This "Management's Discussion and Analysis" ("MD&A") has been prepared as of February 3, 2016, and should be read in conjunction with the audited consolidated financial statements of EEStor Corporation (the "Company", formerly ZENN Motor Company Inc.) for the years ended September 30, 2015 and 2014. Any specific reference to "EEStor" herein means EEStor, Inc. alone, a 71.3% subsidiary of EEStor Corporation. The Company's audited consolidated financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars unless otherwise stated. All financial analysis, data and information set out in this MD&A are unaudited.

## *FORWARD-LOOKING STATEMENTS*

This MD&A includes certain forward-looking statements that are based upon current expectations which involve risks and uncertainties associated with the Company's business and the economic environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, which are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. The forward-looking statements are not historical facts, but reflect the Company's current expectations regarding future results or events. Forward-looking statements contained in this MD&A are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the section "Risks and Uncertainties" below and the "Risk Factors" section of the Company's most recently filed AIF. Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.
Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.
The Company believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

| Forward-looking statements | Assumptions | Risk factors |
|---|---|---|
| The Company intends to complete another equity financing, debt borrowing or a combination of both. | The funds are intended to be used towards continued third party testing and ongoing enhancement to the current technology and for further working capital. | The Company may not be able to complete the desired financing due to market conditions or other factors needed to increase its cash on hand and continue to operate and support EEStor. |
| The Company does not anticipate any additional cash expenses related to Discontinued Operations. | All anticipated costs related to the closure have been provided for as of September 30, 2013. | Not all expenses may be anticipated and provided for as of September 30, 2013. |
| Management believes that its technology, if proven successful, will allow the Company to successfully license and or partner with known commercial capacitor companies that require a capacitor that provides high voltage and high capacitance at a substantially lower cost to currently available technologies. | The energy storage technology will be successfully commercially developed and will possess the performance attributes anticipated. | The energy storage technology may not be successfully commercialized for financial, technical or other reasons, or in a manner providing the features and benefits expected or on a timely basis. The technology, even if successfully developed, may not gain market acceptance. Also see "Risk Factors" section of the Company's most recently filed AIF. |

The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

## *OVERVIEW OF BUSINESS*

The Company's mission is to be the provider of leading edge electrical energy storage and related capacitor technologies. The Company operates on the principle and belief that a fundamental breakthrough in energy storage will be the catalyst for positive environmental and economic change globally. The Company's current business strategy is to focus on licensing and partnership opportunities across a broad spectrum of industries and applications building on its recent technology achievements related to capacitors.

The Company holds an approximate 71.3% as-converted equity and voting interest and certain technology rights to a solid-state capacitor and related energy storage technologies currently under development by EEStor. The acquisition of the controlling interest in EEStor on January 27, 2014 aligned the businesses of both companies and now allows EEStor Corporation to benefit from other revenue streams that may be available to EEStor, including applications throughout the capacitor industry and not limited to high density energy storage applications.

## *HIGHLIGHTS AND SUMMARY*

The following summarizes the key events in the development of the Company during the year ended September 30, 2015, and up to the date of this MD&A:

### Financial Highlights

- In the three months and year ended September 30, 2015, the Company incurred net losses of $7,777,878 and $10,154,077, respectively, compared to the Company's losses of $918,548 and $3,173,925 in the corresponding periods of the prior year. On a per share basis, for the three months and year ended September 30, 2015, the Company incurred net losses of $0.12 and $0.17 respectively, compared to the Company's losses of $0.01 and $0.06 in the corresponding periods of the prior year.
- EEStor incurred total losses of $7,586,004 and $8,564,027 for the three months and year ended September 30, 2015, compared to a loss of $379,884 and $1,155,289 in the corresponding periods of the prior year.
- As a result of the deferral of certain payables and advances from arm's length shareholder advances, the Company's use of cash was $466,329 and $1,704,235 on a year to date basis, as compared to the Company's use of $718,349 and $2,497,890 in the same periods of the prior year.

