

ENPAR Technologies Inc.

Management's Discussion and Analysis

May 27, 2016

Management's Discussion and Analysis ("**MD&A**") of the financial condition, results of operation and cash flows for the quarter ended March 31, 2016 ("**the period**") should be read in conjunction with the financial statements and accompanying notes for the same period. This discussion covers the most recently completed year and the subsequent period to March 31, 2016.

The financial statements ("**financial statements**") of ENPAR Technologies Inc. were approved for issuance by the Board of Directors on May 27, 2016. The financial statements were prepared using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"). All comparisons of results for the quarter and period March 31, 2016 are against results for the quarter and period ended March 31, 2015. All dollar amounts refer to Canadian dollars except where otherwise stated.

Management's Discussion and Analysis contains certain forward-looking statements and information related to ENPAR Technologies Inc., which are based on the beliefs of Management as well as assumptions made by and information currently available to ENPAR. These statements, which can be identified by the use of forward-looking terminology such as "anticipates," "believes," "estimates," "expects," "may," "will," "should" or the negative thereof or other variations thereon and similar expressions, as they relate to ENPAR or its management, are intended to identify forward-looking statements.

The forward-looking statements relate to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued research and development and marketing of ENPAR's patented and proprietary technologies. Such statements reflect the current views of ENPAR management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of ENPAR to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

The Company disclaims any obligation to update or revise any forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

Additional information relating to ENPAR Technologies Inc. ("**ENPAR**" or "**the Company**" or "**the Corporation**") is available on the SEDAR web site at www.sedar.com.

Description of the business

The company was incorporated on February 15, 1996 under the laws of the Province of Ontario. The company provides innovative patented and proprietary technologies for: 1) the treatment of waste water and drinking water that are contaminated by metals or nutrients (e.g. arsenic, nitrate/ammonia) associated with the mining, metal processing, chemical, agricultural, municipal and waste management sectors; and, 2) the environmentally friendly recovery of nickel and other valuable metals from waste mill sulphide tailings associated with the mining sector.

Overall performance

ENPAR continues to focus on marketing and business development efforts during the current year via establishment of strategic alliances and non-exclusive and exclusive distributorships. The Company is currently marketing its technologies in Asia, Europe, the Middle East, North America, South America and South Africa.

Selected financial information

The following table provides selected financial information, which should be read in conjunction with the financial statements and the accompanying notes of the Company.

	Quarter ended March 31, 2016	Audited Year ended December 31, 2015	Audited Year ended December 31, 2014
Total Revenues	\$2,725	\$292,318	\$293,810
Loss before general and admin expenses and non-cash items	(\$139,402)	(\$1,055,642)	(\$1,510,017)
Loss per share— basic and diluted	≈ (\$0.01)	(\$0.01)	(\$0.02)
Net loss	(\$229,394)	(\$644,347)	(\$1,510,017)
Net loss per share – basic and diluted	≈ (\$0.01)	(\$0.01)	(\$0.02)
Total assets	\$1,194,379	\$1,317,552	\$515,395
Long-term debt	--	--	\$302,078

The following summary of quarterly results was prepared by management for the previous eight quarters.

	1 st Quarter Mar 31, 2016	4 th Quarter Dec 31, 2015	3 rd Quarter Sep 30, 2015	2 nd Quarter Jun 30, 2015	1 st Quarter Mar 31, 2015	4 th Quarter Dec 31, 2014	3 rd Quarter Sep 30, 2014	2 nd Quarter Jun 30, 2014
Total Revenues	\$2,725	\$54,654	\$102,703	\$119,621	\$15,340	\$131,526	\$97,140	\$57,144
(Loss) before general and admin expenses and non-cash items	(\$139,402)	(\$384,529)	(\$262,040)	(\$213,367)	(\$195,706)	(\$325,792)	(\$364,976)	(\$411,193)
(Loss) per share before undernoted – basic and diluted	≈ (\$0.01)	≈ (\$0.01)	≈ (\$0.01)	≈ (\$0.01)	≈ (\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
Net gain (loss)	(\$229,394)	(\$384,529)	(\$262,040)	(\$213,367)	(\$195,706)	(\$325,792)	(\$364,976)	(\$411,193)
Net gain (loss) per share – basic and diluted	≈ (\$0.01)	≈ (\$0.01)	≈ (\$0.01)	≈ (\$0.01)	≈ (\$0.01)	≈ (\$0.01)	≈ (\$0.01)	≈ (\$0.01)

ENPAR's revenue of \$2,725 decreased for the quarter ended March 31, 2016 as compared to \$15,340 for the same quarter for 2015. The decrease in revenue is due to timing of projects in progress during the current year.

