UGE INTERNATIONAL LTD. (formerly Way Ventures Inc.)
(also referred to as "UGE" or the "Company")

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2014. These unaudited condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as appropriate. During the quarter, UGE International Ltd. (formerly Way Ventures Inc.) completed a reverse take-over transaction of UGE Holdings Limited to graduate from a Capital Pool Company on the TSX Venture Exchange. Therefore, in addition, this discussion and analysis should be read in conjunction with the audited consolidated financial statements of UGE Holdings Limited for the year ended December 31, 2013, prepared in accordance with IFRS. This management's discussion and analysis ("MD&A") is dated November 27, 2014.

All dollar figures included therein and in the following discussion and analysis are denominated in US dollars unless otherwise noted.

FORWARD LOOKING INFORMATION

The following contains forward-looking information that involves material assumptions and known and unknown risks and uncertainties, certain of which are beyond UGE's control. Such assumptions, risks and uncertainties include, without limitation, those associated with, loss of markets, expected sales, future revenue recognition, currency fluctuations, the effect of global and regional economic conditions, industry conditions, changes in laws and regulations, and changes in how they are interpreted and enforced, the lack of qualified personnel or management, fluctuations in foreign exchange or interest rates. UGE's performance could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if they do so, what benefits UGE will derive there from. The forward-looking information is made as of the date of this MD&A and UGE does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

INTRODUCTION AND OVERALL PERFORMANCE

UGE (TSXV: UG, OTCQB: UGEIF) is a renewable energy solutions company, focused on delivering wind and solar-powered energy solutions to business and government customers at a global scale. UGE earns revenue both by selling packaged components to distribution partners (referred to as the "UGE Partner Network") and by selling either packaged components or completed projects (including installation) direct to customers. The components of an energy solution sold by UGE include some or all of solar panels, solar racking, UGE's proprietary wind turbine products, wind turbine towers, power electronics, batteries, and remote monitoring, among other items.

Direct sales are most often to large companies or government organizations (examples include Whole Foods, General Electric, and BMW) and are often referred to as "large enterprise" sales. Due to the significant revenue of each of these projects, revenue in this category can at times fluctuate greatly from quarter to quarter.

We began our history as a manufacturer of vertical axis wind turbines, commercializing our first products (the UGE-4K and eddy wind turbine models) in 2010. After gaining initial traction and establishing ourselves as a leader in this sector, we began to expand into other sectors in 2012. By 2014 we have become a focused supplier of energy solutions for business and government customers around the world. In the three months ended September 30, 2014, UGE confirmed $1.74 million in new orders as compared to $1.03 million in the same period of the prior year, the

highest total in company history, as we accelerated execution of our strategic plan.

We generally recognize revenue at the time of shipment (for sales to the UGE Partner Network or packaged component sales to direct customers) or upon installation (for complete projects). Based on the time taken to fulfill an order, revenue follows the date an order is confirmed by approximately three months, on average. As such, we expect the strong confirmed orders in the three months ended September 30, 2014 to result in similar revenue growth in the three months ended December 31, 2014.

During the quarter, UGE International completed the Transaction with UGE Holdings Limited ("UGE Holdings"). The Transaction constitutes a reverse-takeover and is accounted for with UGE Holdings being identified as the accounting acquirer and the net assets of UGE International being recorded at fair value at the date of the transaction.

While the decision to complete this transaction was central to our long term strategic and capital plans, this resulted in $1.72 million and $1.81 million in listing expenses for the three and nine months ended September 30, 2014. Of this amount, a one-time non-cash $1.57 million expense was due to an excess of fair value of the consideration over the net assets of the Company, in line with IFRS accounting for reverse take-over transactions. Further, due to our operations within China, we were subject to the Emerging Market Policy which necessitated extensive additional costs in respect of due diligence, legal and accounting to complete the transaction beyond what was initially expected. Finally, a non-cash income tax expense of $0.14 million, relating to a reduction of deferred tax assets, was recorded in the nine months ended September 30, 2014. Management believes that our strategic plan will deliver significant value going forward that will justify these one-time costs.

