking return of the deposits made on the transaction while continuing to advance the Company into the modular building market.

On June 20, 2016, the Company announced it had successfully commercialized its “ENERTEC” solar panel and had filed a provisional patent. This product imbeds traditional solar cells into the Company’s modular building panels directly thus eliminating a larger percentage of the weight and cost of traditional solar panels. The Company also acquire an exclusive license to utilize a connecting system which allows modular buildings to be erected, dismantled, and reassembled multiple times.

On June 21, 2016, the Company completed a private placement of 3,625 secured subordinated convertible notes at a price of $1,000 per note for total proceeds of $3,625,000. Kingsdale received cash commission of 7.5% of the gross proceeds and 825,500 broker warrants exercisable at $0.15 for a 36-month period.

On July 18, 2016, the Company closed a private placement of 4,000,000 units to raise $600,000 at $0.15 each. Each unit consisted of one common share and one share purchase warrants exercisable at $0.30 expiring 60 months from the closing of the offering. Kingsdale received cash commission of $43,500 and 340,000 broker warrants exercisable at $0.15 for a 36-month period.

On July 27, 2016, all note holders that participated in the private placement announced on June 21, 2016 for 3,625 secured subordinated convertible notes of the Company, converted their notes into units at a conversion price of $0.15 per unit. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.30 expiring 60 months from the closing of the offering. Pursuant to the conversion, the Company issued a total of 24,166,667 Common Shares and 24,166,667 Warrants.

On August 12, 2016, the Company announced it had completed the sale of its Reliant First Nation LP asset. Terms included financial settlement to be completed in the 3rd quarter of calendar 2017 following the construction of the projects since the transaction is based on watts of system output.

On August 31, 2016, the Company announced it had sold, built and shipped its first advanced micro-grid system to a customer in Ghana, West Africa. This represented the first material sale into this market and deployed an advanced system of networking energy production from multiple energy producing buildings and then redistributing that energy to the same buildings on demand.

On September 26, 2016, a founding Director, Mr. Rob Fa, resigned from the Board of Directors to pursue other interests.

On September 29, 2016, the Company announced it had supplied Powerstream, one of Ontario’s largest electricity distribution companies, with an new EHT solar carport for testing. The carport is designed to produce sufficient energy to charge electric vehicles parked under the protection of the shelter as well as divert the power generated to any other user requirements. The test was successful and opportunities to work with Powerstream to distribute the product will be pursued in fiscal 2017.

Company News Highlights (continued)

On October 21, 2016, the Company announced that it had built and shipped two sample modular homes to Ivory Coast, West Africa. These units, a 1-bedroom and a 2-bedroom, were provided to demonstrate the EHT ENERTEC modular building system to the Government of Ivory Coast as well as potential customers all across West Africa. The Company has been seeking a contract to build housing units for the Ivory Coast government for some time.

Going Concern

Financial statements are required to be prepared on a going concern basis unless management either intends to liquidate the Company or cease trading or has no realistic alternative but to do so within the foreseeable future. These consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

The ability of the Company to fund potential future operations and commitments could be dependent upon its ability to obtain additional financing. Management believes that it can access capital via private placements, convertible debenture and flow through financing in the public markets.

There is no assurance that this working capital will be sufficient to meet the Company's future needs. Notwithstanding the aforementioned, there are material uncertainties related to certain conditions and events that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets or discharge its liabilities in the normal course of business.

Basis of Presentation

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in Note 4 *Summary of Significant Accounting Policies* to the consolidated financial statements.

Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars which is the Company's functional currency.

Critical Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and reported amounts of expenses during the period.

These estimates and judgments are at times uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from estimates made.

Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years, if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors which include expectations of future events that are believed to be reasonable under the circumstances. Management has made estimates which relate to, but are not limited to, the following:

(i) The recoverability of accounts receivable that are included in the consolidated statements of financial position;
(ii) The recoverability of deposits that are included in the consolidated statements of financial position;
(iii) The net realizable value of the inventories reported on the consolidated statements of financial position;
(iv) The useful lives of property and equipment used to depreciate the assets in the consolidated statements of financial position;
(v) The useful lives of intangible assets used to amortize the assets in the consolidated statements of financial position;
(vi) Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting year. However, it is possible that at some future date, an additional liability could result from audits made by taxing authorities. If final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the year in which such determination was made;
(vii) The Company uses Black-Scholes for the purpose of warrant and stock option valuation;

A complete list of all Significant Accounting Policies can be found in Note 4: *Summary of Significant Accounting Policies* to the condensed consolidated interim financial statements

Results of Operations

The following tables set forth selected quarterly financial information for the year ended November 30, 2016 and 2015 respectively.