Project revenue for test units are normally recorded when risks and benefits of ownership are transferred, which is generally upon delivery. Receivables are normally due and payable within 30 days of delivery; however, management, in an effort to gain strategic relationships, may enter into a payment schedule with key customers who have an on-going relationship with ENPAR and its technologies.

The net loss was \$229,394 or approximately \$0.01 per share for the quarter compared to a net loss of \$195,706 or approximately \$0.01 per share for the same period of the prior year. Direct expenses include marketing, travel, research and development, and a percentage of general and administrative costs. Direct expenses decreased from \$211,046 to \$142,127 with a decrease in labour, business development travel, and, research and development expenses. General and Administrative expenses include office and accounting salaries, as well as director fees and public company expenses. General and Administrative expenses increased to \$50,233 from \$39,431 for the same period of the previous year. Cash flow from operations for the same period was negative \$171,290 compared to negative \$199,068 for the period ended March 31, 2015.

The expense for share based payments was \$29,238 (2015: \$16,353).

During 2015, management determined that there was reasonable assurance that the company would comply with the conditions relating to its AmmEL demonstration system and, therefore as of the year ended December 31, 2015 recognized the loan as a government grant. The discounted balance in the amount of \$302,078 (undiscounted - \$341,645) of the forgivable loan was applied to the net book value of the AmmEL unit, with a reversal of previous impairment and government grant in the amounts of \$75,000, \$208,453 and \$18,625 respectively.

There is no certainty that the money spent by ENPAR on research and development of its electrochemical water treatment technologies will result in the acquisition of large scale commercial sales. The long-term profitability of ENPAR will be related in part to the success of its marketing and business development initiatives, which may be affected by a number of factors that are beyond the control of the Company. The success of the Corporation will largely depend upon the performance of its officers, consultants and employees.

Key projects

April 1, 2014, the Company announced that a grant in the amount of \$67,500 was awarded to the Company as part of the Water Adaptation Management and Quality Initiative (WAMQI). Funding for the WAMQI project is provided through Growing Forward 2, a federal-provincial-territorial initiative. The program is administered by Farm & Food Care Ontario.

The funding was awarded based on a proposal submission outlining the use of ENPAR's novel water treatment technology for process water recycle and reuse for the Ontario greenhouse industry. Vegetable greenhouses use a soilless hydroponic growing system that involves the supply of nutrients to the growing plants through their water (leach water). Stage One of the testing program was recently completed in a greenhouse in Southern Ontario. Results showed that high removal rates of 'limiters', defined as chemical compounds that gradually accumulate in the recirculating water and are not taken up and used by the plants, can be achieved using the Company's ESD capacitive deionization technology.

The goal of Stage Two of the testing program is to maintain the high removal of limiters while achieving high water recovery. In doing so, the proportion of water available within the greenhouse through recycle and reuse will increase, thereby reducing overall fresh water requirements and the need for wastewater disposal. Success in Stage Two will enhance opportunities for recycling and reusing leach water in many greenhouse vegetable, ornamental, and medicinal marijuana grow operations.

August 21, 2014, the company announced that operation of the ESD CapDi unit was initiated at an Ontario hydroponic greenhouse operation. This second stage of the greenhouse testing program qualified for financial support through the Water Adaptation Management and Quality Initiative (WAMQI). Funding for the WAMQI project has been provided through Growing Forward 2, a federal-provincial-territorial initiative. The program is administered by Farm & Food Care Ontario.

October 02, 2014, the company announced the forthcoming transfer of a commercial ESD unit to CHEMSBRO of the Kingdom of Saudi Arabia (KSA).

This initial ESD plant, valued at several hundred thousand dollars, will demonstrate the efficacy of this novel technology to achieve high ion removal efficiencies combined with high water recoveries. The focus of this unit will be production of high-purity water for the energy and petrochemical industries. Developed as a scalable system, increased water volume can be readily accommodated with additional ESD modules.

November 17, 2014, the company announced that they completed a very successful demonstration project with its AmmEL ammonia treatment technology at a Canadian mining site.