### Other

- On December 24, 2015, the Company completed its first tranch of a non-brokered private placement in which 10,559,938 equity units at a price of $0.15 were issued resulting in gross proceeds to the Company of approximately $1,584 million.
- On August 12, 2015, the Company released independent testing results performed by Intertek Group plc of four 1500 volt and one 2000 volt 8-layer robotically produced polypropylene injection molded samples of EEStor's capacitor technology across multiple voltages. The testing further confirms the advanced technical characteristics of the EEStor-developed dielectric material, and its potential commercial value in the large capacitor market. The Company is now ready to advance discussions with potential commercial partners towards agreements that are expected to range from licensing to manufacturing joint-ventures.
- On April 28, 2015, the Company announced the extension of the expiry date of 3,704,000 outstanding common share purchase warrants for an additional six months from May 14, 2015 to November 13, 2015. Each warrant entitles the holder to purchase one common share of the Company at a price of $1.50 per share until November 13, 2015. On October 30, 2015, the warrants were extended for a further year to November 14, 2016 (see "Subsequent Events – *Warrant Extension*" below).
- On March 26, 2015, the Company released the findings of independent Phase 2 testing conducted by Intertek Group plc.

- On February 5, 2015, the Company completed a non-brokered private placement in which 2,793,000 equity units at a price of $0.375 were issued resulting in gross proceeds to the Company of $1,047,375.
- On December 22, 2014, the Company granted an aggregate of 856,000 stock options to Directors, Officers, and employees of the Company; 400,000 of the options vest over a twelve month period and the remainder are to vest over an eighteen month period. Each option granted entitles the holder to acquire one common share at a price of $0.57 and expires five years from the grant date.
- On December 22, 2014, the Company entered into an investor relations consulting agreement with Mr. John Zammit. As part of the agreement, Mr. Zammit has been granted stock options as his compensation. The options will vest as to one half for a six month period and the remaining one-half for a twelve month period at an exercise price of $0.35.
- On December 17, 2014, the Company released independent testing results performed by Intertek Group plc, of an extensive sampling of EEStor capacitor layers across multiple voltages using Intertek's equipment and testing protocols.

The Company continues to work on its patent portfolio as it relates to its energy storage technology. Additional details about the Company's patent activity is available in the Company's most recently filed AIF.

## *SELECTED FINANCIAL INFORMATION*

The following table sets out selected information for the three most recently completed financial years and have been prepared in accordance with International Financial Reporting Standards.

| (audited) | For the years ended September 30<br>**2015**<br>**$** | <br>2014<br>$ | <br>2013<br>$ |
|---|---|---|---|
| Loss from continuing operations | **( 10,154,077)** | ( 3,173,925) | ( 1,625,542) |
| Income/(Loss) from discontinued operations | **19,887** | ( 28,000) | 10,465 |
| Non-controlling interest | **4,246,939** | 600,718 | - |
| Net loss attribute to Company in period | **( 5,887,251)** | ( 2,601,207) | ( 1,615,077) |
| Loss per share | **( 0.17)** | ( 0.06) | ( 0.04) |
| Weighted average number of shares outstanding | **61,300,508** | 50,742,403 | 39,911,653 |
| Total assets on hand | **19,496,188** | 27,195,866 | 12,768,835 |
| Cash, cash equivalents, short term investments | **30,602** | 1,013,181 | 715,869 |
| Working capital | **( 1,132,320)** | 701,084 | 461,292 |
| Shareholders' equity | **18,174,760** | 26,714,354 | 12,340,019 |

## *DISCUSSION OF OPERATING RESULTS*

### Operating results

The following table summarizes the Company's operating results for continuing operations, segregating the Company's loss from discontinued operations, for the three months and years ended September 30, 2015 and 2014.