	2016				**2015**			
	30-Nov	**31-Aug**	**31-May**	**28-Feb**	**30-Nov**	**31-Aug**	**31-May**	**28-Feb**
Revenue	392,343	519,732	262,823	549,438	576,812	(33,253)	880,234	754,839
Cost of Revenue	550,338	2,028,821	600,951	818,990	2,724,443	476,154	850,308	1,373,321
Gross Margin	(157,995)	(1,509,089)	(338,128)	(269,552)	(2,147,632)	(509,407)	29,927	(618,482)
Total Expense	(251,452)	(1,863,472)	(664,158)	(1,092,109)	(3,016,938)	(1,113,817)	(933,083)	(2,409,772)
Other Expense	(3,221,768)	(325,513)	(3,751,059)	(1,311,425)	(3,141,089)	(844,147)	(317,395)	(135,998)
Loss on Disposal	-	-	-	-	67,346	(542,160)	-	-
Net Loss	(3,631,415)	(3,697,874)	(4,753,346)	(2,673,085)	(7,510,708)	(3,260,058)	(1,221,605)	(3,165,462)
Comprehensive	(26,112,217)	-	-	-	-	-	-	-
Total Net/Comprehensive	(29,743,632)	(3,697,874)	(4,753,346)	(2,673,285)	(7,510,708)	(3,260,058)	(1,221,605)	(3,165,462)

Results of Operations (continued)

Revenue for the year ended November 30, 2016 was $1,724,336 compared to $2,178,632 for the year ended November 30, 2015. Since the Company is no longer operating in two of three prior business segments, the primary drop in revenue is related to the absence of service activities. Cost of revenue of $3,999,100 (2015:$5,424,226) includes costs associated with the production, shipment and installation of two modular homes in Ivory Coast. These unit can be sold as well as acting as samples and thus have been included in cost of goods but lack offsetting revenues. Cost of revenue is expected to continue to decline over the coming fiscal year as production efficiencies are realized and direct labour is reduced on a per unit basis.

Total expenses in the year ended November 30, 2016 includes material year end adjustments related to non-cash share transactions of $1,216,082 (2015:$3,272,084). A bad debt expense of $ 2,301,441 (2015:$287,761) was recorded for the write-off of a loan to the deemed predecessor company prior to the 2014 reverse takeover forming EHT.

Comprehensive items represent non-operating transactions are reported on the statement of operations and comprehensive loss. Included in the one-time, current year comprehensive items totalling $26,112,217 are the following:

1) An adjustment to write-off intangible assets totalling $3,528,161 (2015:$nil) was realized. The primary underlying asset is a patent related to wind technology which thus far has failed to reach commercial success. See note 13 in the consolidated financial statements for the year ended November 30, 2016 for greater detail.

2) Adjustment re pending asset sale representing a one-time expense of $6,308,589 (2015:$nil). This item represents the write-down of a portion of the original investment to match the sale price, a one-time adjustment of $3,380,000 to realize anticipated deductions from the sale price including a contingent cost overrun. Included in the adjustment amount are write-offs of $1,961,779 representing any deposit and project cost that are not guaranteed to be refunded. See note 17 in the consolidated financial statements for the year ended November 30, 2016 for greater detail.

3) A write-down of the investment totalling $9,192,233. These amounts were to be refunded on cancellation of a purchase/sale agreement however, since litigation will be required to seek refund, collection is uncertain and therefore the asset must be written down. See note 17 in the consolidated financial statements for the year ended November 30, 2016 for greater detail.

4) A legal settlement negotiated during the year resulted in a potential liability of $7,083,234 which has been accrued in the current fiscal year. It is possible that this item will be reversed in fiscal 2018 depending on certain events and milestones occurring. See note 21 in the consolidated financial statements for the year ended November 30, 2016 for greater detail.

Overall, business activity in the year ended November 30, 2016 was focused on establishing production processes, prototypes, initial marketing as part of adding the modular building business to the Company while moving away from the low margin business lines of tolling solar panel production for third parties. The nature of the modular building segment requires a long sales cycle however, thanks to Management contacts, EHT has gain access to potential business on an

Results of Operations (continued)

accelerate basis. Management hopes to translate those opportunities into revenues in the current fiscal 2017 year.

The following tables set forth selected financial information for the year ended November 30, 2016 and 2015 respectively.

As At	**12 Months ended November 30**	
	2016	2015
Revenue	1,724,336	2,178,632
Cost of Revenue	3,999,100	5,424,226
Gross Margin	(2,274,764)	(3,245,594)
Total Expenses	3,871,191	6,198,424
Total Other Expenses	8,609,765	5,713,815
Total Comprehensive Items	26,112,217	-
Comprehensive Net	(40,867,937)	(15,157,833)

Below is a summary of the operations of the Company for the year ended November 30, 2016.