SELECTED FINANCIAL INFORMATION

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Revenue	$987,957	$2,120,113	$2,522,239	$3,802,461
COGS	627,152	1,460,736	1,585,469	2,600,782
Gross Profit	360,805	659,377	936,770	1,201,679
Operating Expenses	3,117,442 [(1)]	$958,048	5,653,409 [(1)]	2,688,620
Net loss	(3,064,868)[(2)]	(338,852)	(5,053,072)[(2)]	(1,571,828)
Net loss per share	($0.32)	($0.13)	($0.71)	($0.64)

(1) Includes a one-time non-cash $1.57 million expense due to an excess of fair value of the consideration over the net assets of the Company, in line with IFRS accounting for reverse take-over transactions.
(2) Includes a non-cash income tax expense of $0.21 million and $0.14 million, relating to a reduction of deferred tax assets, recorded in the three and nine months ended September 30, 2014, respectively.

	As at September 30, 2014	As at December 31, 2013
Total assets	11,262,773	9,073,382
Total long-term financial liabilities	1,872,421	3,126,785

DISCUSSION OF OPERATIONS FOR THREE MONTHS ENDED SEPTEMBER 30, 2014 AS COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2013

As we began to execute on our growth plan that sees us concentrate on scalable enterprise and commercial projects, less emphasis was put on other types of sales. Revenue for the three months ended September 30, 2014 was $0.99 million as compared with $2.12 million in the same period of the prior year. 2013 included one order to a government customer in the People's Republic of China ("China") that accounted for revenue of $1.22 million. The change in revenue was a direct result of our strategic plan, which is further described below. Exclusive of this one project, revenue for the three months ended September 30, 2014 increased by 10% over the same period of the prior year.

UGE defines large enterprise customers as corporate and government entities with the potential for replicable and scalable projects and long-term relationships. Our ability to deliver fully integrated hybrid solutions including wind, solar and batteries puts us in a strong position to grow in this market. Examples of large enterprise customers include large multinational corporations purchasing a wind and/or solar energy system, or the sale of tens or hundreds of off-grid streetlights to corporate or government entities. Large enterprise is a sector UGE began to focus on in 2012, and further refined in 2013 and 2014. The government sector was originally a specific focus of ours. Due to promising economic conditions for corporate projects and stronger potential for scalability, as well as the longer sales cycles associated with government projects, we shifted strategy to emphasize the corporate sector in 2014. As such, large enterprise accounted for $2.33 million, 46% of total revenue in the year 2013, where a small number of large government street lighting projects accounted for the majority of revenue. Revenue in this category for the three months ended September 30, 2014 was $0.25 million as compared with $1.22 million in the same period of the prior year. A street lighting project in China accounted for all revenue in the category in the three months ended September 30, 2013 whereas, in accordance with our strategic plan, we completed several corporate projects in the three months ended September 30, 2014. As discussed, while the shift in strategy has meant our government-focused revenue fell in the short term and in 2014, we are excited about the opportunities for future revenue in the corporate sector.

The UGE Partner Network ("Network") is both an important piece of the installation and ongoing maintenance of projects and provides UGE steady revenue from sales to local customers, primarily in the small commercial sector. The Network accounted for $0.68 million or 69% of total revenue for the three months ended September 30, 2014 as compared with $0.85 million, or 40% of total revenue in the same period of the prior year. The decrease was primarily due to a greater amount of resources devoted to implementing our strategic plan with the large enterprise sector. However, we expect the UGE Partner Network to remain a valuable source of revenue in the foreseeable future and a key differentiator between UGE and the rest of the marketplace.

Maintaining and improving our gross profit is one of UGE's strategic objectives, through supply chain optimization, product suite enhancements, and a greater emphasis on providing services as part of our project sales. UGE's gross profit was 37% for the three months ended September 30, 2014, as compared with 31%, in the same period of the prior year, as we execute on these initiatives.

UGE had operating expenses of $3.12 million for the three months ended September 30, 2014, as compared to $0.96 million in the same period of the prior year. Operating expenses for the period ended September 30, 2014 include $1.72 million in one-time public listing expenses. Of this amount, a one-time non-cash $1.57 million expense was due to an excess of fair value of the consideration over the net assets of the Company, in line with IFRS accounting for reverse take-over transactions. Further, due to our operations within China, we were subject to the Emerging Markets Issuer Policy which necessitated extensive additional costs in respect of due diligence, legal and accounting to complete the transaction beyond what was initially expected. In addition, a non-cash income tax expense $0.21 million relating to a reduction of deferred tax assets, was recorded. Finally, SG&A experienced an increase in payroll expenses of $0.19 million as we built out and adjusted our team to match our strategic plan of targeting large enterprise customers.

We incurred a net loss of $3.06 million and $0.34 million in the three months ended September 30, 2014 and 2013, respectively, driven primarily by costs associated with the qualifying transaction to list UGE.

