EnerDynamic Hybrid Technologies Corp.

Consolidated Financial Statements

For the Year Ended November 30, 2017

(Expressed in Canadian Dollars)

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For the Year Ended November 30, 2017 and 2016
(Expressed in Canadian Dollars)

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HS & PARTNERS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
& BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of EnerDynamic Hybrid Technologies Corp.

We have audited the accompanying consolidated financial statements of EnerDynamic Hybrid Technologies Corp. (the "Company"), which comprise the statement of financial position as at November 30, 2017 and 2016 and the statements of operations and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of EnerDynamic Hybrid Technologies Corp. as at November 30, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT, continued

Emphasis of Matter

We draw attention to note 2 to the consolidated financial statements which indicates that the Company incurred a net loss of $12,682,589 during the year ended November 30, 2017 and, as of that date, the Company had an accumulated deficit of $75,342,717 and a shareholders' deficiency of $29,992,327. This raises substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

HS & Partners LLP

MISSISSAUGA, Ontario
April 2, 2018

Chartered Professional Accountants
Licensed Public Accountants

EnerDynamic Hybrid Technologies Corp.
Consolidated Statements of Financial Position
As at November 30, 2017 and 2016

	Notes	2017 $	2016 $
Assets			
Current Assets			
Cash		**402,852**	86,100
Accounts receivable	7	**266,508**	282,382
Inventories	8	**933,630**	911,917
Project and other deposits	9	**2,339,439**	2,339,439
Prepaid expenses	10	**254,555**	195,183
Other current assets	11	**64,471**	86,532
		4,261,455	3,901,553
Non-Current Assets			
Property and equipment (net)	12	**1,301,608**	1,914,535
Intangible assets (net)	13	**1**	1
Investments	17	**3,681,401**	3,681,401
		4,983,010	5,595,937
		9,244,465	9,497,490
Liabilities and Shareholders' Equity (Deficiency)			
Current Liabilities			
Accounts payable and accrued liabilities		**13,141,018**	12,407,765
Debenture interest payable	18	**7,035,949**	4,129,789
Due to related parties	15	**3,044,149**	2,820,714
Convertible 6.5% debentures payable	18	**2,953,676**	-
18% debentures payable	18	**13,062,000**	11,770,631
		39,236,792	31,128,899
Non-Current Liabilities			
Convertible 6.5% debentures payable	18	**-**	2,823,555
		-	2,823,555
		39,236,792	33,952,454
Shareholders' Equity (Deficiency)			
Share capital	14	**28,281,896**	26,595,269
Contributed surplus		**5,521,970**	5,005,263
Warrants	14	**11,546,524**	6,604,632
Deficit		**(75,342,717)**	(62,660,128)
		(29,992,327)	(24,454,964)
		9,244,465	9,497,490

Approved on behalf of the board

"Signed" — John Gamble, Director

"Signed" — Bruce Bent, Director

See accompanying notes

EnerDynamic Hybrid Technologies Corp.
Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended November 30, 2017 and 2016

	Note	**2017** **$**	2016 $
Revenue			
Product revenues	4	**982,083**	1,724,336
		982,083	1,724,336
Direct Cost of Revenue			
Cost of goods sold		**1,045,951**	1,986,420
Production related costs		**573,377**	952,023
Production related occupancy		**438,884**	699,791
Production related amortization	12	**360,866**	360,866
		2,419,078	3,999,100
Gross Margin (Loss)		**(1,436,995)**	(2,274,764)
Expenses			
General and administrative		**1,256,760**	1,902,684
Marketing and promotion		**31,718**	61,205
Travel		**126,098**	172,397
Stock-based compensation	14	**516,707**	1,216,082
Administrative related occupancy		**98,332**	203,373
Administrative related amortization	12	**252,062**	315,450
		2,281,677	3,871,191
Loss before other costs		**(3,718,672)**	(6,145,955)
Other Costs			
Research and development	4	**402,766**	(42,133)
Legal and professional		**262,214**	849,323
Regulatory		**127,553**	144,947
Bad debt expense		**220,881**	2,301,441
Loss (gain) on foreign exchange		**7,254**	(156,926)
Interest expense	18	**4,505,436**	5,513,112
		5,526,104	8,609,764
Net loss		**(9,244,776)**	(14,755,719)
Adjustment re pending asset sale	17	**25,307**	6,308,590
Write-down of investment: Evia	17	**-**	9,192,233
Write-down of intangible assets	13	**-**	3,528,161
Legal settlement	20	**3,412,506**	7,083,234
Comprehensive loss		**(3,437,813)**	(26,112,218)
Net and Comprehensive loss		**(12,682,589)**	(40,867,937)
Basic and diluted weighted average number of shares:	16	**140,968,356**	105,480,214
Basic and diluted loss per share:		**($0.09)**	($0.39)

See accompanying notes

EnerDynamic Hybrid Technologies Corp.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the Years Ended November 30, 2017 and 2016