| | Three Months Ended September 30 (unaudited) | | Years Ended September 30 (audited) | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$** | $ | **$** | $ |
| Interest (Income) | **(368)** | (661) | **(2,652)** | (10,375) |
| Share of loss of associates | **-** | - | **-** | 91,126 |
| General and administrative | **319,358** | 657,051 | **2,094,516** | 2,230,098 |
| Engineering and development | **80,105** | 259,889 | **680,424** | 757,851 |
| Business development | **3,752** | 2,269 | **6,758** | 105,225 |
| Loss before undernoted item | **402,847** | 918,548 | **2,779,046** | 3,173,925 |
| EEStor technology rights, patents and development costs impairment | **7,375,031** | - | **7,375,031** | - |
| Loss from continuing operations | **7,777,878** | 918,548 | **10,154,077** | 3,173,925 |
| Loss from discontinued operations | **(40,887)** | 7,000 | **(19,887)** | 28,000 |
| Total comprehensive loss | **7,736,991** | 925,548 | **10,134,190** | 3,201,925 |
| Non-controlling interest in subsidiary | **3,758,904** | 189,562 | **4,246,939** | 600,718 |
| **Loss for the period** | **3,978,087** | **735,986** | **5,887,251** | **2,601,207** |
| Loss per share | | | | |
| Continuing operations | **(0.12)** | (0.01) | **(0.17)** | (0.06) |
| Discontinued operations | **(0.00)** | (0.00) | **(0.00)** | (0.00) |
| **Total** | **(0.12)** | (0.01) | **(0.17)** | (0.06) |

In accordance with IFRS, the Company is required to incorporate the financial results of EEStor in its consolidated statements as a result of the acquisition of control of EEStor on January 27, 2014. On a year to date basis, the costs incurred by EEStor reflect a full twelve month period compared to the prior year which only includes expenses during the period from January 27, 2014 to September 30, 2014. The segmented financial information for EEStor is provided below under "EEStor, Inc. Operations". The continuing operations expenses incurred by EEStor Corporation for the three months and year ended September 30, 2015 was $4,059,861 and $5,907,138 respectively, compared to $728,986 and $2,573,207 in the previous periods. For the year to date period, salaries and stock based compensation costs increased when compared to the prior year and were offset by costs savings related to legal and business development costs. In addition, the Company recorded an adjustment related to the EEStor technology rights, patents and development costs.
In the three months and year ended September 30, 2015, the Company incurred non-cash related income of $40,887 and $19,887, respectively, related to the reversal of accruals not required for discontinued operations. The Company ceased providing its service support in June 2013 and does not expect to incur any further costs.

The tables in the following page present an analysis of the **continuing operations** of the Company.

## General and Administrative

| | For the three months ended September 30 (unaudited) | | For the years ended September 30 (audited) | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$** | $ | **$** | $ |
| Salaries and benefits | **106,862** | 297,410 | **728,060** | 873,876 |
| Stock based compensation | **44,849** | 186,001 | **442,178** | 646,998 |
| Stock based compensation - consultant | **20,686** | - | **153,723** | - |
| Insurance | **30,820** | 29,902 | **121,853** | 112,937 |
| Legal, audit, regulatory | **23,380** | 42,515 | **221,762** | 290,947 |
| Occupancy costs | **68,548** | 62,350 | **270,116** | 191,407 |
| Other costs | **23,467** | 37,885 | **152,613** | 110,602 |
| Amortization | **746** | 988 | **4,211** | 3,331 |
| Total | **319,358** | 657,051 | **2,094,516** | 2,230,098 |

General and Administrative comprises a broad range of costs including salaries and benefits, travel, and department specific costs for a number of functional areas including Executive, Finance, and Administration. This group of expenses also reflects rent, voice and data services, insurance and corporate compliance costs. The above amounts for 2015 include expenses incurred by EEStor for the full current periods however, only expenses from January 27 to September 30, 2014 are included in the prior year amounts. In the current year periods, stock based compensation decreased as a result of options previously granted becoming fully vested. On a year to date basis, salaries increased when compared to the prior year as a result of the increased compensation related to the CEO position of approximately $96,000 and Director's fees of approximately $11,000, which is offset by the elimination of the Vice President and General Manager role and executive consulting fees at EEStor (collectively approximately $62,000). Other Costs increased in the current year as a result of travel related expense of the CEO. Legal costs in the prior year included expenses related to the acquisition of control of EEStor.