DISCUSSION OF OPERATIONS FOR NINE MONTHS ENDED SEPTEMBER 30, 2014 AS COMPARED WITH THE NINE MONTHS ENDED SEPTEMBER 30, 2013

Revenue for the nine months ended September 30, 2014 was $2.52 million as compared with $3.81 million in the same period of the prior year. As previously discussed, due to the significant revenues associated with some of our projects in the large enterprise category, revenue can at times fluctuate greatly from quarter to quarter. As described above, one government street lighting project accounted for nearly all of the difference between 2013 and 2014. Large enterprise revenue accounted for $0.47 million and $1.58 million in the nine months ended September 30, 2014 and 2013, respectively. We also sold several pilot projects within the telecoms sector, which we believe to be foundational to our growth strategy in 2015 and beyond. These projects accounted for $0.09 million, or 3.7% of revenue, in the nine months ended September 30, 2014. In the nine months ended September 30, 2013, no revenue was recorded in the telecoms sector as it is a new area of focus.

The UGE Partner Network was the main channel of revenue for UGE in the first nine months of 2014 and 2013. UGE Partner Network revenue accounted for $1.79 million, or 71% of total revenue for the nine months ended September 30, 2014, as compared to $2.18 million, or 57% in the same period of the prior year. The decrease was primarily due to a greater amount of resources devoted to implementing our strategic plan with the large enterprise sector.

UGE's gross profit was 37% for the nine months ended September 30, 2014 as compared with 32% in the same period of the prior year, as we execute on abovementioned initiatives to strengthen our margins.

UGE had operating expenses of $5.65 million and $2.69 million in the nine months ended September 30, 2014 and 2013, respectively. Operating expenses include $1.81 million in one-time public listing expenses, including the $1.57 million non-cash expense and extensive additional costs due to the Emerging Markets Issuer Policy as described above. In addition, a non-cash income tax expense $0.14 million relating to a reduction of deferred tax assets, was recorded. Finally, SG&A increased due to share-based compensation of $0.12 million and additional payroll expenses of $0.47 million as we as we built out and adjusted our team to match our strategic plan of targeting large enterprise customers.

The one-time public listing costs contributed to a net loss of $5.05 million for the nine months ended September 30, 2014, as compared with $1.57 million in the same period of the prior year.

SUMMARY OF QUARTERLY RESULTS

All amounts in thousands, except per share figures

	Mar 31 2013 Q1	Jun 30 2013 Q2	Sep 30 2013 Q3	Dec 31 2013 Q1	Mar 31 2014 Q2	Jun 30 2014 Q3	Sep 30 2014 Q4	Trailing four quarters
Revenue	$ 785	$ 897	$ 2,120	$ 1,229	$ 848	$ 686	$ 988	$ 2,522
Net Loss	575	658	339	996	814	1,174	3,065	6,049
Basic and diluted loss per share	$ 0.24	$ 0.28	$ 0.13	$ 0.31	$ 0.23	$ 0.16	$ 0.32	$ 1.01

The quarterly information is unaudited, but reflects all adjustments of a normal recurring nature, which are, in the opinion of management, necessary to present a fair statement of results of operations for the periods presented. Our revenues and earnings may fluctuate from quarter to quarter. A number of factors could cause such fluctuations, including the timing of releases of new products, the timing of substantial orders, and possible delays in the manufacture or shipment of products. Because our operating expenses are determined based on anticipated sales, are generally fixed, and are incurred throughout each fiscal quarter, any of the factors listed above could cause significant variations in our revenues and earnings in any given quarter. In addition, one-time listing expenses had a significant impact on our

operating expenses in the three months ended September 30, 2014, as described above. Quarter to quarter comparisons in the financial results is not necessarily meaningful and should not be relied upon as an indication of future performance.

OUTSTANDING SHARE DATA

As of the date of this MD&A, UGE has 10,051,252 common shares and 17,000,000 Special Warrants issued and outstanding which may be converted to common shares for no additional consideration. In connection with employee compensation packages, certain employees of UGE are entitled to up to an aggregate of 231,326 UGE shares to be issued over a three year period starting on January 1, 2014. UGE has 105,400 stock options outstanding.