	Common Shares Amount	Common Shares $	Contributed Surplus $	Warrants $	Equity Portion of Debentures $	(Deficit) $	Total Shareholders' Equity $
Balance at November 30, 2015	**83,737,487**	**24,354,461**	**3,789,181**	**1,629,283**	**148,027**	**(21,792,191)**	**8,128,761**
Common shares and warrants issued for private placement	16,100,000	3,480,000	-	-	-	-	3,480,000
Common shares issuance on conversion of debt	24,166,667	3,625,000	-	-	-	-	3,625,000
Issuance of warrants as share issue cost and other costs	-	(1,801,361)	-	1,088,974	-	-	(712,387)
Issuance of stock-based compensation	-	-	1,216,082	-	-	-	1,216,082
Share and warrant issue costs	-	(2,983)	-	-	-	-	(2,983)
Common share issuance to offset AP	3,912,000	(2,724,542)	-	3,403,042	-	-	678,500
Issuance of warrants on account of debt	-	(483,333)	-	483,333	-	-	-
Net and comprehensive loss for the period	-	-	-	-	-	(4,0867,938)	(40,867,939)
Balance at November 30, 2016	**127,916,154**	**26,447,242**	**5,005,263**	**6,604,632**	**148,027**	**(62,660,128)**	**(24,454,964)**
Common shares and warrants issued for private placement	29,147,942	3,032,823	-	-	-	-	3,032,823
Common shares issuance on conversion of debt	3,333,333	316,667	-	-	-	-	316,667
Issuance of warrants as share issue cost and other costs	-	(2,200,738)	-	2,190,892	-	-	(9,846)
Issuance of stock-based compensation	-	-	516,707	-	-	-	516,707
Common share issuance to offset trade payables	3,585,754	537,875	-	-	-	-	537,875
Issuance of warrants on account of debt	-	-	-	2,751,000	-	-	2,751,000
Net and comprehensive loss for the period	-	-	-	-	-	(12,682,589)	(12,682,589)
Balance at November 30, 2017	**164,253,183**	**28,133,869**	**5,521,970**	**11,546,524**	**148,027**	**(75,342,717)**	**(29,992,327)**

EnerDynamic Hybrid Technologies Corp.
Consolidated Statements of Cash Flows
For the Years Ended November 30, 2017 and 2016

	2017 $	2016 $
Operating activities		
Net loss for the year	**(12,682,589)**	(40,867,937)
Amortization	**612,927**	676,316
Non-cash stock-based compensation expense	**516,707**	1,216,082
Warrants issued for debt settlement	**377,000**	-
Warrants issued for legal settlement	**2,751,000**	-
Imputed debenture interest	**1,421,490**	1,861,548
Adjustment to Reliant First Nation	**-**	6,308,589
Value adjustment-deposit	**-**	9,192,233
Write-down of intangible assets	**-**	3,528,161
Changes in non-cash working capital		
Accounts receivable	**15,874**	113,342
Inventories	**(21,713)**	247,818
Project and other deposits	**-**	(1,969,910)
Prepaid expenses	**(59,372)**	6,083
Other current assets	**22,061**	(254,578)
Accounts payable and accrued liabilities	**1,210,795**	2,599,744
Other loans payable	**-**	(249,656)
Debenture interest payable	**2,906,160**	1,215,667
Due from related parties	**-**	(539,801)
Due to related parties	**223,435**	1,752,301
	(2,706,225)	(6,215,807)
Investing activities		
Investments	**-**	(798,423)
	-	(798,423)
Financing activities		
Common shares issued	**3,022,977**	3,889,737
Proceeds from debentures	**-**	14,880,403
	3,022,977	7,068,129
Net increase in cash	**316,752**	53,899
Cash, beginning of year	**86,100**	32,201
Cash, end of year	**402,852**	86,100

1. History of the Company

EnerDynamic Hybrid Technologies Corp. ("EHT Corp", the "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").

EnerDynamic Hybrid Technologies Inc. ("EHT Inc."), a wholly owned subsidiary of EHT Corp, 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.". EHT Inc. has its manufacturing facilities located at 1110 Hansler Road, Welland, Ontario, L3B 5S1. It is involved in the advancement of production and wholesale distribution of modular homes/buildings which integrate hybrid solar systems.

The common shares of the Company are traded under the symbol "EHT" on the Toronto Venture Exchange.

The Consolidated Financial Statements were approved by the Board of Directors on April 2, 2018.

2. Reporting Entity and Going Concern

Going Concern

During the year ended November 30, 2017 the Company reported a comprehensive loss of $12,682,589 (2016: loss of $40,867,937) and, as of that date, the Company had a deficit of $75,342,717 (2016: deficit of $62,660,128), and a shareholders' deficiency of $29,992,327 (2016: shareholders' deficiency of $24,454,964). These factors create material uncertainties that cast significant doubt on the Company's ability to continue as a 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. Management has no plans to liquidate the Company or cease trading, nor does Management feel it has no alternative but to do so within the foreseeable future.

The Company's operations and projects are funded through a combination of operational revenues, debt and equity financing. The Company's ability to fund future operations and commitments could be dependent upon market conditions that influence its ability to obtain additional financing. Management believes that it can access capital through the issuance of financial instruments to the public markets to meet its working capital needs.

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

3. Basis of Presentation

Statement of Compliance with International Financial Reporting Standards

These 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, 2017. The accounting policies adopted are consistent with those of the previous financial year.

Basis of Measurement, Functional and Presentation Currency

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.*

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 these consolidated financial statements conforms with IFRS requirements that management make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, and reported 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 period in which the estimate is revised and future years, if the revision affects both current and future periods. 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 finished product 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.

4. Summary of Significant Accounting Policies

The consolidated financial statements have been prepared using accounting policies consistent with those used in preparing the annual financial statements for the year ended November 30, 2016. Any significant accounting policies are presented to assist the reader in evaluating the financial results and, together with the following notes to the consolidated financial statements, should be considered an integral part of the consolidated financial statements.

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., and EnerDynamic Building Systems Inc.(“EBS”). 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.

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.

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:

	Method	Rates and period
Computer Equipment	Straight Line	30%
Office Equipment	Straight Line	15%
Production Equipment	Straight Line	15%
Warehouse Equipment	Straight Line	15%
Leaseholds	Straight Line	2 years

A schedule of assets and depreciation/amortization is available in Note 12 *Property and Equipment*.

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 statements 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.

4. Summary of Significant Accounting Policies (continued)

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.

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) 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).