## Engineering and Development

| | For the three months ended September 30 (unaudited) | | For the years ended September 30 (audited) | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$** | $ | **$** | $ |
| Salaries and benefits | **175,324** | 202,502 | **921,001** | 549,112 |
| Stock based compensation | **-** | 3,001 | **3,327** | 6,265 |
| Service and materials | **16,116** | 42,891 | **299,615** | 175,796 |
| Other costs | **( 6,848)** | 11,495 | **31,313** | 26,678 |
| Amortization | **14,116** | - | **47,069** | - |
| Gross expenses | **198,708** | 259,889 | **1,302,325** | 757,851 |
| Expenses deferred as development costs | | | | |
| Salaries and benefits | **( 96,283)** | - | **( 496,148)** | - |
| Service and materials | **( 14,184)** | - | **( 56,444)** | - |
| Other costs | **( 8,136)** | - | **( 69,309)** | - |
| Total | **80,105** | 259,889 | **680,424** | 757,851 |

Engineering and Development includes all costs related to product research, engineering and development. The costs for the current year periods relate to the full three months and year respectively whereas the prior year numbers only reflect costs of EEStor from January 27, 2014 to September 30, 2014. Amortization costs increased during the current periods due to the addition of a robotics system implementation at EEStor.

For the three and twelve month period, $118,603 and $621,901, respectively, of costs incurred related to the development of the EEStor technology were deferred.

**Business Development**

| | For the three months ended September 30 (unaudited) | | For the years ended September 30 (audited) | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **$** | $ | **$** | $ |
| Salaries and benefits | **-** | - | **-** | 37,291 |
| Stock based compensation | **-** | - | **-** | 55,003 |
| Other marketing related costs | **3,752** | 2,269 | **6,758** | 12,931 |
| Total | **3,752** | 2,269 | **6,758** | 105,225 |

Business Development costs incurred in the prior year related to the Executive Vice-President, EEStor Relations ("EVP") position which ceased at the end of April 2014.

**EEStor Operations**

| | For the three months ended September 30 | | For the years ended September 30 | |
|---|---|---|---|---|
| | **2015 US $** | 2014 US $ | **2015 US $** | 2014 US $ |
| General and administrative | **129,072** | 110,199 | **445,352** | 393,910 |
| Engineering and development | **71,828** | 238,671 | **580,895** | 661,216 |
| Interest Income | **-** | - | - | 4 |
| Impairment loss | **7,375,031** | - | **7,375,031** | - |
| **Net loss** | **7,575,931** | 348,870 | **8,401,278** | 1,055,122 |

The average foreign exchange rate used for consolidation purposes relating to operating expenses for the three months ended December 31, 2014 is 1.1361, 1.2411 for the three months ended March 31, 2015, 1.2291 for the three months ended June 30, 2015 and 1.3091 for the three months ended September 30, 2015.

**Discontinued Operations**

In June 2013, the Company closed its Service department, and all expenses anticipated relating to the discontinued operations have been provided for in the recently completed fiscal year 2013.

## *QUARTERLY FINANCIAL INFORMATION*

The following table sets out the quarterly results for the most recently completed eight quarters. The results have been segregated to reflect continuing and discontinued operations:

| Quarters Ended | Loss continuing operations $ | Gain/(Loss) discontinued operations $ | Non-controlling interest in period $ | Net loss in period $ | Loss per share continuing operations $ | Loss per share discontinued operations $ | Loss per share in period $ |
|---|---|---|---|---|---|---|---|
| December 31, 2013 | (384,222) | (7,000) | N/A | (391,222) | (0.01) | 0.00 | (0.01) |
| March 31, 2014 | (915,887) | (7,000) | 173,056 | (749,831) | (0.02) | 0.00 | (0.02) |
| June 30, 2014 | (955,268) | (7,000) | 237,863 | (724,405) | (0.02) | 0.00 | (0.02) |
| September 30, 2014 | (918,548) | (7,000) | 189,562 | (735,986) | (0.01) | 0.00 | (0.01) |
| December 31, 2014 | (934,463) | (7,000) | 242,031 | (699,432) | (0.01) | 0.00 | (0.01) |
| March 31, 2015 | (870,860) | (7,000) | 170,048 | (707,812) | (0.01) | 0.00 | (0.01) |
| June 30, 2015 | (570,877) | (7,000) | 75,956 | (501,921) | (0.01) | 0.00 | (0.01) |
| September 30, 2015 | (7,777,878) | 40,887 | 3,758,904 | (3,978,087) | (0.12) | 0.00 | (0.12) |

For the two quarters ending December 31, 2013 and March 31, 2014, the previously reported losses related to continuing operations increased due to the inclusion of the proportionate share of EEStor's losses of $24,123 and $67,003, respectively, for the period December 20 to December 31, 2013 and January 1, 2014 to January 26, 2014. The loss related to EEStor operations for the period January 27, 2014 to September 30, 2015, has also been incorporated following the acquisition of control.