LIQUIDITY AND CAPITAL RESOURCES

UGE's condensed consolidated interim financial statements for the nine months ended September 30, 2014 have been prepared assuming we will continue as a going concern, notwithstanding that UGE and our predecessors have a working capital deficiency, and have incurred losses and negative cash flows from operations since inception. During the nine months ended September 30, 2014, UGE incurred a net loss from operations of $5.05 million, which included one-time listing costs of $1.81 million and negative cash flow from operations of $4.00 million. As at September 30, 2014 UGE has a working capital deficiency of $0.58 million. UGE is required to assess our ability to continue as a going concern to determine whether substantial doubt exists as to our ability to continue as a going concern into the foreseeable future. While UGE believes that we have adequate liquidity in cash and working capital to finance our operations, there exist material risks and uncertainties that cast substantial doubt as to our ability to continue as a going concern. UGE's ability to continue as a going concern and realize our assets and discharge our liabilities and commitments in the normal course of business is dependent upon having adequate liquidity and achieving profitable operations that are sustainable. There are various risks and uncertainties affecting UGE including, but not limited to, the market acceptance and rate of commercialization of our products, the ability of UGE to successfully execute our business plan, and general global economic conditions, certain of which are beyond our control. Our strategy to mitigate these risks and uncertainties is to execute a business plan aimed at continued focus on renewable energy solutions, revenue growth, improving overall gross profit, managing operating expenses and working capital requirements, and securing additional financing, including bank loans, shareholders' loans and equity investments from existing or potential shareholders, to fund our operations as needed. Failure to implement this plan could have a material adverse effect on UGE's financial condition and/or financial performance.

The directors are of the opinion that it is appropriate to prepare the condensed consolidated interim financial statements for the three and nine months ended September 30, 2014 on a going concern basis. These condensed consolidated interim financial statements do not include any adjustments or disclosures that would be required if assets are not realized and liabilities and commitments are not settled in the normal course of operations. If we are unable to continue as a going concern, then the carrying value of certain assets and liabilities would require revaluation to a liquidation basis, which could differ materially from the values presented in the unaudited condensed consolidated interim financial statements, and such adjustments could be material.

UGE's principal capital needs are for funds to support increasing working capital in line with the growth in sales, research and development activities relating to the design and development of the our renewable energy solutions, and expansion of our manufacturing capacity. Since our formation, UGE has financed our cash requirements primarily through the issuance of common shares, loans and advances from related parties, bank loans, and government grants. Management believes that there will be significant growth in revenues as we expand upon existing projects and gains further traction in targeted sectors like telecoms and outdoor lighting. However, we will require additional funding to continue to develop and improve our existing suite of products and complement with our additional services.

As at September 30, 2014 and December 31, 2013, we had cash and restricted cash of $2.34 million and $0.65 million and a working capital deficit of $0.58 million and $0.61 million respectively. In 2014, UGE has raised $5.37 million in private placement offerings and $0.88 million in related party loans to address the working capital deficiency. The decrease in restricted cash was primarily due to investment in plant, property and equipment.

As of September 30, 2014 UGE has $4.92 million of principal value in loans payable as follows:

- A loan of $0.50 million with Qi Liu, a family member of the Chief Executive Officer ("CEO") and director, with a fixed annual interest rate of 5%, beginning in July 2015. The loan is unsecured and is to be repaid evenly over 5 years with monthly repayments commencing July 2015.

- A loan of $1.49 million (Renminbi "RMB" 9.15 million) from Xiangrong Xie, a director, with a fixed annual interest rate of 6% beginning in July 2015. The loan is unsecured and is to be repaid evenly over 10 years with monthly repayments commencing July 2015.

- A loan of $0.81 million (RMB 5.00 million) from Yun Liu, a shareholder and family member of the CEO, with a fixed annual interest rate of 7.4%. Interest is payable monthly until the principal due date. The loan is unsecured and due September 2015.

- A loan facility of $1.14 million (RMB 7.00 million) from Qi Liu, a family member of the CEO and director, by way of Beijing Zhongjihaotai Investment Ltd., a company controlled by Xiangrong Xie, a director, of which $0.94 million (RMB 5.76 million) was received by September 30, 2014, with the remaining $0.20 million (RMB 1.24 million) to be received by December 2014. The loan bears a fixed annual interest rate of 7.995%. Interest is payable monthly until the principal due date of March 2015. The loan is secured by UGE's manufacturing assets in China. Concurrently, UGE entered into a pledge agreement with a bank and Qi Liu under which UGE would pledge a portion of our land use rights and buildings as security for a bank loan extended to the related party.