The AmmEL-LC Electrochemical Ammonia Treatment System is a two-stage process consisting of ion exchange followed by electrochemical oxidation of ammonia to environmentally friendly nitrogen gas (N₂). Designed to achieve high ammonia removal rates in industrial and municipal wastewater, groundwater sources and industrial process waters, the technology does not produce nitrate, a known carcinogen, or the greenhouse gas nitrous oxide (N₂O). Unlike conventional biological systems, the technology is also not affected by low water temperatures (<5°C) and has the ability to achieve very low ammonia levels in treated streams. The system can be implemented as a full-scale, stand-alone treatment plant or as a complementary upgrade to conventional methods at new or existing water treatment facilities.

The positive results from the four month study showed that the AmmEL system was capable of reducing inlet ammonia level to effluent ammonia limits, such as the federal Wastewater Systems Effluent Regulations.

Mine waste water is commonly treated by slake lime (calcium oxide) to remove ions of concern. The treated water is generally characterized by an increase in calcium which is often expressed as water hardness. Water hardness is known to interfere with the efficacy of electro-chemical water treatment processes.

ENPAR incorporated numerous innovative components into the pilot unit to successfully manage the high hardness water encountered at the site. One such component was a new modified ion exchange material which ENPAR developed and studied extensively in house for such applications. The ion exchange material minimizes adsorption of hardness-causing ions (e.g. calcium, magnesium) from the feed water, thereby limiting the amount of these ions transferred to the regeneration circuit and electrochemical reactor, and reducing the potential for fouling. Another innovation was the incorporation of a proprietary self-cleaning electrochemical reactor. This combination of ion exchange material and reactor design allowed the demonstration unit to operate for the duration of the four month study without cleaning and maintenance of the electrochemical reactor or any loss in reactor efficiency.

February 25, 2015, the company announced that it had finalized the general terms of a joint-venture agreement which will include an equity investment in ENPAR. The parties expect to complete the due diligence and definitive agreement by mid-March, 2015.

The joint-venture partner is a highly respected and innovative separation process company with 25 years experience in the design, construction and operation of turnkey solution treatment systems.

March 30, 2015, the company announced that Eurodia and ENPAR have agreed to enter into a definitive shareholder's agreement to establish a Canadian-based joint-venture ("NEWCO"). Eurodia will be granted 51% ownership by subscribing to a \$500,000 private placement of ENPAR common stock and by contributing its knowledge of the agro-food industry and technical expertise in electro-chemistry. The remaining 49% will be held by ENPAR for granting NEWCO a global license to market its

patented technology to the agro-food industry. ENPAR will be responsible for the day to day operation of the company.

Eurodia (www.eurodia.com) is a dynamic and innovative separation process company with 25 years experience in the design, construction and operation of turnkey solution treatment systems. These systems consist of ion exchange, electrodialysis, chromatography and filtration technologies for clients in the dairy, wine, sugar, sweetener, starch and green (or bio-based) chemicals industries on a worldwide basis.

May 5, 2015, the company announced CHEMSBRO's commitment to a burgeoning business relationship. CHEMSBRO formally notified ENPAR of its intent to further utilize ENPAR's ESD technology to increase its capacity to produce high purity water for specialized water markets in the Kingdom of Saudi Arabia (KSA).

CHEMSBRO is proceeding with its expansion plans prior to installation and commissioning of the ESD100K unit in Jeddah, KSA. The ESD100K unit was scheduled to arrive in Jeddah the beginning of May and is expected to be fully operational within 4 to 6 weeks.

CHEMSBRO reported that the system will be employed by a sister company, Sawaco, to produce high purity water for distribution to a local refinery owned and operated by Saudi Aramco.

CHEMSBRO Management has initiated corporate procedures to secure funding for the purchase of the ESD900K System from its parent company, Saudi BROTHERS Commercial Group (SBCG), the sole owners of CHEMSBRO and one of the largest privately-held holding conglomerates in the Middle East. ENPAR anticipates receipt of a formal purchase order in Q3, 2015.

September 9, 2015, the company announced that ENPAR's exclusive Indian licensee, Fontus Water Pvt. Ltd. has completed the first commercial sale of the Company's Electro-static Deionization (ESD) CapDI unit in India.