The Company has provided for all anticipated expenses at the end of the 2013 fiscal year and does not expect to incur any further costs associated with the discontinued operations following the completion of the 2013 fiscal year.

In the three and twelve month periods, development costs of $118,603 and $621,901, respectively, were deferred to future periods.

## *LIQUIDITY AND CAPITAL RESOURCES*

In the period ended September 30, 2015, and up to the date of this MD&A, the Company continued to incur losses and is drawing on cash resources.

The Company's financial liquidity is currently supported by cash and short-term investments. The Company is not cash flow positive and its ongoing ability to remain liquid will depend on a number of factors including licensing and partnering arrangements following independent validation of its technology for the aluminium electrolytic market, the rate of cash expenditures to fund ongoing operations and development, investments in non-cash working capital and the Company's ability to raise capital to fund the development of the business (see "Risks and Uncertainties" below). The Company intends to complete further equity financing to hire senior staff at EEStor in order to expand its development capabilities and accelerate product development, to protect intellectual property, to conduct extensive third-party testing activities of ongoing enhancements to the current technology and to arrange partnership and licensing opportunities with key global capacitor companies and for general corporate purposes.

On February 5, 2015, the Company successfully completed a non-brokered private placement that resulted in gross proceeds for the Company of $1,047,375. The net proceeds from the offering were used for working capital and general corporate purposes.

On April 28, 2015, the Company completed a non-brokered private placement that resulted in gross proceeds of $31,000. The net proceeds from the offering were used for working capital and general corporate purposes.

On December 24, 2015, the Company completed the first tranche of a non-brokered private placement that resulted in gross proceeds of approximately $1.584 million. The net proceeds from the offering have or will be used to pay indebtedness and for working capital and general corporate purposes.

The Company's total cash and cash equivalents at September 30, 2015 was $30,602 compared to a balance of $1,013,181 at September 30, 2014. Working capital as at the same two dates were (1,132,320) and $701,084, respectively.

The Company's investment policy restricts the investment of its cash balances to term deposits and bankers' acceptances. As well, short-term investments are invested only in high quality instruments of financial institutions, providing the Company with very low levels of liquidity risk on its invested financial instruments.

The Company has no long term debt; however, in order to continue to operate it is pursuing the raising of funds by an equity financing, debt borrowing or a combination of both. There can be no assurance that additional financing will be available on commercially reasonable terms or at all. If adequate funds are not available on acceptable terms, the Company may not be able to fund its operations and as a result may be required to substantially reduce or temporarily cease its operations, including but not limited to the reduction of payroll costs, development activities and other operating expenditures. Any such actions could have a material adverse effect on the Company's business, financial condition and prospects. Prior to March 31, 2015, the Company began maintaining a cash management program which encompasses restricting a number of non-discretionary expenses including certain management and director remuneration in addition to extending the payment of various accounts payable amounts. As of February 3, 2016, the Company has obtained $664,697 in as advances from certain arm's length shareholders to assist the Company until additional financing can be obtained (see "*Subsequent Events – Shareholder Advances")***.**

## *CAPITAL COMMITMENTS*

The Company does not have any material commitments for capital assets as at September 30, 2015, or the date of this MD&A.

## *OFF BALANCE SHEET ARRANGEMENTS*

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

## *MANAGEMENT OF CAPITAL*

The Company's objective when managing capital is to maintain its ability to continue as a going concern for the benefit of shareholders and other stakeholders by balancing cash conservation and prudent investment in its operations in order to further its business objectives.