- A loan of $1.14 million (RMB 7.01 million) from Xiangrong Xie, a director. The loan is unsecured, non-interest bearing and is due on demand after July 2015.

- A loan of $0.02 million from the CEO and his wife, which is unsecured, non-interest bearing and is due on demand.

- A lease of $0.02 million (RMB 0.14 million) with Agricultural Bank of China Leasing Co., Ltd for a crane used at our manufacturing facility. The lease has a 3 year term ending June 2015 with a 7.04% interest rate.

- A loan of $0.004 million (Hong Kong dollars "HKD" 0.03 million) from Xiangrong Xie, a director. The loan is unsecured, non-interest bearing and is due on demand.

We used cash of $4.00 million in operating activities for the nine months ended September 30, 2014 as compared with $1.99 million in the same period of the prior year. Cash consumption in the nine months ended September 30, 2014 was driven by net losses of $5.05 million as compared with $1.57 million in the same period of the prior year. UGE used $0.12 million and received $0.44 million in cash in the nine months ended September 30, 2014 and 2013, respectively in investing activities, primarily related to funds spent on the expansion of factory capacity and government grants received. UGE raised $6.25 million and $1.33 million from financing activities in the nine months ended September 30, 2014 and 2013, respectively. Of the proceeds raised in financing activities for the nine months ended September 30, 2014, $0.88 million were in loans from related parties and $5.37 million was raised through private placements for the issuance of common shares. UGE used $2.09 million in cash proceeds in the nine months ended September 30, 2013 for the repayment of loans from banks and raised $3.06 million in loans from related parties (net of the repayment of loans due to related parties).

As of September 30, 2014, UGE has contractual commitments over the next five years as follows:

		Years		
	Total	1	2 - 3	4 - 5
Due to related parties	$ 1,163,357	$ 1,163,357	$ -	$ -
Long-term loans	$ 4,402,249	$ 1,928,724	$ 623,517	$ 1,850,008
Long-Term Payables	$ 23,088	$ 23,088	$ -	$ -
Lease Commitments	$ 98,000	$ 71,000	$ 27,000	$ -
Capital Commitments	$ 135,000	$ 135,000	$ -	$ -

Our objective in managing capital is to safeguard our ability to continue as a going concern and to sustain future development of the business. In the management of capital, we include shareholders' equity, excluding accumulated other comprehensive income. Our objective is met by retaining adequate equity to provide for the possibility that cash flows from operations will not be sufficient to meet future cash flow requirements. In order to maintain or adjust our capital structure, we may issue shares. The Board of Directors does not establish quantitative return on capital criteria for management. UGE is not subject to any externally imposed capital requirements and our overall strategy with respect to capital management remains unchanged from the year ended December 31, 2013.

OFF-BALANCE SHEET ARRANGEMENTS

UGE has no off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

In 2013, we agreed to lease a portion of our land use rights to Xiangrong Xie, a director, where an office facility and hotel will be built by Xiangrong Xie. We will be entitled to approximately 3,300 square meters for use as product display, and 2,000 square meters for research and development and offices. Further, upon completion of construction, UGE is entitled to receive 100 free room nights per year free of charge at the hotel until 2059. There have been no amounts incurred or recorded for this transaction in the condensed consolidated interim financial statements.

UGE leases our office in Beijing from Xiangrong Xie, a director, for $6,517 (RMB 40,000) per month beginning in April, 2014. For the three and nine months ended September 30, 2014 $19,467 (RMB 120,000) and $38,726 (RMB 240,000), respectively, has been recorded for this transaction in selling, general and administrative expenses in the condensed consolidated interim financial statements.

During 2014, we wrote off $33,879 (RMB 210,174) due from Yun Liu, a shareholder and family member of the CEO, to offset expenses incurred by her as a result of our reorganization.

All existing loans with related parties are discussed in the Liquidity and Capital Resources section.

COMPLETED TRANSACTIONS

On July 28, 2014, UGE International Ltd. (formerly Way Ventures Inc.), a Capital Pool Company listed on the TSX Venture Exchange, completed a reverse take-over transaction with UGE Holdings Limited ("UGE Holdings"). UGE International Ltd. acquired 100% of the issued and outstanding shares of UGE Holdings (the "UGE Shares"), in exchange for the issuance to UGE Holdings Limited's shareholders of 8,924,651 common shares of UGE International Ltd. and 17,000,000 Special Warrants. The Special Warrants are non-voting and each Special Warrant may be converted into one common share of UGE International Ltd. for no additional consideration at any time so long as at least 20% of the common shares of UGE are held by public shareholders following such conversions. Immediately prior to closing the Transaction, UGE International Ltd. completed a 5 for 1 share consolidation. Following the Closing, UGE Holdings became a wholly owned subsidiary of UGE International Ltd.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

UGE's risk exposures and the impact on our financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill our payment obligations. UGE manages our credit risk by generally requiring payment from customers prior to shipment. However, UGE does have trade receivables outstanding with several customers.