As At	**Twelve months ending November 30**	
	2016	2015
Financial Assets		
Account receivable	**282,382**	812,858
Due from related parties	**-**	1,686,007
Project and other deposits	**2,339,439**	4,784,595
Prepaid expenses	**195,183**	162,544
Cash and cash equivalents	**86,100**	32,201
Inventory / WIP	**911,917**	1,799,313
Financial Liabilities		
Amounts payable and accrued Liabilities	**12,407,765**	5,640,274
Due to related parties	**2,820,714**	2,731,769
Other loans	**-**	1,150,344
Debentures payable	**14,594,186**	12,732,638
Debenture interest payable	**4,129,789**	1,215,667
Total Current Assets	**3,901,553**	9,541,796
Total Current Liabilities	**31,128,899**	10,738,054
Working Capital	**(27,227,346)**	(1,196,258)

Financial Discussion and Analysis

During the year ended November 30, 2016, revenues consisted primarily of solar panel sales and micro-grid sales. The Company had total revenues for the year ended November 30, 2016 of $1,726,336 compared to $2,178,632 for 2015.

The difference is primarily due to a refocus of the Company away from large Engineering, Procurement and Construction ("EPC") projects. The twelve months ending November 30, 2015 has seen the Company focused on preparations to begin production of the energy efficient modular home component of its business.

The cost of revenue for the year ended November 30, 2016 was $3,999,100 compared to $5,424,226 for the same period in 2015 again, proportionately tied to the reduction in solar system installations and contract solar panel production. Cost of revenues for the period includes $315,450 (2015: $326,239) in amortization and $203,373 (2015: $665,840) in occupancy costs. Production related costs varied little year over year as productions levels remained relatively constant with production related costs of $952,023 compared to the same period in 2015 of $1,188,204.

Results of Operations (continued)

Overall, the Company continues to show a consistent trend for its total operating expenses while incurring significant one-time costs associated with historic business activities. With the elimination of the contract solar panel production business the Company had comprehensive losses of $(40,867,937) including a net loss of $(14,755,720) compared to a net loss of $(15,157,833) for the same period in 2015.

During the year ended November 30, 2016 the Company reported 4 material one-time costs representing comprehensive items. These include $6,308,589 in write-downs to align the sale price with the book value of an asset which was sold however, the actual sale value will not be crystalized in full until later 2017. A one-time write-down of $9,192,233 was taken against deposits made in support of a now cancelled business acquisition. Since it is apparent that legal action is required to recover some or all of the funds, the uncertainty inherent in litigation mandates the write-down. A one-time write-down of $3,528,161 of intangible assets was taken to recognize the limited commercial success of certain wind products supported by patents and licenses. Finally, a one-time legal settlement expense of $7,083,234 was reported in relation to a settlement under which the Company could be responsible for that amount. The agreements allow for the potential of no cash cost however, the uncertainty of the outcome mandates that the total potential liability be expensed and accrued as a liability.

General and administrative costs for the year ended November 30, 2016 were reported as $1,902,684 (2015:$2,156,092) and includes wages and salaries for all administrative and management staff. The year over year reduction is a result of reduced commercial activity associated with a development phase of the product market. Non-cash based compensation for the period is $1,216,082 representing the cost of the options issued in 2016 compared to $3,272,084 in 2015 (see Note 14 of the accompanying Consolidated Financial Statements).

Research and Development of $(42,133) compared to (2015: $509,703) represents the transition from development to commercialization of the modular building business. New investment in the development of process and prototypes associated with the modular building units and integration of the existing alternative energy systems into those units will return in fiscal 2017.

Results of Operations (continued)

Interest expense of $5,513,112 (2015: $2,509,176) represents interest payable on outstanding debentures only in existence for a portion of the prior period, related party loan interest and accruals of potential interest payable under legal settlement agreements outlined above.

Net Loss

The Company had a net operating loss of ($14,755,720) for the year ended November 30, 2016 compared to ($15,157,833) in the prior year. The Company reported a further comprehensive loss of ($26,112,217) (2015:$nil) resulting in a net comprehensive loss of ($40,867,937) compared to ($14,755,720) in 2015. The basis for these losses have been addressed throughout this report. Further detail is provided in Note 13, 17 and 21 in the Consolidated Financial Statements for the year ended November 30, 2016.

Share-based payment transactions

IFRS 2 requires equity based payments to employees and others providing similar services to be measured at the fair value of goods or services received, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure the value and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, which the Company does through the use of the Black-Scholes option-pricing model. The fair value of the equity instrument granted is as at the grant date. Share-based payment transaction (formerly referred to as Stock-based compensation) expenses have been $nil for the year to date.

Liquidity and Financial Condition

Working capital for the twelve-month period ending November 30, 2016 was $(27,227,346) compared to $(1,196,258) for the same period in 2015. Working capital is made up primarily of cash in bank, inventories, accounts receivables, project deposits, deferred project costs and prepaid expenses. The decrease in working capital is a result of the debentures payable of $11,770,631 moving into current liabilities and the write-down of deposits related to Reliant First Nation LP investment sale that is pending. The write-down of the deposits as part of an acquisition totalling $9,192,233 as outline above contributed a further material impact. A bad debt of $1,686,007 resulted in a material reduction in amounts receivable. Additional working capital, via private placement, was raised following year end.