Working capital management is fundamental to the broader management of capital. The Company has a defined investment policy restricting the investment of cash balances to term deposits and bankers' acceptances. Non-cash working capital is managed with defined business practices and policies intended to optimize the investment and safeguard the assets.

The Company includes equity in its definition of capital. Equity is comprised of share capital, contributed surplus, warrant capital and deficit. The Company's approach to raising equity has been to raise sufficient capital to take the Company toward a target milestone, with an objective of minimizing dilution for shareholders. To secure additional capital to pursue its objectives, the Company may raise additional funds through the issuance of equity. The Company's ability to raise equity capital is a function of many factors, including the state of the capital markets, and there is no assurance that capital will be available to the Company when required or on acceptable terms.

The Company is not subject to any external capital requirements.

There have been no changes with respect to the overall capital management strategy during the year ended September 30, 2015.

## *RELATED PARTY TRANSACTIONS*

### Key Management Personnel Compensation

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including members of the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer.

Key management personnel may also participate in the Company's stock-based compensation plans. See Note 11 to the audited consolidated financial statements for the year ended September 30, 2015 for details.

The remuneration of key management personnel were as follows:

| | For the three months ended September 30 | | For the years ended September 30 | |
|---|---|---|---|---|
| | **2015** **$** | 2014 $ | **2015** **$** | 2014 $ |
| Wages and salaries | **36,039** | 241,983 | **499,505** | 624,265 |
| Statutory deductions | **3,394** | 8,873 | **26,573** | 30,862 |
| Stock-based compensation | **4,252** | 170,277 | **406,397** | 654,201 |
| | **43,685** | 421,133 | **932,475** | 1,309,328 |

As at February 3, 2016, the outstanding compensation for key management personnel**,** as defined above, amount to $290,408. In addition, the outstanding compensation for EEStor employees amounted to $386,605.

**Consulting Agreement**

An agreement was entered into with Mr. J. Gregory Gooch, a member of the EEStor Board of Directors, for his consulting services relating to the EEStor technology. During the year ended September 30, 2015 fees and other expenses of $52,975 were incurred. As at February 3, 2016, an amount of $19,800 remains outstanding.

**Employee Advance**

The Company previously entered into an agreement to advance $35,000 (2014 - $13,500) to Mr. Ian Clifford, a director and CEO of the Company. A promissory note was issued evidencing the advance and provides for a 2% annual interest charge and a maturity date of March 31, 2015. Further advances of $5,851 were made and accrued interest of $702 increased the balance owing at year end. Subsequent to the year end, the Company signed a new promissory note for $41,553 with the same terms as the original note with a maturity date of September 30, 2016. As at February 3, 2016, Mr. Clifford is indebted $41,634, inclusive of interest, to the Company.

## *FINANCIAL INSTRUMENTS*

**Interest Rate Risk**

Interest rate risk is the impact that changes in interest rates could have on the Company's income and liabilities. The Company's exposure to interest rate risk is minimal.

**Currency Risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to currency risk is minimal.

**Credit Risk**

Credit risk arises from the possibility that the entities to which the Company sells products may experience financial difficulties and be unable to fulfill their contractual obligations. Since the Company no longer sells its LSV products, its sales credit risk is minimal.

Credit risk can also arise from the inability of the institutions in which the Company invests its cash and short term investments to return the funds to the Company when due. As described in the "Management of Capital" section above, the Company's investment policy restricts the investment of its cash balances to term deposits and bankers' acceptances. As well, short-term investments are invested only in high quality instruments of financial institutions, providing the Company with very low levels of liquidity risk on its invested financial instruments. As such, the Company believes it is exposed to a very low level of credit risk on its investments.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at September 30, 2015, the Company has current liabilities of $1,321,428 due within 12 months and has a cash balance of $18,602. As at September 30, 2015 the Company has working capital deficiency of $1,132,320 and accordingly, the Company is subject to liquidity risk. Management will continue to raise capital to continue the development of the EEStor technology, rights, patents and development costs and to maintain its operations.