The unit was purchased by leading Information Technology solutions provider Infosys. With very promising results obtained through successful testing of the novel technology at two campuses, Infosys ordered a 14-cell commercial ESD unit to be used for the treatment of ground water. The purified water produced by the ESD will be utilized as drinking water as well as other potable water applications. The unit will be installed at one of Infosys' campuses in Jaipur, Rajasthan.

With the completion of this sale, Fontus Water Pte, Ltd achieved its first milestone through the official introduction of the innovative ESD technology into the Indian Market. Fontus is currently in the process of finalizing several other commercial sales of the ESD product line of varying capacities to customers in both the public and private sectors.

September 29, 2015, the company announced that Eurodia and ENPAR have established ENPAR SPECIALTIES INC. Ownership in the Canadian-based joint-venture is 51% and 49% for Eurodia and ENPAR, respectively.

ENPAR SPECIALTIES INC. will combine EURODIA's stellar reputation in the agro-food industry with proven novel technologies and world class technical talent to exploit a significant global business opportunity. As previously reported, EURODIA believes that the agro-food market offers many large scale application opportunities for the combination of ENPAR and EURODIA technologies, including at least one potential application involving processing of streams totaling several thousand, or even tens of thousands, of cubic meters per hour.

November 11, 2015 the company announced that ENPAR has recently completed an extremely successful testing program of its patented ESD technology with CHEMSBRO of the Kingdom of Saudi Arabia (KSA).

As previously reported, in May, 2015 CHEMSBRO received shipment of an ESD100K unit, capable of treating 100 cubic meters of water per day. Following successful commissioning by ENPAR personnel, the unit was operated by CHEMSBRO's sister company, Sawaco, to produce high purity water for distribution to a local refinery owned and operated by Saudi Aramco. The first shipment of water was delivered to the Aramco refinery in late August, 2015.

The unit was also being utilized by Chemsbro to evaluate the efficacy of the system for the production of other specialty waters used in power, electronics and pharmaceutical industries.

The ESD100K unit operating in Saudi Arabia was jointly owned by CHEMSBRO and ENPAR. As a result of this successful testing program, CHEMSBRO purchased ENPAR's 50% stake in the ESD100K unit for CAD \$189,793.

In addition, as previously reported, CHEMSBRO Management has initiated corporate procedures to secure funding for the purchase of the ESD900K System from its parent company, Saudi BROTHERS Commercial Group (SBCG), the sole owners of CHEMSBRO and one of the largest privately-held holding conglomerates in the Middle East. ENPAR anticipated receipt of a formal purchase order in the 2016.

February 17, 2016 the company announced that ENPAR has partnered with an international sales and marketing team to identify niche markets for its patented electrochemical water treatment systems. The partnership was launched with ENPAR receiving the order for the first of what is expected to be several system purchases in 2016. These strategically designed remotely monitored mobile units will address an immediate water treatment sector and will range in price from \$55,000 to \$90,000 per system depending on the site specific conditions.

March 08, 2016 the company announced that ENPAR has partnered with a US based engineering firm to address an emerging ammonia treatment application. ENPAR is currently completing the preliminary design of its patented AmmEL treatment plant capable of treating an equivalent of 200 m³ per day of waste water containing up to 27 mg of ammonia nitrogen per litre. The AmmEL system is unique in its ability to consistently achieve less than 1 mg NH₄-N/L in the treated water.

The purchase price of this initial sale and future sales are expected to range from CAD \$300,000 to \$400,000. The actual final price per mobile AmmEL unit will be determined by the site specific water treatment specifications. Delivery of this initial unit is scheduled for the summer of 2016.

Senior officers' compensation

There were no long-term incentive awards made to the Chief Executive Officer or any other officer of the Corporation during the period ended March 31, 2016. None of the Chief Executive Officers, senior officers or directors of the Corporation is indebted to the Corporation. The Chief Financial Officer and Director, is entitled to receive \$1,000 quarterly. The Corporate Secretary and Director, is entitled to receive \$1,000 quarterly. Fees of \$2,000 were paid to Senior Officers for 2016.

Employment contracts

The Directors entered into a written employment agreement with Dr. Gene S. Shelp, President and Chief Executive Officer of the Corporation effective September 29, 2003. The terms of the agreement are in compliance with the requirements of the TSX Venture Exchange. The Corporation has no compensatory plan or arrangement with respect to the Chief Executive Officer that results or will result from the resignation, retirement or any other termination of employment of such officer's employment with the Corporation from a change of control of the Corporation or a change in the Chief Executive Officer's responsibilities following a change of control.