The amount of capital the Company will need, depends on many factors including: the progress and timing related to the achievement of product sales and project development; the progress, timing and scope of marketing and sales initiatives; and the costs related to personnel, facilities rent and reporting costs.

Results of Operations (continued)

The Company will strategically deploy its cash on hand to accelerate sales of its modular building hybrid technologies products in 2017. Revenue from hybrid products is expected to show steady growth over the next fiscal year as the company moves from its development stage phase to a growth phase with increasing sales. The modular building hybrid systems are designed to be smaller and faster to install, and are expected to provide additional cash flow from advanced payments by customers. The primary market for the Company's products remains Africa and remote communities in North America. (See Risks and Uncertainties Section).

Debentures Payable

A) Convertible 6.5% Debenture

On March 4, 2015, the Company closed the financing of a 6.5% Convertible Debenture maturing March 4, 2018, raising $3,063,041. The Debenture allows for the conversion of $1 dollar of principle into 1 common share of EHT Corp. until maturity date. Kingsdale Capital Markets Inc. received $195,000 in cash and 225,000 broker warrants exercisable at $1 dollar for a 2-year period.

The convertible debentures contain an equity element representing the conversion option. In accordance with IFRS, these two elements were split and classified separately as debt and equity. The fair value of the debentures amounting to $2,840,000 was based on the discounted cash flows using an estimated cost of borrowing of 8.5% representing the Company's cost of borrowing with similar terms but without the conversion option. The residual of $160,000 was assigned to the conversion option. The fair value of the broker warrants amounting to $16,898 was based on Black-Scholes option valuation model.

The Company will accrete the carrying value of the convertible debentures at an effective interest rate of 11.5% per annum so that at maturity in March 2018 the debenture payable will amount to $3,063,014.

B) 18% Debenture

On June 11, 2015 the company announced its intention to raising up to $20 million by way of secured debentures to provide capital required for a milestone payment and to fund potential acquisition opportunities. The debentures would have a two-year term with an 18% coupon and be issued with up to 400 bonus common shares for each $1,000 principal amount in debenture issued. Kingsdale Capital Markets Inc. ("Kingsdale") was engaged as the lead agent for this financing and would receive commission consisted of cash representing 7% of the gross proceeds of the brokered purchases of debenture plus 2.0% of the non-brokered purchases, as well as consideration in the form of 1,258,692 agent warrants exercisable at $1 dollar for a 2-year period. The debentures are secured by a General Security Agreement over the assets of the Company.

On July 3, 2015, the company completed the first closing of offered debentures and raised a gross amount $8,796,000 and 3,518,400 bonus common shares were issued along with the debentures. Kingsdale received $615,720 in cash and 700,800 broker warrants exercisable at $1 dollar for a 2-year period.

Debentures Payable (continued)

On Jul 20, 2015, the company raised an additional gross amount of $3,915,000 of secured debenture along with 1,566,000 bonus common shares. Kingsdale received $274,050 in cash and 313,200 broker warrants exercisable at $1 dollar for a 2-year period.

On Jul 24, 2015, the company raised an additional $351,000 principal amount secured debentures and 140,400 common shares were also issued. Kingsdale received $24,570 in cash and 28,080 broker warrants exercisable at $1 dollar for a 2-year period.

$6,937,650 of debentures were adjusted via cancellation as no value was tendered to the Company. Bonus shares, commission and broker warrants have been expensed as a period cost.

The debentures contain an equity element representing the bonus shares and warrants. In accordance with IFRS, these three elements were split and classified separately as debt and equity. The fair value assigned to the 5,224,800 bonus shares issued amounted to $2,649,500 and was based on the trading price of EHT common shares on the debenture issuance dates. The fair value of the broker warrants amounting to $246,000 was based on Black-Scholes option valuation model. The residual after assigning fair values to the common shares and warrants was assigned to the debentures.

The Company will accrete the carrying value of the debentures at effective interest rates ranging from 38.7% to 54% per annum, so that at maturity in July 2017 the debenture payable will amount to $13,062,000.

The interest expense for the year on the debentures amounted to $4,129,789 (2015:$1,744,636).

Risks and Uncertainties

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and foreign exchange risk as a result of its use of financial instruments. Below information presents information about the Company's exposure to various risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout this MD&A. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with the risk management policies as set out herein:

Risks and Uncertainties

Investing in the securities of EHT involves a high degree of risk. Prospective investors should carefully consider the risks described below, together with all of the other information included in the condensed consolidated interim financial statement, before purchasing shares of EHT securities. There are numerous and varied risks, known and unknown, that may prevent EHT from achieving its goals. The risks described below are not the only ones EHT will face. If any of these risks actually

occurs, EHT's business, financial condition or results of operations may be materially adversely affected. In that case, the trading price of EHT's securities could decline and investors in securities of EHT could lose all or part of their investment.