## *CRITICAL ACCOUNTING ESTIMATES AND POLICIES*

The audited consolidated financial statements of the Company include the statements of the Company and its wholly-owned subsidiaries EEStor Limited (formerly ZENN Motor Company Limited), ZENN Capital Inc., ZENNergy Inc., and ZMC America, Inc. and EEStor, Inc., which the Company holds an indirect 71.3% controlling interest in on an as-converted basis. Intercompany transactions and balances are eliminated on consolidation.

The Company's audited consolidated financial statements have been prepared by management in accordance with IFRS. Management has made certain estimates and assumptions that affect the reported amount of assets and liabilities. Significant areas requiring the use of management estimates relate to amounts recorded as accrued liabilities, including the valuation of purchase price allocation, stock options, warrants, measurement of deferred tax assets and the fair value of financial instruments. The significant area requiring the use of management judgement relates to the assessment of going concern uncertainties.

Amortization of investments in property and equipment is calculated at various rates intended to reflect the useful life of the asset.

The fair value of options is determined using the Black-Scholes option pricing with the following weighted average assumptions: (i) dividend yield of 0% (2014 – 0%), (ii) expected volatility of approximately 170% (2014 – 150%), (iii) risk free interest rate of 1.02% (2014 – 1.06%), (iv) the average expected life of 1.09 years (2014 – 1.17 years), and (v) the average share price on date of issuance of $0.57 (2014 - $0.52). Expected volatility is based on historical volatility. The Company includes an estimated forfeiture rate, with actual forfeitures reversed in the period they occur. The weighted average fair value of the cost of grants in the period was approximately $0.37 (2014 - $0.33) per instrument.

For options granted during the three months and years ended September 30, 2015 and 2014, the following inputs were used in the Black Scholes options pricing model:

| **Black-Scholes assumptions used:** | **2015** |
|---|---|
| Expected volatility | 170% |
| Expected dividend yield | 0.0% |
| Risk free interest rate | 1.02% |
| Expected options life in years | 1.09 |
| Fair value per stock option granted on December 22, 2014(1) | $ 0.37 |
| Fair value per stock option granted on December 22, 2014(3) | $ 0.37 |

| **Black-Scholes assumptions used:** | **2014** |
|---|---|
| Expected volatility | 150% |
| Expected dividend yield | 0.0% |
| Risk free interest rate | 1.06% |
| Expected options life in years | 1.17 |
| Fair value per stock option granted on January 14, 2014(4) | $ 0.57 |
| Fair value per stock option granted on April 4, 2014(5) | $ 0.45 |
| Fair value per stock option granted on June 4, 2014(6) | $ 0.19 |

(1)Includes 440,000 options granted for investor relations consulting services and vest equally on each 3, 6, 9 and 12 month anniversaries with half of the options expiring six months (June 22, 2015) from the grant date and the remainder expiring one year (December 22, 2015) from the grant date.

(2)Includes 850,000 options granted to officers and certain directors, including an EEStor director, 400,000 vest equally over a twelve month period and 450,000 vest equally over an eighteen month period. These options will expiry five years from the date of grant.

(3)820,000 granted to Directors and certain senior management vest equally on the 6, 12, 18 and 24 month anniversaries of the grant date.

(4)30,000 granted to a consultant vested on date of grant.

(5)1,300,000 granted to officers and directors vest equally over a twelve month period and will expiry five years from the date of grant.

The following table summarizes stock options granted during the year ended September 30, 2015:

| Date Granted | Number Granted | Exercise Price | Expiry Date |
|---|---|---|---|
| December 22, 2014 | 220,000 | $0.35 | June 22, 2015 |
| December 22, 2014 | 220,000 | $0.35 | December 22, 2015 |
| December 22, 2014 | 856,000 | $0.57 | December 22, 2019 |
| Total Granted | 1,296,000 | | |

## *NEW ACCOUNTING STANDARDS AND AMENDMENTS*

No new standards and amendments have been adopted for the Company's interim and annual consolidated statements commencing October 1, 2014.