Foreign Currency Translation

Items included in the consolidated financial statements are measured using the currency of the primary country in which the entity operates (the "base currency"). The Company's consolidated financial statements are presented in Canadian dollars, the base currency of the Company. Foreign currency transactions are translated into the base currency using the noon exchange rates prevailing on the dates of the transaction. Historic rates, if required, are based on the Bank of Canada historic noon day rate tables. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not reported in the base currency of an entity are recognized in the consolidated statements of operations and comprehensive income or loss.

4. Summary of Significant Accounting Policies (continued)

Inventories

As outlined under IAS 2, inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the product ready for sale. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to the manufacturing location and final condition. The cost of inventories is assigned by using weighted average cost method.

Project Deposits

Project deposits are cash security deposits with various government agencies and development projects. They are recognized when the deposits are paid.

Provisions

Provisions are recognized when determination is made that there is a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Share Based Payments

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 with confidence. If the entity cannot estimate the fair value of the goods or services received, the Company measures the value and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The Company uses the Black-Scholes option-pricing model for valuation. The fair value of the equity instrument granted is as at the grant date.

Revenue Recognition

The Company generates revenues from two material sources:

a. the production and sale of building wall panels, emergency shelters, solar panels and solar trailers, and,
b. the provision of services in installing solar modular homes and 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 sale 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 but generally the Company recognizes revenue using the percentage of completion method.

4. Summary of Significant Accounting Policies (continued)

Production related costs

Production related costs are mainly comprised of production wages and salaries, production staff benefits, production maintenance and consumables. They are recognized when they are incurred.

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Income Taxes

Tax expense comprises current and deferred taxes and is recognized in the consolidated statements of operations and comprehensive income or loss except to the extent it relates to items recognized in other comprehensive income or loss directly in equity.

Current Income Taxes

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting year.

Management periodically evaluates its decisions which are subject to interpretation of tax regulations and their effect on tax returns of the Company. Provisions for taxes are established on the basis of amounts expected to be paid to the tax authorities.

Deferred Taxes

Deferred taxes are the taxes expected to be payable or recoverable on the differences between the carrying amounts of assets and liabilities in the consolidated statements of financial position and their corresponding tax bases used in the computation of taxable income or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized.

Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable income or loss, nor the accounting income or loss.

Debentures Payable

Debentures and the incremental issuance costs are split between liabilities and shareholder equity based on the allocation of the equity component (if any) of the debenture. Incremental costs directly attributable to the issuance of debentures are amortized and recognized in comprehensive income (loss), net of any tax effects over the maturity period of the debenture.

4. Summary of Significant Accounting Policies (continued)

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

Segment Reporting

Operating segments, as defined within IFRS 8, are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions. The Company has determined that it operates in a single industry segment, which involves the development and production of modular homes with solar systems, including installation.

Financial Instruments: Initial Recognition and Subsequent Measurement

The Company's financial instruments consist of cash, accounts receivable, project deposits, accounts payable and accrued liabilities, debentures payable and due to related parties. The carrying value of the financial instruments noted above is considered to approximate fair value.

Financial Assets

Initial Recognition and Measurement

Financial assets, within the scope of *IAS 39 Financial Instruments: Recognition and Measurement,* are classified into the following categories at the initial recognition.

- Financial assets at fair value through profit or loss (“FVTPL”); or
- Loans and receivables;

The Company determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value. The Company’s financial assets include cash, accounts receivable and project deposits.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial Assets at Fair Value Through Profit or Loss (“FVTPL”)

FVTPL include financial assets designated upon initial recognition at FVTPL and are acquired principally for the purpose of being resold in the near term. FVTPL are carried in the consolidated statements of financial position at fair value, with changes in fair value recognized in the consolidated statements of operations and comprehensive income or loss.

4. Summary of Significant Accounting Policies (continued)

Accounts Receivables

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include the Company's accounts receivable. Receivables are initially recorded at fair value and subsequently carried at amortized cost using the effective interest rate method less provisions for impairment. The Company's accounts receivable is comprised of trade and other receivables and are included in current assets due to their short-term nature.

De-recognition of Financial Assets

The Company derecognizes financial assets when the contractual rights to the cash flows from the financial asset expire, the contractual rights to the cash flows from the financial asset are retained, but a contractual obligation to pay the cash flows to another party without material delay is assumed by the Company or when the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period and more frequently if events dictate. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted.

Evidence of impairment could include significant financial difficulty of the issuer or counterparty, default or delinquency in interest or principal payments, or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized as income or loss on the consolidated statements of operations and comprehensive income or loss.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through income or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been, had the impairment not been recognized.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities, within the scope of *IAS 39 Financial Instruments: Recognition and Measurement,* are classified into the following categories at the initial recognition.

- Financial liabilities at fair value through profit or loss; or
- Other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. Some financial liabilities are recognized initially at fair value.

4. Summary of Significant Accounting Policies (continued)

Other financial liabilities are recognized at fair value plus directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accrued liabilities, debentures payable and due to related parties and are classified as other financial liabilities.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

Financial Liabilities at Fair Value through Profit or Loss (“FVTPL”)

Financial liabilities at FVTPL include liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. FVTPL are carried in the consolidated statement of financial position at fair value, with changes in fair value recognized in the consolidated statements of operations and comprehensive income or loss.

Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, to the net carrying amount on initial recognition.

De-recognition of Financial Liabilities

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire, including those expiring through statute.

Financial Instruments Recorded at Fair Value

Financial instruments recorded at fair value on the consolidated statements of financial position are required to be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the Company’s financial instruments are recorded at fair value on the consolidated statement of financial position.

4. Summary of Significant Accounting Policies (continued)

Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) attributable to common shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the weighted average number of common shares outstanding during the period for the effects of dilutive instruments such as stock options granted.