Financing Strategy and Additional Requirements for Capital

Reliance on internally generated cash or debt to finance EHT's operations or complete business expansion efforts could substantially limit its operational and financial flexibility. The extent to which EHT will be able or willing to issue securities to consummate expansions will depend on its market value from time to time and the willingness of potential sellers to accept securities as full or partial payment. Using securities for this purpose also may result in significant dilution to its then existing shareholders. To the extent that EHT is unable to use securities to make future expansions, its ability to grow through expansions may be limited by the extent to which EHT is able to raise capital for this purpose through debt or additional equity financings.

No assurance can be given that EHT will be able to obtain the necessary capital to finance a successful expansion program or its other cash needs. If EHT is unable to obtain additional capital on acceptable terms, EHT may be required to reduce the scope of any expansion. In addition to requiring funding for expansions, EHT may need additional funds to implement its internal growth and operating strategies or to finance other aspects of its operations. EHT's failure to (i) obtain additional capital on acceptable terms, (ii) use internally generated cash or debt to complete expansions because it significantly limits its operational or financial flexibility, or (iii) use securities to make future expansions may hinder EHT's ability to actively pursue its expansion program.

Capital Risk Management

The Company's objectives are to safeguard its ability to continue as a going concern in order to support its normal operating requirements, continue the development and expansion of its production capacity, expansion of markets for its products and review of opportunities that

Risks and Uncertainties (continued)

complement current operations and products. These objectives are to be achieved through a continued flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and the industry. The Company may manage its capital structure by issuing securities, financial instruments, repurchasing outstanding shares, adjusting capital spending or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company reviews its working capital and forecasts its future cash flows based on operational needs and other investing and financing activities. The forecast is updated based on activities related to its production, sales and expansions. Information is provided to the Board of Directors by Management on a monthly or ad hoc basis.

As of November 30, 2015, the Company's capital structure consists of related party payables and receivables, loans payable, convertible debentures, share capital and warrants which the Company issued for financial value. The Company is not subject to any externally imposed capital covenants. In order to maximize ongoing development efforts, the Company has no short term plans to pay dividends.

Financial Risk Management

The Company's activities do expose it to various types of risk which are associated with the financial instruments held by the Company. These risks include market risk (including currency risk and interest rate risk), liquidity risk and credit risk. The following summary is not intended to be a comprehensive summary of all risks inherent in the Company.

Market Risk

Foreign Currency Risk

The Company's base currency is the Canadian dollar. Currently, a minimal percentage of purchases and sales (<20%) are transacted in United States dollars. The Company funds some expenses in United States dollars which are converted from Canadian dollars for a short period of time. Management believes that the foreign exchange risk may increase as a result of targeting African based customers which have contracts based in USD and EUR. As a result, Management has entered into discussions with various groups and financial institutions to review options regarding derivative instruments in order to manage foreign exchange fluctuations. Management will monitor the currency risk closely in order to limit any potential exposure to the company.

A ten percent (decrease) increase in the U.S. dollar versus the Canadian dollar at the end of the 2016 year would have decreased (increased) the comprehensive income for the previous year by approximately $55,000 (2015: $43,000) with all other variables held constant. Management expects this exposure to remain constant during the 2017 fiscal year.

Risks and Uncertainties (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows or fair value associated with some of the Company's financial assets. The Company is not exposed to significant interest rate risk on its financial liabilities as its related party payable, debentures and its other debt instruments are fixed rate.

Credit risk

Credit risk arises from the unexpected default of a customer in meeting its financial obligation to the Company. The Company does not extend credit terms to all of its customers, thus credit is considered on an exception based transaction. The Company is developing certain credit evaluation, approval and monitoring processes which are intended to mitigate potential credit risk.

The carrying amount of the Company's cash and accounts receivable represent the maximum credit risk. As at August 31, 2015, the Company's cash is held with reputable institutions, from which management believes the risk of loss to be remote. The majority of its accounts receivable are related to contractual agreements with organizations of significant financial resources.

The Company only extends credit on a selective basis and subject to specific underwriting requirements. The Company actively manages its credit exposure on an ongoing basis.

Liquidity risk

Liquidity risk considers the possibility that the Company may not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. Generally, the Company's financial liabilities have contractual maturities of less than 30 days. Some larger future projects will require substantial outlays of capital to fund the upfront cost of raw materials and work in progress. The Company has established payment terms for such expenditures with its primary suppliers to support working capital requirements.

The Company's operating cash requirements are continuously monitored by management. As factors impacting cash requirements change, liquidity risks may necessitate the need for the Company to raise capital by issuing equity. The Company's financial liabilities are comprised of accounts payable, debt financing, accrued liabilities and due to related parties, which have expected maturities ranging from less than 1 year up to 3 years.

