Environmental Waste International Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2008

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Environmental Waste International Inc.
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A. Nature of Business

Environmental Waste International Inc. (EWI) is at the forefront of the "Green Revolution", a movement intent on revolutionizing the application of new environmentally friendly policies. Our business is to create new and innovative products that address the serious issues related to waste treatment and disposal. We research, design, develop, sell, and maintain technologically advanced products based on our patented Reverse Polymerization™ Process (RP) and proprietary delivery system. The Company believes that these, as well as new RP applications, will ultimately achieve widespread acceptance. The public, governments and industries worldwide are recognizing the need for technology to deal with the processing, treating and eventual disposal of organic items in an environmentally safe and responsible manner. EWI provides unique and effective solutions to many of these challenges.

To date, EWI has designed solutions for the safe disposal or recycling of five different waste streams:

1. Liquid Biological Waste Systems;
2. Used Tires;
3. Food Waste;
4. Medical Waste; and
5. Animal Waste.

B. History and Background of Each of Our Five Systems and University Research Project

1. FS Series – Liquid Biological Waste Systems

EWI designed and built the FS series of products in response to a growing need to sterilize biologically contaminated effluents from research facilities. The Company brought in an independent third party lab, GAP EnviroMicrobial Services (GAP), a division of Conestoga-Rovers and Associates Ltd. to test and certify the systems' ability to sterilize all tested microorganisms more efficiently and effectively than heat alone. These results play a pivotal role in EWI's marketing efforts in the biological wastewater arena.

EWI delivered and installed its first FS6000 system to the United States Department of Agriculture (USDA) National Plant Germplasm Quarantine Center in Maryland. EWI continues to work with the USDA and has been awarded an ongoing monthly maintenance contract for the FS unit.

Based on the continuously changing needs in this industry and the goal of increasing the options to the end users, EWI designed the FSPOD unit for in lab effluent sterilization. The base system can fit under a laboratory countertop yet is robust enough to sterilize the effluents from any Biological Safety Level (BSL) facility. The FS-POD is ideal for retrofitting research centers as well as hospital, university and other types of laboratories. The Company installed and commissioned its first FSPOD unit at Abbott Laboratories in Chicago, IL.

EWI continues to attend and exhibit its FS products at the annual Tradeline International Conference on Biocontainment Facilities.

2. TR Series – Tire Processor System

The TR Series has been designed to break down rubber tires into several byproducts that can be used in new products. EWI is working with groups interested in either purchasing a tire processing system or in establishing a showpiece system for the local North American market. Pro-forma economic models demonstrate attractive rates of return for the EWI tire processing systems.

3. FD Series – Food Waste Dehydrator and Sterilizer Systems

The FD Series sterilizes and dehydrates food waste for safe storage and disposal without the formation of fermented gases or odours. The initial design was for the naval marketplace but recent interest has been found in the cruise ship sector as well. The first prototype system was built for the United Kingdom Ministry of Defense. The prototype system has undergone testing to confirm the system's ability to sterilize food waste and allow for the safe storage of the treated waste for up to 45 days.

4. MD Series – Medical Waste Systems

The MD Series is designed to fully sterilize and carbonize infectious medical waste, leaving a residue that is safe for handling and disposal. Precision Analysis, a third party lab, published a report on the efficacy of EWI's MD1000 system and its environmentally sound manner of sterilizing infected clinical waste. AW Series – Animal Waste Systems

The animal waste series is similar to the medical waste series. The majority of expressed interest is focused on the safe disposal of infected animal carcasses and any associated bedding.

5. University Research Projects

EWI continues to participate and support research projects with various Universities investigating new and novel applications of its microwave process. Recent work with the University of Ottawa and University of Waterloo Civil Engineering Departments has been focused on investigating the effects of microwaves on municipal sludge to enhance biogas and green house gas recovery.

C. Highlights of 2008

On June 1, 2007, Environmental Waste International Inc. (EWI) entered into a Technology and Intellectual Property Purchase and Sale Agreement with a newly formed arms length Limited Partnership, Environmental Waste International Limited Partnership ("EWILP"). EWILP was formed as a Limited Partnership to commercially exploit EWI's product lines and expand market penetration. All rights to EWI's patents, proprietary software and system design portfolio, except for the tire and wastewater applications, were sold for $9,600,000 with EWI taking notes receivable as consideration.

EWILP has syndicated subscriptions of 7,872 units as of December 31, 2008 (8,474 as of December 31, 2007). During the year, the partnership repurchased, at a discount, 3,200 units from the former general partner. The units consist of cash and notes payable to EWI. The individual limited partners of EWILP personally assumed a total of $5,332,819 of the limited partnership debt. EWILP continues to offer partnership units for sale. As of the date of this writing EWI has received $1,138,071 from EWILP. If fully subscribed, including the payments presently due to EWI, there would be further cash proceeds of $1,861,929, bringing the total to $3,000,000.