The number of additional shares is calculated by assuming that all convertible securities outstanding were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period. Diluted earnings (loss) per share considers the dilutive impact of the exercise of warrants and broker warrants, as if the event has occurred at the beginning of the period. Diluted loss per share has not been presented in the accompanying consolidated financial statements as the results would be anti-dilutive.

Recent IFRS accounting pronouncements issued and not yet effective:

IFRS 9, Financial Instruments (July 2014)

The IASB issued the chapters of IFRS 9 relating to the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets.

The IASB added to IFRS 9 impairment requirements related to the accounting for expected credit losses on an entity’s financial assets and commitments to extend credit.

The IASB also published a new hedge accounting model, together with corresponding disclosures about risk management activity for those applying hedge accounting. The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The most significant improvements apply to those that hedge non-financial risk.

An entity shall apply this Standard retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted. The July 2014 version of IFRS 9 will not however be available for earlier application by those entities reporting under Canadian GAAP until the necessary due process, translation and publication processes have been completed by the AcSB. The Company is currently evaluating the impact of adopting the new pronouncement.

IFRS 15, Revenues from Contracts with Customers

The FASB and IASB (the Boards) have issued converged standards on revenue recognition. This new IFRS affects any entity using IFRS that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. This IFRS will supersede the revenue recognition requirements in IAS 18 and most industry-specific guidance.

4. Summary of Significant Accounting Policies (continued)

The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

An entity shall apply this Standard for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will not however be available for earlier application by those entities reporting under Canadian GAAP until the necessary due process, translation and publication processes have been completed by the AcSB. The Company is currently evaluating the impact of adopting the new pronouncement.

5. Risk Management

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 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, 2017, the Company's capital structure consists of related party payables, debentures payable, share capital and warrants 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.

5. Risk Management (continued)

The following amounts, included in the consolidated statement of financial position, make up the Company's capital:

	2017	2016
	$	$
Due to related parties	**(3,044,149)**	(2,820,714)
Share capital	**28,281,896**	26,595,269
Warrants	**11,546,524**	6,604,632
Convertible 6.5% debentures	**(2,953,676)**	(2,823,555)
18% debentures	**(13,062,000)**	(11,770,631)
Total Capital	**20,768,595**	15,785,001

6. Financial Instruments

Financial Risk Management

The Company's activities 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 is mainly exposed to foreign exchange risk in United States dollars. Foreign exchange risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was incurred to the Company by a customer, or that an obligation in a foreign currency was made by the Company to a supplier, is different at the time of settlement than it was at time that the obligation was determined. The Company reduces its exposure to foreign exchange risk by carefully monitoring exchange rates on obligations that are made to the Company. The Company does not utilize derivative instruments to manage its foreign exchange risk. The Company maintains adequate foreign currency balances in its bank, provided by its revenues in the related currency and used to settle its foreign currency purchases. In the opinion of management, the foreign exchange risk exposure to the Company is low.

A ten percent increase in the U.S. dollar versus the Canadian dollar at the end of the period would have increased the comprehensive loss for the year immaterially (2016: $42,000) with all other variables held constant.

6. Financial Instruments (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 loans and debentures are fixed interest rates and its other notes payable are short term in nature and fixed rate.

A one percentage point increase (decrease) in interest rates would have increased (decreased) the comprehensive income by a nominal amount in the period, with all other variables held constant given the Company borrowings are fixed rates.

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 customers thus credit is considered on an exception transaction. The Company is developing certain credit evaluation, approval and monitoring processes which continue to develop and 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 November 30, 2017 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.

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. Generally, the Company's financial liabilities have contractual maturities of less than 30 days. Some larger projects require substantial outlays of capital to fund the upfront cost of raw materials and work in progress. Such risks are identified and to some degree reduced through customer contract deposits.

	Carrying Amount $	Cash Flows $	<1 year $	1-2 years $	2-5 years $	>5 years $
Accounts payable and accrued liabilities	13,141,018	13,141,018	13,141,018	-	-	-
Due to related parties	3,044,149	3,044,149	3,044,149	-	-	-
Car lease	16,937	16,937	16,937	-	-	-
License Agreement	7,650	7,650	7,650	-	-	-
Welland lease	350,000	350,000	350,000	-	-	-
Convertible 6.5% debentures	2,953,676	2,953,676	2,953,676	-	-	-
18% Debentures Payable	13,062,000	13,062,000	13,062,000	-	-	-
	32,575,430	**32,575,430**	**32,575,430**	**-**	**-**	**-**

7. Accounts Receivable

The Company extends credit on an exception basis and only for product sales and through the normal course of business as it relates to system installation.

Detail	**2017** $	2016 $
Less than 30 Days	**86,095**	152,578
30 to 60 Days	**24,218**	2,847
61 to 90 Days	**9,289**	28,115
More than 90 Days	**146,906**	98,842
	266,508	282,382

In the current period management has taken an allowance against accounts receivable equal to approximately $12,000. This allowance is in part to address foreign exchange risks and in part to recognize the nature of some smaller customers.

During year ended November 30, 2017, 49% of revenues were generated from customers based in West Africa, which represents 67% of the accounts receivable.

8. Inventories

	2017 $	2016 $
Raw Materials	**263,787**	69,802
Work in Progress	**124,806**	-
Finished Goods	**683,554**	842,115
Provision for Obsolescence	**(138,517)**	-
	933,630	911,917

Included in the cost of goods sold on the statements of operations and comprehensive loss is $138,517 of write-down to the inventory value recorded during the year ended November 30, 2017 (2016: $378,046). Management has opted to institute a reserve against obsolescence targeted specifically at the finished goods inventory. There is no specific evidence of decreased value of specific inventory items however, the potential exists for modest declines due to market fluctuations and therefore management has instituted a reserve.