Risks and Uncertainties (continued)

General Market & Business Risks

Competition

Solar Panels

Because EHT's industry is highly competitive and has low barriers to entry, EHT may lose market share to larger companies that are better equipped to weather deterioration in market conditions due to increased competition.

EHT industry is highly competitive and fragmented, is subject to rapid change and has low barriers to entry. EHT may in the future compete for potential customers with solar and HVAC systems installers and servicers, electricians, utilities and other providers of solar and wind power equipment or electric power. Some of these competitors may have significantly greater financial, technical and marketing resources and greater name recognition than EHT. Management believes the principal competitive factors for the renewable energy industry include:

- responsiveness to customer needs;
- availability of technical personnel;
- availability and prices of system components;
- speed of system design and installation;
- quality of service;
- price;
- project management capabilities;
- company reputation; and
- installation technology.

Management believes EHT's ability to compete also depends in part on a number of factors outside of its control, including:

- the ability of the competitors to hire, retain and motivate qualified technical personnel;
- the ownership by competitors of proprietary tools to customize systems to the needs of a particular customer;
- the price at which others offer comparable services and equipment;
- the extent of the EHT's competitors' responsiveness to client needs; and
- installation technology.

Wind Turbines

It is possible that competition in the renewable energy industry could increase in the future, partly due to low barriers to entry, as well as from other alternative energy resources now in existence or developed in the future. Increased competition could result in price reductions, reduced margins or loss of market share and greater competition for qualified technical personnel. There can be no assurance that EHT will be able to compete successfully against current and future competitors. If the Company is unable to compete effectively, or if competition results in a deterioration of market conditions, the Company's business and results of operations would be adversely affected.

Risks and Uncertainties (continued)

Ability to Protect Intellectual Property

EHT will rely heavily upon its intellectual property rights such as patents to protect its proprietary technologies. Risks associated with it's ability to protect such rights include changes to intellectual property laws, patent rights not being granted or construed as expected, steps taken to prevent misappropriation or infringement of EHT's proprietary rights may not be successful, and third parties may be able to develop or obtain patents for similar competing technology.

Reliance on Third Party Manufacturers and Availability of Raw Materials

EHT will be dependent upon its suppliers for the components used in the systems it designs and installs; and its major suppliers are dependent upon the continued availability and pricing of silicon, neodymium, and other raw materials used in modular buildings, solar modules and wind turbines.

The components used in the systems will be purchased from a limited number of manufacturers.

EHT will be subject to market prices for the components that it purchases for its installations, which are subject to fluctuation. In particular, China currently controls over ninety percent (90%) of the global supply of neodymium, which is a rare earth metal in limited supply. Accordingly, the market price of neodymium is subject to significant fluctuation.

EHT cannot ensure that the prices charged by its suppliers will not increase because of changes in market conditions or other factors beyond its control. An increase in the price of components used in the systems could result in an increase in costs and could have a material adverse effect on revenues and demand for services.

EHT's suppliers are dependent upon the availability and pricing of silicon, a key component in solar modules. There is no assurance that EHT will continue to find qualified manufacturers on acceptable terms and, if it does, there can be no assurance that product quality will continue to be acceptable, or that they will be able to meet its production requirements, which could lead to a loss of sales and revenues.

Regulatory Environment

Existing regulations, and changes to such regulations, may present technical, regulatory and economic barriers to the purchase and use of solar and wind power products, which may significantly reduce demand for product.

Installation of solar and wind power systems are subject to oversight and regulation in accordance with national and local ordinances, building codes, zoning, environmental protection regulation, utility interconnection requirements for metering and other rules and regulations. EHT intends to keep up-to-date with respect to these requirements on a national, provincial, and local level, and must design systems to comply with varying standards. Certain cities may have ordinances that prevent or increase the cost of installation of its solar and wind power systems. In addition, new government regulations or utility policies pertaining to solar and wind power systems are unpredictable and may result in significant additional expenses or delays and, as a result, could cause a significant reduction in demand for solar and wind energy systems and services.

Risks and Uncertainties (continued)

The performance of EHT's business will depend largely upon whether the applicable regulatory environment is favourable, particularly with respect to continuing operations and the future growth of the alternative energy industry in Canada. Government regulations, incentives, and market design in some markets currently have a favourable impact on the building of solar and wind power systems. In the event that the current governmental regulations, incentive programs or market design in some markets undergo change, the business environment may be adversely affected, resulting in an adverse effect on EHT's financial condition, results of operations, and the value of its securities.

Success of New Products

EHT is in the business of developing innovative products. As such, it is difficult to anticipate how the market will receive such products and whether sustainable demand for the products will emerge. Given the limited exposure of EHT's products to global markets, there are risks associated with the Company's ability to generate demand for its innovative modular buildings, solar and wind systems as further set out in these notes.

Management of Growth

EHT may be unable to achieve profitability by increasing net sales, expanding the range of its product and services or entering new markets.