Compensation of directors

Directors of the Corporation, with the exception of the Chairman of the Board, are entitled to receive \$1,250 quarterly, as well as \$500 for each meeting or committee meeting attended in person, \$200 for each meeting attended by electronic communication, and reimbursement of expenses incurred in attending such meetings. The Chairman of the Board is entitled to receive \$5,000 quarterly in cash, as well as the attendance fees and reimbursement of expenses as described for the other directors. The by-laws of the Corporation provide that the remuneration to be paid to directors shall be determined from time to time by the Board of Directors. No fees were paid to Directors in 2016.

Insurance

The company currently maintains a comprehensive insurance package at a cost of \$16,679 for the period ended March 31, 2016, compared to \$10,495 for the same period of the prior year. The increase is due to payment timing. The package includes Commercial General Liability and Pollution Liability with an incident and aggregate limit of \$5,000,000, a Professional Liability with a claim limit of \$2,000,000, and a Directors' and Officers' Liability Policy with a per Claim limit and Aggregate limit of \$2,000,000. The company also carries key man insurance for three executives.

Risks and uncertainties

ENPAR faces a number of risk factors and uncertainties due to the nature of the water treatment technologies business in which it is engaged, the limited extent of the Company's assets and the present stage of development. The factors given below, among others, should be considered.

KEY EMPLOYEES

ENPAR's future growth and its ability to develop depend on its ability to attract and retain highly qualified personnel. The Company is highly dependent on the principal members of its senior management group and the loss of their services might impede ENPAR's business strategy and growth.

CONFLICTS OF INTEREST

Certain members of the Company's directors and officers serve or may agree to serve as directors or officers of other reporting companies or may have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

MARKET CONDITIONS

The principal business of the Company is development and sales of 1) electrochemical wastewater and drinking water treatment technologies, and 2) hydrometallurgical metal recovery technologies. The ability to attract capital to the Company is largely dependent on the efficacy of its technologies. Relaxed enforcement of government water quality standards and regulations, or lower prices for key metals may represent the primary barriers to deployment of the Company's products. If, as a result of the inability to attract investors, financing was not available to meet cash operating costs, the feasibility of continuing operations would be evaluated and if warranted, would be discontinued. Although market conditions cannot be predicted with certainty, the Company monitors those conditions, among other factors and issues, all of which have the potential to affect sales.

GOVERNMENT REGULATIONS

Management anticipates that some of the future demand for the Company's technologies will be generated by the enactment or enforcement of human health and environmental regulations and standards directly affecting water treatment facilities or the management of waste mill sulphide tailings associated with the mining sector. Delays in the introduction of new regulations, or decreased government enforcement action relating to existing regulations, could slow the rate of growth in demand for some of the Company's products within Canada.

COMPETITION AND TECHNOLOGICAL CHANGE

The water treatment marketplace is highly competitive. The ability of the Company to market its current array of products and to introduce new products or enhancements of existing products could require significant additional research and development expenditures. The future success of the Company depends substantially on its ability to develop new or enhanced products that achieve marketplace acceptance. While ENPAR has developed unique, proprietary technologies, there is

significant competition from various companies that supply long-standing water treatment systems. With respect to ENPAR's hydrometallurgical system, there is currently no competition for the recovery of nickel directly from waste mill sulphide tailings, but as the technology is expanded to other applications, competition may be expected.

While there can be no assurance of the ability of ENPAR to penetrate target markets and sustain a share of those markets, the Company has no knowledge of existing or upcoming technologies that would render obsolete or significantly displace our products in the near future. However, such risk exists and, if it was to materialize, would have an adverse impact on the future growth of the Company.

Although markets remain highly competitive, ENPAR remains committed to meeting client needs by setting leadership standards in the design and delivery of innovative, highly efficient, cost-effective technologies for water treatment or metal recovery.

LICENSES AND PERMITS

The operations of the Company require licenses and permits from various government authorities. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to design, construct and maintain continued operations of its technologies that economically justify the cost.