Work in Progress is valued using a three-month average cost on all variable cost items, specifically the preceding three months prior to and including partial work completion. The cost represents an all-in cost adjusted for material work necessary to make the product ready for sale.

9. Refundable Project Deposits

The deposits with regulatory authorities of $2,339,438 are cash security deposits with various government agencies related to microfit solar system projects.

	2017	2016
	$	$
Deposits with regulatory authorities	**2,339,439**	2,328,413
Other deposits	**-**	11,026
	2,339,439	2,339,439

10. Prepaid Expenses

Prepaid expenses include the following:

	2017	2016
	$	$
Landlords and utilities	**17,605**	17,605
License fees	**143,633**	144,556
Raw materials	**38,269**	-
Other expenses	**55,048**	33,022
	254,555	195,183

11. Other Current Assets

As at November 30, 2017, other current assets of $64,471 (2016: $86,532) represents HST recoverable.

12. Property and Equipment

Cost	Production Equipment	Computer Equipment	Office Equipment	Warehouse Equipment	Production Equipment	Premises Leaseholds	Total
	$	$	$	$	$	$	$
Balance at November 30, 2015	220,742	21,429	21,667	43,793	2,405,773	500,150	3,213,554
Balance at November 30, 2016	220,742	21,429	21,667	43,793	2,405,773	500,150	3,213,554
Additions	-	-	-	-	-	-	-
Balance at November 30, 2017	**220,742**	**21,429**	**21,667**	**43,793**	**2,405,773**	**500,150**	**3,213,554**
Accumulated Amortization							
Balance at November 30, 2015	68,568	10,568	5,344	11,533	635,685	107,080	838,778
Balance at November 30, 2016	33,111	6,430	3,242	6,570	360,873	50,015	460,241
Amortization for the year ended November 30, 2017	33,112	4,431	3,252	6,568	360,864	50,016	458,243
Adjustment	-	-	-	-	-	154,684	154,684
Balance at November 30, 2017	**134,791**	**21,429**	**11,838**	**24,671**	**1,357,422**	**361,795**	**1,911,946**
Net Book Value							
Balance at November 30, 2015	152,174	10,861	16,323	32,260	1,770,088	393,070	2,374,776
Balance at November 30, 2016	119,063	4,431	13,081	25,690	1,409,215	343,055	1,914,535
Balance at November 30, 2017	**85,951**	**-**	**9,829**	**19,122**	**1,048,351**	**138,355**	**1,301,608**

Included in the Consolidated Statements of Operations and Comprehensive loss is amortization of $612,928 for the year ended November 30, 2017 (2016: $460,241). Included in the amortization of $612,928 is a one-time adjustment of $154,684 to leaseholds amortization. The amortization acceleration is related to a change in expected future occupancy, shortening the useful life of the asset.

13. Intangible Assets

Cost	Cost $
Balance at November 30, 2016	4,321,511
Additions	-
Balance at November 30, 2017	**4,321,511**

Accumulated Amortization	
Balance at November 30, 2016	4,321,510
Amortization for the year ended November 30, 2016	**-**
Balance at November 30, 2017	**4,321,510**

Net Book Value	
Balance at November 30, 2016	1
Balance at November 30, 2017	**1**

As of November 30, 2016, the Company determined that the primary assets underlying the intangible assets, being a wind patent and license, has failed to demonstrate the commercial viability that Management anticipated. The asset has been written down to a nominal value associated with the shares in the company holding the patent. A license to use a product packing system, which was used in support of the wind product was written off. Further, an asset representing an acquired website was also written off.

14. Share Capital

i) Common Shares Authorized:

Unlimited number of common shares.

ii) Common Share Rights:

The holders of common shares are entitled to vote at meetings of shareholders, receive dividends, and are subject to the prior rights, privileges and conditions attaching to the special shares, to receive the remaining property of the corporation upon dissolution, liquidation or winding up of the corporation.

iii) Common Shares Issued:

164,253,173 (2016:127,916,154) common shares with no par value.

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

On February 29, 2016, the Company completed a first closing of private placement of 725,000 units to raise $145,000 at $0.20 per unit. Each unit consisted of one common share and one share purchase warrant 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 per warrant for a 36-month period.

14. Share Capital (continued)

On March 4, 2016, the Company closed a private placement of 6,275,000 units to raise $1,255,000 at $0.20 per unit. Each unit consisted of one common share and one share purchase warrant 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 per unit 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 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 were subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities law legislation.

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 $217,500 of the gross proceeds and 827,500 broker warrants exercisable at $0.15 per warrant 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 per unit. Each unit consisted of one common share and one share purchase warrant 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 per warrant 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 February 14, 2017, the Company closed the first and second tranches of a private placement. The Company raised $889,099 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 24-months 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 24-months from the date of issue.

On February 17, 2017, the Company announced it had reached agreement to settle certain debts owed to creditors in the aggregate amount of $537,875 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 other creditors at a deemed value of $0.15. 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 24-months from the date of issue.

14. Share Capital (continued)

On March 7, 2017, the Company closed the third and final tranche of a three-tranche private placement. The Company raised an additional $499,999 gross proceeds from the sale of units at $0.15 per unit. Issuing 3,333,333 units, each unit consists of one common share and one-half common share purchase warrant (equivalent of 1,666,667 full warrants issued) exercisable at $0.10 each. Every whole purchase warrant (two half warrants) entitles the holder to acquire one common share at an exercise price of $0.20 per common share (two half warrants are required to purchase one common share). The warrants expire 24-months from the date of issue. The Company also paid a commission of 8% in cash and 266,667 agent warrants exercisable at $0.15 per common share expiring 2 years from the date of issue.

On March 9, 2017, the Company issued 22,033,333 common share purchase warrants in connection with the debt described in Note 20 *Legal Settlement*. The exercise price of the warrants is $0.135 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.