There can be no assurance that EHT will be able to expand the sales of its business or any subsequently acquired businesses. Various factors, including demand for EHT's products and services and its ability to expand the range of product and service offerings and to successfully enter new markets, may affect its ability to maintain or increase the net sales of its business or any subsequently acquired businesses. Many of these factors are beyond EHT's control. In addition, to manage growth effectively the Company must expand and improve its operational, financial and other internal systems and attract, train, motivate and retain qualified employees. Expenditures related to growth initiatives may negatively affect its operating results, and may not realize any incremental profitability from its growth and expansion efforts.

Managing Customer Expectations

Failure to meet a client's expectations in the performance of its services, and the risks and liabilities associated with serving clients could give rise to claims against the Company.

Risks and Uncertainties (continued)

Expansion Across Borders

Geographical business expansion efforts could result in difficulties in successfully managing its business and consequently harm its financial condition.

As part of the business strategy, EHT may seek to expand by acquiring competing businesses or customer contracts in its current or other geographic markets. Management cannot accurately predict the timing, size and success of such expansion efforts and the associated capital commitments that might be required. The Company expects to face competition for expansion candidates, which may limit the number of expansion opportunities available and may lead to higher expansion costs. There can be no assurance that EHT will be able to identify, acquire or profitably manage additional businesses/contracts or successfully integrate acquired businesses/contracts, if any, into its company, without substantial costs, delays or other operational or financial difficulties. In addition, expansion efforts involve a number of other risks, including:

- failure of the expansion efforts to achieve expected results;
- diversion of management's attention and resources to expansion efforts;
- failure to retain key customers or personnel of the acquired businesses; and
- risks associated with unanticipated events, liabilities or contingencies.

Client dissatisfaction or performance problems at a single acquired business could negatively affect the Company's reputation. The inability to acquire businesses on reasonable terms or successfully integrate and manage acquired companies, or the occurrence of performance problems at acquired companies, could result in dilution, unfavourable accounting charges and difficulties in successfully managing the resulting business.

With the possible expansion of business across borders and into emerging markets there comes currency risks. Fluctuations in exchange rates will give rise to foreign currency exchange exposure. EHTI does not hedge against foreign exchange risk and there can be no assurance that any hedging undertaken by the Company will be successful and this may result in a material adverse effect on the Company's financial condition and business.

Foreign Jurisdiction Political Risks

The growth strategy includes expansion into emerging markets. Operating in foreign jurisdictions subjects EHT to such jurisdiction's regulatory environment as well as political climate. Political risks include discriminatory governmental actions, acts of expropriation or nationalization, currency inconvertibility and non-transfer, political violence including war and terrorism, and contract frustration due to political events. Operating in environments that experience extreme poverty presents further risks with respect to theft or extortionist tactics applied to extract money or other goods from the Company. Such political risks are outside of the control of EHT and the materialization of any one of the aforementioned risks may have an adverse effect on the operations of EHT.

Risks and Uncertainties (continued)

Termination of Key Agreements

In the event that any key agreements or any other material agreements are terminated, the payment of penalties or fees by EHT may be required. The payment of any such penalties or fees or the termination of such contracts could have a material adverse effect on the business, financial position or results of operation or the value of the EHT's securities.

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for evaluating the effectiveness of the Company's disclosure controls and procedures and have concluded, based on our evaluation, that they are effective as at November 30, 2016 to ensure that the Information required to be disclosed in reports filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time period specified in those rules and regulations.

Summary of Significant Accounting Policies

These significant accounting policies are presented to assist the reader in evaluating the financial results and, together with Note 4 to the consolidated financial statements, should be considered an integral part of the consolidated financial statements. A more comprehensive list of policies are contained in the consolidated financial statements. These accounting policies have been applied consistently across the accounting periods presented.

Cash and Cash Equivalents

Cash consists of balances held with financial institutions, and other short-term highly liquid investments with maturities of three months or less from the purchase date.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary EHT Ontario Solar PV LP, and another wholly-owned subsidiary EHT Inc. with its own wholly-owned subsidiaries EnerDynamic Corporation ("EC") and EnerDynamic Lux S.A.R.L. All subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operational policies of the entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date that control commenced until the date that such control ceases.

Summary of Significant Accounting Policies (continued)

Inter-company balances, transactions, and any unrealized income and expenses, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with subsidiaries are eliminated against the investment to the extent of the Company's interest. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(i) Revenue Recognition

The Company generates revenues from three material sources:

a. the production and sale of solar panels and wind turbines
b. the provision of services in production of third party solar panels
c. the provision of services in installing solar energy production systems

Revenue is measured by reference to the fair value of the consideration received or receivable, net of returns and trade discounts. Revenue is recognized in the case of the production revenue when the significant risks and rewards of ownership, legal title and effective control and management over the products have transferred to the customer, collection of the relevant receivable is probable, the sales price is fixed and the revenues and the associated incurred costs can be measured reliably.