PATENTS

Although a patent has a statutory presumption of validity, its issuance is not conclusive as to its validity or as to the enforceability of its claims. Moreover, the laws of certain countries may not protect proprietary rights to the same extent, as do the laws of Canada, the United States and the United Kingdom. Accordingly, there can be no assurance that the Company's patents will afford legal protection against competitors, nor can there be any assurance that the patents will not be infringed by others or that others will not obtain patents that the Company would need to license. Furthermore, successful challenges to certain of the Company's patents could materially and adversely affect its competitive and financial condition.

FOREIGN EXCHANGE RATES

Management anticipates that the Company will engage in international operations within the near term and expects to incur costs and expenses in a number of foreign currencies other than the Canadian dollar. The exchange rates covering such currencies can vary substantially. Substantial portions of our expenses will be incurred in United States dollars while our financing is conducted in Canadian dollars. Fluctuations in exchange rates between the U.S. dollar and the Canadian dollar and between the U.S. dollar and certain other currencies give rise to foreign currency exposure, either favourable or unfavourable, which may materially affect and may continue to affect our results of

operations and financial condition. The Company does not hedge foreign currencies against our functional currencies.

SHARE PRICE FLUCTUATIONS

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered in the development stages, have experienced fluctuations in price which would not necessarily be related to the Company's operations and asset values. There is no assurance that fluctuation in share price will not continue to occur.

Liquidity and Capital resources

ENPAR has no history of profitable operations because its technologies are at the early stage of commercialization. Therefore, the Company is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources, as well as a lack of revenues.

The financial statements for the period ended March 31, 2016 have been prepared on the basis of accounting principles applicable to a going concern. This assumes that ENPAR will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

ENPAR's ability to continue as a going concern in the short term is dependent upon its ability to obtain financing. The Company obtains financing by the issuance of share capital. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing in the near future will result in the delay or the indefinite postponement of further research and development and marketing initiatives.

ENPAR's financial statements reflect management's opinion that the going concern assumption is appropriate. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses, and the balance sheet classifications used.

Off-balance sheet arrangements

The Company had no off-balance sheet arrangements.

Related party transactions

Included in general and administrative expenses are fees paid to three of the five directors of the Company in the amount of \$NIL (2015: \$NIL). These expenses were paid in the normal course of operations and were measured at the exchange amount, which are the amounts agreed to by the related parties.

Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while attempting to maximize the return to shareholders through the optimization of a reasonable debt and equity balance commensurate with current operating requirements. The capital structure consists of debt, cash and cash equivalents and shareholders' equity, excluding accumulated other comprehensive income (loss). The Company raises capital, as necessary, to meet its needs and to take advantage of perceived opportunities, and therefore does not have a numeric target for its capital structure. There were no changes to the Company's approach to capital management during the current year compared to the year ended December 31, 2015. The Company does not have any covenants respecting its capital ratios.

Financial instruments

ENPAR's financial instruments predominantly consist of cash, short-term deposits, HST receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation. As at March 31, 2016, cash and cash equivalents were \$905,091.

Outstanding share data

On January 17, 2014, the Company closed a private placement to accredited investors for 1,000,000 units at a price of \$0.10 per unit for gross proceeds of \$100,000. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share for a period of two years from closing at a price of \$0.15 per common share. The Company paid a total of \$1,050 in cash commissions and issued 21,000 shares at \$0.10, per unit, valued at \$2,100, as commission. All securities issued under, or in connection with, the Offering are subject to a four-month hold period under applicable Canadian securities laws.

On June 23, 2014, the company closed a private placement to accredited investors for 2,800,000 Units at a price of \$0.10 per unit. Each Unit is comprised of one Common Share in the capital stock of the Corporation and 0.50 of a Common Share Purchase Warrant exercisable for a period of two (2) years from the date of closing. Should the Investor wish to fully exercise the Warrants, the Investor will be entitled to purchase a total of 1,400,000 additional Common Shares at price of \$0.15 per share. The Company paid a total of \$2,400 in cash commissions. All securities issued under, or in connection with, the Offering are subject to a four-month hold period under applicable Canadian securities laws.

On September 2, 2014, the company closed a private placement to accredited investors for 2,300,000 Units at a price of \$0.10 per unit. Each Unit is comprised of one Common Share in the capital stock of the Corporation and 0.50 of a Common Share Purchase Warrant exercisable for a period of two (2) years from the date of closing. Should the Investor wish to fully exercise the Warrants, the Investor will be entitled to purchase a total of 1,150,000 additional Common Shares at price of \$0.15 per share. The Company paid a total of \$10,400 in cash commissions and 52,000 Agent Share Purchase Warrants. All securities issued under, or in connection with, the Offering are subject to a four-month hold period under applicable Canadian securities laws.