On September 29, 2017, the Company closed a private placement which raised $316,664 proceeds from the sale of units at $0.10 per unit. Issuing 3,333,333 units, each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of $0.15 per common share. The warrants expire 36-months from the date of issue.

On November 8, 2017 the Company closed a private placement which raised $120,000 proceeds from the sale of units at $0.10 per unit. Issuing 1,200,000 units, each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of $0.15 per common share. The warrants expire 36-months from the date of issue.

On November 10, 2017 the Company closed a private placement which raised $1,895,723 proceeds from the sale of units at $0.10 per unit. Issuing 18,957,230 units, each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of $0.15 per common share. The warrants expire 36-months from the date of issue.

14. Share Capital (continued)

Convertible Securities

During the year ended November 30, 2017, there were no warrants exercised and an aggregate of 1,642,080 (2016: 25,902,000) warrants expired.

The assumptions used to value the warrants under the Black-Scholes model were as follows:

	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
Total	20,157,230	3,333,333	22,033,333	266,667	1,666,667	878,572	196,320	1,227,000	277,867	1,736,666
Share Price	$0.095	$0.11	$0.15	$0.15	$0.16	$0.18	$0.19	$0.19	$0.19	$0.19
Exercise Price	$0.15	$0.15	$0.115	$0.15	$0.20	$0.20	$0.15	$0.20	$0.15	$0.20
Interest Rate	1.48%	1.48%	0.65%	0.82%	0.82%	0.77%	0.80%	0.65%	0.80%	0.80%
Term (years)	3	3	3	2	2	2	2	2	2	2
Volatility	136%	130%	150%	150%	150%	130%	136%	150%	150%	136%
Warrant Value	$0.067	$0.08	$0.125	$0.123	$0.109	$0.105	$0.134	$0.11	$0.079	$0.134

14. Share Capital (continued)

Warrants: Share Purchase Warrants Summary

Holder	Issue Date	Exercise Price	Expiry Date	Issued	Outstanding at November 30, 2017
Private Placement Unit Holders	December 11, 2015	$0.40	12/11/18	5,100,000	5,100,000
Private Placement Broker Compensation	December 11, 2015	$0.40	12/11/18	510,000	510,000
Private Placement Unit Holders	February 29, 2016	$0.40	02/28/19	725,000	725,000
Private Placement Broker Compensation	February 29, 2016	$0.40	02/28/19	72,500	72,500
Private Placement Unit Holders	March 4, 2016	$0.40	03/04/19	6,275,000	6,275,000
Private Placement Broker Compensation	March 4, 2016	$0.40	03/04/19	627,500	627,500
Private Placement Broker Compensation	June 17, 2016	$0.15	06/17/19	700,000	700,000
Private Placement Broker Compensation	June 8, 2016	$0.15	06/08/19	127,500	127,500
Private Placement Unit Holders	July 18, 2016	$0.30	07/18/21	4,000,000	4,000,000
Private Placement Broker Compensation	July 18, 2016	$0.15	07/18/19	340,000	340,000
Conversion of Convertible Notes	July 20, 2016	$0.30	07/20/21	24,166,667	24,166,667
Private Placement Unit Holders	December 30, 2016	$0.20	12/30/18	1,736,666	1,736,666
Private Placement Broker Compensation	December 30, 2016	$0.15	12/30/18	277,867	277,867
Private Placement Unit Holders	January 27, 2017	$0.20	01/27/19	1,227,000	1,227,000
Private Placement Broker Compensation	January 27, 2017	$0.15	01/27/19	196,320	196,320
Conversion of Debt	February 17, 2017	$0.20	02/17/19	878,572	878,572
Private Placement Unit Holders	March 7, 2017	$0.20	03/07/19	1,666,667	1,666,667
Private Placement Broker Compensation	March 7, 2017	$0.20	03/07/19	266,667	266,667
Settlement of Debt	March 9, 2017	$0.115	03/09/20	22,033,333	22,033,333
Private Placement Unit Holders	September 29, 2017	$0.15	09/29/20	3,333,333	3,333,333
Private Placement Unit Holders	November 8, 2017	$0.15	11/08/20	1,200,000	1,200,000
Private Placement Unit Holders	November 10, 2017	$0.15	11/10/20	18,957,230	18,957,230
				94,417,822	**94,417,822**

14. Share Capital (continued)

Warrant and Option Valuation

The Company uses the Black-Scholes fair valuation option pricing model when calculating a share option grant or common share purchase warrant value when the common share purchase warrant forms part of a unit of securities. The valuation is dependent on a number of estimates, including the risk-free interest rate and the level of share volatility. Option and warrant pricing models require the input of highly subjective assumptions including the expected price volatility. The level of share volatility was initially calculated with reference to the historic traded daily closing share price of similar companies for which data is publicly available. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's common share purchase warrants.

Stock Options

The Company has a Stock Option Plan (the "Plan") which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

The following tables provides information about outstanding stock options at November 30, 2017:

	2017		2016	
	Number of options	**Weighted average exercise price $**	Number of options	Weighted average exercise price $
Beginning balance	**12,320,375**	**0.59**	6,920,375	0.94
Issued	**1,650,000**	**0.15**	5,400,000	0.15
Exercised	**-**	**-**	-	-
Forfeited	**(875,000)**	**0.59**	-	-
Ending balance	**13,095,375**	**0.54**	12,320,375	0.59

Exercisable options

Weighted average outstanding maturity period (years)	Number of options	Exercise price $
4.13	75,375	0.20
1.91	5,470,000	1.00
1.93	500,000	1.00
3.83	4,207,904	0.15
3.92	1,192,096	0.15
4.79	1,650,000	0.15
3.09	**13,095,375**	**0.54**

14. Share Capital (continued)

On July 1, 2016, the Company announced that it granted an aggregate of 4,207,904 incentive stock options under its stock option plan to a consultant and a director. The stock options are exercisable until July 1, 2021. The grant was subject to regulatory approval.