The timing of the transfers of risks and rewards of ownership varies depending on the individual terms of the contract of sale but are primarily on the shipment of the product. In the case of service based revenue, the timing of the transfers of risks and rewards of ownership varies depending on the individual

terms of the contract of service but are primarily on production completion for solar panels and delivery/installation of the system to the end user. In the case of large, long-term installation projects, the Company recognizes revenue using the percentage of completion method.

Other income varies in nature and is therefore measured as appropriate to the transaction but most closely follow the policies associated with the provision of services to a third party consistent with (b) above or Note 4 of the quarterly consolidated financial statement.

(ii) Property and Equipment

Property and equipment is reported at acquisition cost less depreciation and impairment losses. Depreciation rates and methods are reviewed annually and reported on a straight-line basis, at the following rates and period unless otherwise indicated:

Item	Method	Rate
Computer Equipment	Straight Line	30%
Office Equipment	Straight Line	15%
Production Equipment	Straight Line	15%
Warehouse Equipment	Straight Line	15%
Leaseholds	Straight Line	10 years

Summary of Significant Accounting Policies (continued)

A schedule of assets and depreciation/amortization is available in Note 13 Property, Plant and Equipment of the condensed consolidated interim financial statements.

An item of property and equipment is derecognized upon disposal when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the book value of the asset, is recognized in the consolidated statement of operations and comprehensive income or loss.

The Company conducts an annual review and assessment of the residual balances, useful lives and depreciation methods used for property and equipment. Any changes arising from the review is applied by the Company prospectively.

(iii) Intangible Assets: Patents and License Rights

Separately acquired patent and/or license rights are shown at historical cost. Patent and/or license rights acquired in a business combination are recognized at fair value at the acquisition date, unless the business combination is considered to be a common-control transaction in which case the patent and/or license rights are recognized at the carrying value of the predecessor entity. Patent and/or license rights are amortized over a 15-year period on a straight line basis. These assets are tested for impairment if events or changes in circumstances indicate a potential impairment.

Impairment losses recognized in prior periods are assessed each reporting date if facts or circumstances indicate that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

Research and Development

Research and development expenditures are recognized in the year in which they are incurred, unless a development project meets the criteria under IFRS for deferral and amortization. The Company has not deferred any such development expenditures to date.

Summary of Significant Accounting Policies (continued)

Related Parties

A related party is a person or an entity that is related to the Company.

a. A person or a close member of that person's family is related to the Company if that person:

i. Has control or joint control over the Company, with the power to govern the Company's financial and operating policies;
ii. Has significant influence over the Company, participating in financial and operating policy decisions, but not control over these policies; or
iii. Is a member of the key management personnel of the Company. Key management personnel, consistent with the definition under *IAS 24, Related Party Disclosures*, are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director of the Company.

b. An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Conflicts of Interest

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in operations that may be related to the business the Company enters into. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Compensation Discussion and Analysis

Compensation levels are set based on prevailing market levels and, if required, the compensation committee may seek the advice of executive placement experts. At the non-executive level, local market supply of human resources is generally the prevailing factor influencing the compensation levels. All executive level packages are considered by the committee and commencing on November 1 2015, all employees with a base compensation greater than $100,000 per annum will be subject to review, at the committee's discretion. Base salary is intended to secure the human resource, health benefit packages and vacation allotment are used to assist in retention while stock options are used to create long term incentive through extended vesting criteria.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

Subsequent Events

On February 1, 2017, the Company announced it had reached agreement to settle certain debts owed to creditors in the aggregate amount of $537,875.28 through the issuance of 1,828,686 common shares to one creditor at a deemed value of $0.15 per share and the issuance of 1,757,144 units to two creditors. Each unit consists of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at $0.20. The warrants expire 2 years from the date of issue.

On February 14, 2017, the Company closed the first and second tranches of a private placement. The Company raised $889,099.95 gross proceeds from the sale of units at $0.15 per unit. Each unit consists of one common share and one-half common share purchase warrant. Every whole purchase warrant entitles the holder to acquire one common share at an exercise price of $0.20 per common share (two warrants are required to purchase one common share). The warrants expire 2 years from the date of issue. The Company also paid a commission of 8% in cash and 474,187 agent warrants exercisable at $0.15 per common share expiring 2 years from the date of issue.

On March 09, 2017, the Company issued 22,033,333 common share purchase warrants in connection with the conversion of $2,000,000 of debt described in Note 21 above. The exercise price of the warrants is $0.115 per common share purchase warrant which expire 36 months from the date of issue. The warrants form part of the settlement agreement dated July 29, 2016 and were previously announced on September 18, 2016.

Additional Information

Additional information relating to EnerDynamic Hybrid Technologies Corp. can be found on the Company's website including contact information at www.ehthybrid.com and www.sedar.com