The above arrangement between EWI and EWILP includes a Management Services Agreement that engages EWI to provide management, personnel, facilities and equipment for the continued operations of EWILP's business interests.

EWI has the right, but not the obligation, to reacquire all assigned rights through the purchase of all outstanding LP Units. This option can be exercised from January 10, 2010 through December 1, 2014 by issuing up to $9,900,000 in EWI stock at its then fair market value, as long as EWI stock is trading at a minimum of $0.50.

On March 3, 2008 EWI announced it had signed a Memorandum of Understanding (MOU) with TRD Instum Ltd., a publicly traded Israeli company, to form jointly owned companies with the exclusive rights to EWI's patented Reverse Polymerization™ (RP) technology in Israel and certain European countries.

TRD had placed an initial deposit of $180,000 in trust to be released upon the signing of the Agreement. The MOU included a clause that if TRD and EWI did not conclude an Agreement by May 30, 2008, then 75% will be returned to TRD with EWI retaining the remaining 25%, half as an investment in EWI common shares and half as compensation. On June 2, 2008, EWI announced that since the two parties hadn't signed an agreement, EWI was retaining $22,500 as compensation and that 150,000 shares were to be issued to TRD at $0.15 once final approval by the TSX-V was received. This approval was announced by EWI on July 25, 2008. Discussions are ongoing between both parties.

As noted previously, during the first quarter, the Company received a $10,000 U.S. non-refundable deposit from a group in the United States that have demonstrated serious interest in a tire facility. This interest is a direct result of the Company's attendance at the March 2007 Canada – Unites States BioEnergy Forum in Detroit. The Company attended at the invitation of the Consulate General of Canada who represents Canada in the states of Indiana, Kentucky, Michigan and Ohio.

The company continues to maintain the FS system sold to the USDA through an annual maintenance contract.

On June 20, 2008 EWI announced that at the Annual General meeting held on June 18, 2008, the shareholders approved the following resolutions:

1. Election of Directors
2. Appointment of Rich Rotstein LLP as auditors
3. Issued options to purchase 985,000 common shares of which 700,000 were issued to current directors at an issue price of $ 0.12 per share and outstanding until June 17, 2013.

D. MD&A and Accounting Policies

Management's discussion and analysis of the financial condition and results of operations ("MD&A") for the year ended December 31, 2008 should be read in conjunction with the Company's fiscal 2008 audited financial statements (the "financial statements") which have been prepared in accordance with Canadian generally accepted accounting principles (GAAP).

Additional information relating to the Company is available on SEDAR at www.sedar.com, and on the Company's website www.ewmc.com. The Canadian dollar is the reporting currency in this MD&A and in the Company's financial statements.

EWI's accounting policies are important to understanding its historical and future performance as well as areas involving management's judgments and estimates. These policies are set out in note 3 to the financial statements. Sales cycles for some of EWI's patented RP Process and delivery systems involve unusually lengthy periods of time that can have a direct effect on the profitability of sales through changes in component costs, market conditions, exchange rates, and other costs outside the Company's control. Consequently, future projections based on previous financial statements using historical costs or profitability, may not be reliable.

<u>Basis of Consolidation of Subsidiaries and Variable Interest Entity ("VIE")</u>

As noted above, on June 1, 2007 the Company entered into a Technology and Intellectual Property Purchase and Sale Agreement as well as a Management Services Agreement with EWILP. The Company strives to implement a "best practices" approach in all of its endeavours including its accounting policies. In determining how best to account for the operations of EWILP, the Company reviewed the risk/reward relationship between the two entities. One interpretation could be that depending on future events, generally accepted accounting principles could cause EWILP to be viewed as a primary VIE to the Company, which would then require consolidation of EWILP's financial statements into those of EWI. Another interpretation of this relationship dictates that EWI is, and has always been, the primary beneficiary. In view of the possibility that the Company might be required to consolidate EWILP, and although the Company does not legally control EWILP's net assets, the Company has retroactively applied the consolidation method of accounting to include the activities of EWILP. The effects of this retroactive application can be seen in Note 14 to the consolidated financial statements.

E. Forward-looking Statements

This MD&A contains forward-looking statements, including statements about projected future revenues, expenses and cash flows, and possible plans to raise additional capital, and other statements about the Company's plans, objectives and expectations. Forward-looking statements are based on the opinions and estimates of management at the time the statements are made and are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated. The words "anticipate," "believe," "expect," "intend," variations of such words, and similar expressions identify forward-looking statements, but their absence does not mean that the statement is not forward-looking. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. A further discussion of Risks and Uncertainties can be found nearer the end in this document.

F. Outlook & Growth Strategy

EWI continually pursues sales opportunities worldwide and is presently working with several government agencies and companies to supply quotes and system designs on a number of potential projects and installations. EWI is presently working on obtaining financing to build a local TR tire facility that would be self-sustaining, profitable and could subsequently be used as a showpiece for its technology. EWI remains hopeful that work on this project will begin within the next twelve months.