On July 28, 2016, the Company announced that it granted 1,192,096 incentive stock options under its stock option plan to a director. The stock options are exercisable until July 1, 2021. The grant was subject to regulatory approval.

On September 15, 2017 the Company announced that it granted 1,650,000 incentive stock options under its stock option plan to several directors and consultants. The stock options are exercisable until September 15, 2022. The grant was subject to regulatory approval.

	2017	**2016**
Total	1,650,000	5,400,000
Expected volatility	133%	146%
Expected life	5 Years	5 years
Expected forfeiture rate	5%	5%
Risk-free interest rate	1.80%	0.61%
Dividend yield	Nil	Nil
Share price	$0.10	$0.15
Weighted average fair value of options at grant date	$0.084	$0.135

15. Related Party Transactions and Balances

Amounts payable to related parties are as follows:

	2017 **$**	2016 $
Payable		
Due to director – Bruce Bent	**578,284**	408,767
Due to director - John Gamble	**163,482**	163,516
Due to non-executive employee	**86,744**	6,315
Due to ESI (Lender related to Thomas Bryson)	**-**	121,959
Due to MSW/MDA (lenders related to Bruce Bent)	**2,215,639**	2,120,157
	3,044,149	2,820,714

15. Related Party Transactions and Balances (continued)

The amount due to MSW/MDA is a secured loan advanced from a party related to a director, Bruce Bent. The loans are for working capital purposes and are secured with a general security agreement. The amounts are due on demand and interest bearing at 12% per annum.

The amounts due to a director - Bruce Bent are due on demand and interest bearing at 12% per annum. Management expects to repay the amounts within the next 12 months.

The amounts due to a director/CEO - John Gamble are for unpaid wages and authorized expenses. The amounts due are non-interest bearing and are due on demand. Management expects to repay the amounts within the next 12 months.

The amounts due to a non-executive employee are for loans advanced. The amounts due are non-interest bearing and are due on demand. Management expects to repay the amounts within the next 12 months.

Summary of Management Fees and Compensation

Title	**2017** **$**	2016 $
Management Salaries and Fees	***359,793**	342,201
Other Benefits	**6,360**	-
Total	**366,153**	342,201

***** Includes $125,445 of accrued and unpaid wages due to CEO.

16. Earnings/Loss Per Share

Basic and diluted loss per share has been calculated as follows:

		2017	2016
Numerator	Net Loss Allocated to Common Shareholders	**($12,682,589)**	($40,867,937)
Denominator	Weighted Average Number of Outstanding Shares	**140,968,356**	105,480,214
Loss Per Share		**($0.09)**	($0.39)

Diluted loss per share did not include the effect of the share options and warrants outstanding respectively as they are anti-dilutive.

17. Investments

a) Reliant First Nation Limited Partnership ("Reliant")

The Company invested in Reliant First Nation Limited Partnership ("Reliant") a total amount of $7,503,232 in relation to the agreement between Reliant and the Company for the acquisition of 38 Megawatts of solar energy power generation contracts. The contracts are with the Ontario provincial government and guarantee that the government will purchase each kilowatt of electricity generated at a fixed price for 20 years.

On August 12, 2016, the Company entered into a purchase agreement to sell its ownership interest in Reliant. In accordance with the purchase agreement, the Company will receive $7,061,400 from the purchaser, subject to adjustments to the purchase price based on the commercial terms of the transaction. In addition, the purchaser will pay the Company for certain deposits paid by the Company in connection with the development of the Peel Projects totaling $2,339,438 (See Note 9).

Construction of the projects were in process during the current fiscal year by the purchaser and the purchase price, subject to any adjustments, was expected to be settled in late 2017. However, the purchaser received an extension to complete additional projects which was beneficial to the Company. The Company continued to monitor the progress of the projects and the building process was completed in March 2018. As a result of overall construction costs in excess of the projected development costs, management reported a provisional allowance against the sale price in 2016 of $3,380,000 as outlined below. This allowance remains appropriate and adequate as at November 30, 2017.

	2017	2016
	$	$
Sale Price	**7,061,400**	7,061,400
Provision for Deductions	**(3,380,000)**	(3,380,000)
Projected Adjusted Sale Amount	**3,681,400**	3,681,400

b) Evia Finance SARL ("Evia")

This investment represents the initial cash deposit under the terms of the SPA to acquire all the issued and outstanding shares of Evia. On June 17, 2016, the Company cancelled the previously announced EVIA Finance SARL ("Evia") transaction (the "Evia" Transaction") whereby EHT Luxembourg SARL ("EHT Lux"), a wholly owned subsidiary of the Company, would acquire all the issued and outstanding shares of EVIA. The deposits advanced have not been returned and legal action appears necessary. Legal action and recoverability of the deposits are now uncertain and thus a provision equal to the deposit amount has been taken.

	2017	2016
	$	$
Evia Finance SARL	**9,095,410**	9,095,410
Provision	**(9,095,410)**	(9,095,410)
Total	**-**	-

The investments include the following:

	2017	2016
	$	$
Reliant First Nation Limited Partnership	**3,681,400**	3,681,400
Other Investments	**1**	1
	3,681,401	7,503,233

18. 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 received $195,000 in cash and 225,000 broker warrants exercisable at $1.00 per warrant for a 2-year period.

The Convertible Debenture 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 on March 4, 2018 the Debenture payable will amount to $3,063,041.

b) 18% Debentures

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 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 $1.00 per warrant 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 $1.00 per warrant for a 2-year period.