On February 10, 2015, the company closed a private placement to accredited investors for 2,375,000 Units at a price of \$0.10 per unit. Each Unit is comprised of one Common Share in the capital stock of the Corporation and 0.50 of a Common Share Purchase Warrant exercisable for a period of two (2) years from the date of closing. Should the Investor wish to fully exercise the Warrants, the Investor will be entitled to purchase a total of 1,187,500 additional Common Shares at price of \$0.15 per share. The Company paid no commissions on this private placement. All securities issued under, or in connection with, the Offering are subject to a four-month hold period under applicable Canadian securities laws.

On March 17, 2015, the company closed a private placement to accredited investors for 1,500,000 Units at a price of \$0.10 per unit. Each Unit is comprised of one Common Share in the capital stock of the Corporation and 0.50 of a Common Share Purchase Warrant exercisable for a period of two (2) years from the date of closing. Should the Investor wish to fully exercise the Warrants, the Investor will be entitled to purchase a total of 750,000 additional Common Shares at price of \$0.1375 per share. The Company paid no commissions on this private placement. All securities issued under, or in connection with, the Offering are subject to a four-month hold period under applicable Canadian securities laws.

On June 8, 2015, the company closed a private placement to accredited investors for 3,500,000 Units at a price of \$0.10 per unit. Each Unit is comprised of one Common Share in the capital stock of the Corporation and 0.50 of a Common Share Purchase Warrant exercisable for a period of two (2) years from the date of closing. Should the Investor wish to fully exercise the Warrants, the Investor will be entitled to purchase a total of 1,750,000 additional Common Shares at price of \$0.1375 per share. The Company paid no commissions on this private placement. All securities issued under, or in connection with, the Offering are subject to a four-month hold period under applicable Canadian securities laws.

On March 10, 2016, the company closed a private placement to accredited investors for 10,666,667 Units at a price of \$0.09375 per unit. Each Unit is comprised of one Common Share in the capital stock of the Corporation and 0.50 of a Common Share Purchase Warrant exercisable for a period of two (2) years from the date of closing. Should the Investor wish to fully exercise the Warrants, the Investor will be entitled to purchase a total of 5,333,334 additional Common Shares at price of \$0.1375 per share. The Company paid no commissions on this private placement. All securities issued under, or in connection with, the Offering are subject to a four-month hold period under applicable Canadian securities laws.

Basic income (loss) per share was calculated on the basis of the weighted average number of common shares outstanding for the year. Fully dilutive income (loss) per share has not been disclosed

as the exercise of the common share purchase options and warrants outstanding as at March 31, 2016 and 2015 would have anti-dilutive effect.

ENPAR's authorized capital stock consists of an unlimited number of common shares and an unlimited number of first preferred shares. The Company has 110,203,919 common shares outstanding as at March 31, 2016. To date the Company has not issued any first preferred shares.

WARRANTS AND OPTIONS

During the year, the Company granted 1,550,000 stock options to employees and consultants at a weighted exercised price of \$0.11. 200,000 options expired during the year. The Company's stock option plan has a total of 19,907,450 options representing the maximum number of options that can be outstanding and exercisable. The Company had outstanding at period end, 12,925,000 options to purchase common shares at an average exercise price of \$0.11.

In determining the share based payments expense for the period, the fair value of the options were estimated using a Black-Scholes option pricing model with the following weighted average assumptions used for grants as follows: dividend yield of 0%; expected volatility of 60%-71% (2015: 56%-75%); risk-free interest rate of 0.5% (2015: .05%-1%); and expected life of 2 - 5 years (2015: 2 - 5 years).

During the year, the Company granted 5,333,334 warrants to investors as part of private equity placements at a weighted average exercise price of \$0.14. 1,175,000 warrants expired during the year. As at March 31, 2016, the Company has a total of 11,622,834 warrants outstanding and exercisable with a weighted average exercise price of \$0.14.

Accounting standards, policy changes, and critical accounting estimates

Please refer to note 1 of this financial statement for the period ended March 31, 2016 for our significant accounting policies and critical accounting estimates.

Approval

The Board of Directors and the Audit Committee of the Corporation have approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.