### Accounting Pronouncements Issued But Not Yet Effective

As at the date of the MD&A, the Company has determined that the following matter for accounting and disclosure under the standards established by the International Accounting Standards Board ("IASB") may be applicable to the Company's operations. Accordingly the following pronouncement may impact the Company's accounting and disclosure of its activities:

### IAS 1 Presentation of Financial Statements

Amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

### IFRS 9 Financial Instruments

Financial Instruments - IFRS 9 was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. Effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

### Property, Plant and Equipment – IAS 16 and Intangible Assets IAS 38

On May 12, 2014, the IASB amended IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets to clarify that a revenue-based approach to calculate depreciation and amortization generally is not appropriate as it does not reflect the consumption of the economic benefits embodied in the related asset. These amendments must be applied prospectively for annual periods beginning on or after January 1, 2016. The amendments to IAS 16 and IAS 38 are not expected to have a significant impact on the Company's financial statements.

## *RISKS AND UNCERTAINTIES*

An investment in the Company should be considered highly speculative due to the nature of the Company's activities and its early stage of development. These risk factors and uncertainties could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements contained herein relating to the Company.
This section should be read in conjunction with and is qualified by the "Risk Factors" section of the Company's most recently filed AIF, available on SEDAR at www.sedar.com, which is hereby incorporated by reference herein. Some of these risks, presented in greater detail in the AIF, include the following:

- Dependence on the successful development, commercialization and integration of its technologies and potential impact on the Company if this does not occur at all or in a timely manner, or if the commercial applications do not possess the anticipated functionality and benefits,
- Early stage of development, history of losses,
- Additional financing requirements,
- Currency risk related to a controlled foreign subsidiary.

The Company's success depends on the commercialization of its technology. There is no assurance that EEStor will be successful in the completion of the various enhancement phases to warrant the anticipated licensing opportunities in the technology. Readers are directed to the "Risk Factors" disclosed in the Company's most recent AIF filed.

## *ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE*

Effective January 1, 2015, the Company began to defer development costs incurred as a result of the independent third party verification test results documented in late December 2014.
As of September 30, 2015, the Company has deferred to future periods the recognition of costs in the amount of $621,901 relating to the development of new projects. Development costs include direct labour, materials and third party costs. No amortization has been taken to date

Additional required disclosure for venture issuers without significant revenue is included in the section "Discussion of Operating Results" above.

## *OUTSTANDING SHARES*

The following table outlines all outstanding voting or equity securities of the Company and all other securities of the Company which are convertible into, or exercisable or exchangeable for, voting or equity securities as of February 3, 2016:

| | **Number** |
|---|---:|
| Common shares outstanding | 72,897,443 |
| Issuable under options | 3,123,000 |
| Issuable under warrants | 21,114,395 |
| **Total diluted commons shares** | **97,134,838** |

The terms of the options are described in Note 11 to the audited consolidated financial statements for year ended September 30, 2015.

## *SUBSEQUENT EVENTS*

### Shareholder Advances

As part of the continuing efforts to obtain financing for the Company, the Company has received an additional $205,000 as an advance from certain arms length shareholders subsequent to September 30, 2015.

### Warrant Extension

On October 3, 2015, the Company announced that it had applied for a further extension to November 14, 2016 to the expiry date of 3,704,000 warrants issued as part of the November 14, 2013, private placement financing. The warrants were set to expire on November 13, 2015 and the previous expiry date was May 14, 2015.

### Non-brokered Private Placement

On December 24, 2015 the Company completed the first tranche of a non-brokered private placement. The Company issued and sold 10,559,938 units at a price of $0.15 per unit raising gross proceeds of $1,583,990. Each unit consisted of one common share and one common share purchase warrant. Each share purchase warrant entitles the holder to acquire one common share at a price of $0.30 until December 24, 2018. All securities issued pursuant to the private placement are subject to a 4-month hold period until April 25, 2016.
Subject to regulatory approval, the Company is required to pay cash finders' fee of $17,220 and issue 114,800 non-transferable finder's warrants to registered dealers in connection with the offering. Each finder's warrant will entitle the holder to acquire one common share at a price of $0.30 until December 24, 2018.

## *ADDITIONAL INFORMATION*

Additional information relating to the Company, including the Company's most recently filed AIF, can be found on SEDAR at www.sedar.com and at the Company's website at www.eestorcorp.com.