Liquidity risk

Our objective in managing liquidity risk is to ensure that we will have sufficient liquidity to meet liabilities when due by maintaining sufficient cash and cash equivalents to settle current liabilities and meet our anticipated 2014 working capital requirements. As of September 30, 2014, UGE had restricted cash of $0.24 million for use in the expansion and manufacturing capacity of Pingquan UGE Co., Ltd, and $2.10 million of cash to settle current liabilities of $6.17 million.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

a) Interest rate risk

UGE has cash balances and debt with fixed interest rates and therefore is not significantly exposed to fluctuating interest rates. Our current policy is to invest excess cash in a savings account at our banking institution.

b) Foreign currency risk

UGE enters into transactions denominated in US dollars, Canadian dollars, and Renminbi for which the related expenses and accounts payable balances are subject to exchange rate fluctuations. UGE does not hedge our exposure to foreign currency risk using financial instruments.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

(a) Accounting standards adopted:

On January 1, 2014, UGE adopted the following amendments to accounting standards issued by the International Accounting Standards Board ("IASB"):

- *Offsetting Financial Assets and Liabilities*, an amendment to IAS 32 - *Financial Instruments: Presentation*
- Amendments to IAS 36 - *Recoverable Amount Disclosures For Non-Financial Assets*
- *IFRIC 21 - Levies*

The adoption of these accounting standards did not have a significant impact on UGE's consolidated financial statements.

(b) New standards not yet adopted:

The following standards and interpretations, that have been issued but are not yet effective as of January 1, 2014, have not been applied in preparing the financial statements.

(i) IFRS 9 - Financial Instruments:

In July 2014, the International Accounting Standards Board ("IASB") issued IFRS 9 – Financial Instruments, which replaces the earlier versions of IFRS 9 (2009, 2010, and 2013) and completes the IASB's project to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 includes a logical model for classification and measurement of financial assets; a single, forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted.

We do not intend to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2015.

(ii) Annual Improvements to IFRS (2010 - 2012) and (2011 - 2014) cycles:

In December 2013, the IASB issued narrow - scope amendments to a total of nine standards as part of its annual improvements process. The IASB uses the annual improvements process to make non-urgent but necessary amendments to IFRS. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014; earlier application is permitted, in which case, the related consequential amendments to other IFRSs would also apply. On September 25, 2014 the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvements process. The amendments will apply for annual periods beginning on or after January 1, 2016. Earlier application is permitted, in which case, the related consequential amendments to other IFRSs would also apply.

UGE intends to adopt these amendments in our financial statements for the annual period beginning on January 1, 2015 and 2016, respectively. The extent of the impact of adoption of the amendments has not yet been determined.

(iii) IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which replaces IAS 18 – Revenue, IAS 11 – Construction Contracts and other interpretive guidance associated with revenue recognition. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard is effective for fiscal years ending on or after December 31, 2017 and is available for early adoption.

UGE intends to adopt IFRS 15 in our financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the standard has not yet been determined.

(iv) Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)

On May 12, 2014 the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

The amendments made to IAS 16 explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset.

The amendments in IAS 38 introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption could be overcome only when revenue and consumption of the economic benefits of the intangible asset are highly correlated or when the intangible asset is expressed as a measure of revenue.

UGE intends to adopt the amendments to IAS 16 and IAS 38 in our financial statements for the annual period beginning on January 1, 2016. We do not expect the amendments to have a material impact on the financial statements.

Subsequent event:

Subsequent to September 30, 2014, UGE approved restricted share units (RSU's") to employees and directors allowing them to receive a total of 757,000 common shares for no consideration. The grants are effective December 1, 2014. The vesting of the RSU's will be 13,750 on December 1, 2014, 520,750 in 2015 and 111,250 in each of 2016 and 2017. In order to receive the shares the recipient must be either an employee or director on the vesting date.

Reference should also be made to the notes and other continuous disclosure materials filed from time to time with Canadian securities regulatory authorities, which are available online at www.sedar.com.