On Jul 20, 2015, the Company raised an additional gross amount of $3,915,000 of secured debentures and 1,566,000 bonus common shares were issued. Kingsdale received $274,050 in cash and 313,200 broker warrants exercisable at $1.00 per warrant for a 2-year period.

On Jul 24, 2015, the Company raised an additional $351,000 principal amount secured debentures and 140,400 bonus common shares were also issued. Kingsdale received $24,570 in cash and 28,080 broker warrants exercisable at $1.00 per warrant for a 2-year period.

The 18% secured debentures issued does not include $6,937,650 of debentures adjusted via cancellation as no value was tendered to the Company. The related bonus shares, commission and broker warrants have been expensed as a period cost.

The debentures contain an equity element representing the bonus common 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 common 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.

18. Debentures Payable (continued)

The Company accreted the carrying value of the Debentures at effective interest rates ranging from 38.7% to 54% per annum.

During the year ended November 30, 2017, the 18% debentures matured. While the Company continues to negotiate with the debenture holders and agreements have been reached, the final documentation remains outstanding. Subsequently, the Company has continued to report the debentures at the original interest rate.

The total interest expense for the year ended November 30, 2017 on the debentures amounted to $4,357,650 (2016: $4,412,989).

19. Commitments and Contingencies

The Company is committed to a revised minimum lease amounts under leases for its Welland facilities totaling $350,000 per year for the period up to September 30, 2018, the amended term of the lease.

The Company is committed to royalty payments, under the terms of license agreement, to pay 2% of total revenue commencing on October 1, 2013. The licensee has deferred payment of the royalty obligations as at November 30, 2017. The amount has been accrued, as in prior years, with no fixed payment date.

A 48-month car lease was entered into by EHT Inc. on June 3, 2014. The terms of the lease are $569 per month with an annual rate of 1.73% with an option to purchase the vehicle for $13,523 at the end of the lease period.

In June 2016, EHT Inc. entered into a license agreement for a term of 5 years in the payment of Euro150,000. It allows the Company to use the licensor's utility model in Canada and access to all necessary technical information.

Minimum operating leases and facility leases for successive years approximate the following:

As of November 30, 2017

	Less than one year	Between 1 and 5 years	More than five years	Total
	$	$	$	$
Car Lease	16,937	-	-	16,937
License Fee	7,650	-	-	7,650
Welland Facilities Lease	350,000	-	-	350,000
	374,587	**-**	**-**	**374,587**

The Company is engaged in legal proceedings, claims and counterclaims that have arisen in the ordinary course of business. The outcome of all of the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company, taken as a whole.

20. Legal Settlement

On July 29, 2016, the Company entered a Settlement Agreement and a supporting License and Supply agreement with a third party in order to amend a prior settlement agreement executed on December 7, 2015. The settlement agreement created a liability of $7,504,740 at November 30, 2017 which has been included in the accrued liabilities on the statement of financial position and as a legal settlement expense on the statement of operations and comprehensive loss. The subsequent settlement agreement addressed retirement of the obligation. The parties agreed to settle a portion of the dispute through the issuance of common share warrants. The obligation will be further reduced throughout the 24-months through the reduction of royalty fees payable to the Company by the third party related to sales (if any) of the Company's products by that same third party. The agreements also specify that if the terms of the settlement agreement remain in good standing for 24 months from inception, any unpaid balance of the accrued liability may be cancelled and discharged provided the agreement remains in effect.

On March 9, 2017, the Company issued 22,033,333 common share purchase warrants, valued $2,751,000, in connection with the debt described above. The exercise price of the warrants is $0.135 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.

21. Segmentation

Management has determined that the Company carries on business in one operating segment only. All assets are currently located in Canada except accounts receivable from customers located in West Africa (See Note 7 *Accounts Receivable*) and, during the year ended November 30, 2017 substantially all business activities were conducted in Canada other than revenue from customers in West Africa (See Note 7 *Accounts Receivable*).

22. Income Taxes

Income taxes reported differ from the amount computed by applying the statutory rate to the net loss. The reasons are as follows:

	2017	2016
Canadian statutory tax rate	**26.5%**	26.5%
Statutory income taxes	**(2,379,389)**	(3,786,412)
Permanent differences	**702,411**	6,687,938
Change in tax assets not recognized	**1,676,978**	(2,901,526)
Effective Income Taxes	**-**	-

22. Income Taxes (continued)

Deferred income tax assets and liabilities result primarily from differences in recognition of certain timing differences that give rise to the Company's future tax assets (liabilities) and are as follows:

	2017 $	2016 $
Temporary differences		
Share issue costs	372,843	669,491
Amortization	1,651,867	1,489,441
Non-capital loss	11,085,109	8,742,325
Tax assets not recognized	(13,109,819)	(10,901,257)

As at November 30, 2017, there were approximately $41,830,000 (2016: $32,989,000) in tax losses that may be applied against earnings of future years, not later than as follows:

Year Losses Relate to	**Losses** **$**	**Expiration** **$**
2013	292,000	2033
2014	3,601,774	2034
2015	14,577,657	2035
2016	14,380,268	2036
2017	8,978,828	2037

23. Subsequent Events

During the year ended November 30, 2017, the 18% debentures matured. The Company sought an extension of the maturity from the debenture holders and to reach agreements with each holder. The agreements may include the conversion of some portions of the debt into equity, a reduction in annual interest costs and/or other arrangements. The final documentation was not complete at the end of the current reporting period. Therefore, terms, conditions and borrowing costs have been reported on a basis consistent with prior periods.

On March 4, 2018, the 6.5% debenture in the amount of $3,063,041 matured. The Company will continue to report the debenture and calculate interest on a basis consistent with prior periods until a formal amendment of the original terms is reached.