The Company has incurred significant operating losses since inception. It often has a working capital deficit that impedes its manner of operations and its working capital is insufficient to support current operating levels and growth objectives for the next twelve months. The Company's ability to achieve its goal of sustained profitability remains contingent upon several factors, some of which include obtaining additional financing either through sales or equity and achieving a profitable level of operations.

G. Date of MD&A

The information contained herein is current as at the date of filing of the December 31, 2008 financial statements with Auditor's Report attached dated April 13, 2009.

H. Selected Annual Information

(Please note that certain 2007 figures have been restated to reflect the consolidation of the Variable Interest Entity):

1. Summary of Quarterly Balance Sheets (Unaudited)

	2008				2007			
($ 000's)	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Current Assets	1,071	1,252	1,254	414	259	218	175	536
Current Liabilities	663	646	636	396	741	594	690	697
Shareholders' Equity	11,602	12,667	13,895	(645)	(352)	(249)	(515)	(225)

2. Summary of Quarterly Statements of Income (Loss) (Unaudited)

	2008				2007			
($ 000's except per share amounts)	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr1	Qtr 2	Qtr 3	Qtr 4
Revenue	1,370	1,284	1,419	(3,864)	18	153	103	22
Total Expenses incl. Stock Based Comp & Amort.	224	219	216	449	262	433	245	155
Stock Based Compensation	0	0	0	78	0	84	0	45
Amortization	1	0	0	52	13	13	13	13
Net Income (Loss)	1,145	1,065	1,203	(3,907)	(245)	(279)	(143)	123
Weighted Ave.# of Shares	71,248	71,248	71,275	71,286	69,248	69,538	70,042	70,546
Income (Loss) per share	0.016	0.015	0.017	(0.054)	(.004)	(.004)	(.002)	0.003

3. **Summary of Quarterly Statements of Cash Flow (Unaudited)**

	2008				2007			
($ 000's)	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr1	Qtr 2	Qtr 3	Qtr 4
Operations	1,140	840	1,155	(3,947)	(254)	(284)	(114)	(179)
Investing Activities	(980)	(856)	(1,204)	3,040	0	0	0	5
Financing Activities	(45)	0	23	695	0	300	88	500
Cash at Beginning	(5)	109	93	67	420	166	181	154
Cash at End	109	93	67	344	166	181	154	483

4. **Comparison of Fiscal Years ended December 31**

($ 000's)	2008	2007	2006	2005	2004
Total Assets	616	791	780	1,819	2,567
Total Liabilities	1,262	1,016	887	1,758	1,656
Shareholders' Equity	(645)	(225)	(106)	61	911
Shares Issued	71,398	71,248	69,248	62,748	62,720
Total Revenues	210	252	75	228	1,927
Total Expenses incl. Stock Based Comp & Amort	1,108	1,095	1,275	1,639	1,525
Stock Based Compensation	78	129	144	226	499
Write downs	0	0	0	0	0
Net Income (Loss)	(494)	(544)	(828)	(1,411)	402
Net Income (Loss) per Share	(0.006)	(0.007)	(.012)	(.022)	.0067
Cash Dividends Declared (per share)	$0.00	$0.00	$0.00	$0.00	$0.00

*The Company changed its policy in 2003 to commence recording stock based compensation.

I. Revenue

Revenues are generally derived from sales of systems. Each individual sale can be of significant value. As a result of each sale having a long lead-time before the sale is consummated, and then a long period of planning, engineering, manufacture, shipping, installation and commissioning, revenues from operations can fluctuate dramatically.

Revenues include fees for a one-year service contract for the USDA as well as monthly warranty fees for the USDA contract that is being recognized throughout the five-year warranty period (2005 through 2010). No additional expenses are accrued, as Company employees will perform these services as part of their regular duties.

The Company received the non-refundable deposit on a tire machine in the first quarter from the group in the United States, also noted above.

Finally, revenues include an amount for the amortization of the deferred income that resulted from the disposition of the real estate in December 2006. Revenue by quarter for the current and preceding year is set out in the accompanying charts.

J. Segmented Information – Revenue

($ 000's) **Geographical Revenue**	2008	2007
North America	157	218

As previously mentioned, sale negotiations are ongoing in many parts of the world. However, the geographic source of revenue is not significant in determining profitability. The Company plans on having its products used on all continents.

Percentage of Sales and Deposits Realized	**2008**	**2007**
Revenue Source:		
Government Funds	0%	0%
TR Series and other	7%	0%
FS Series	93%	100%

K. Manufacturing Expenses and Cost of Sales

EWI expenses all costs as incurred unless such costs are directly related to specific ongoing projects. Costs associated with EWI's prototype projects are not identified separately as this information would not be meaningful to calculating future profitability.

L. Salaries and Consulting

Due to the lack of current sustainable revenue from all applications, employee head counts and associated overheads continue to remain at reduced levels and are being tightly controlled. Where appropriate, employee costs are included in research and development.

M. Scientific Research and Development

Research and development costs incurred in the advancement of products and projects are allocated to research and development on the Statement of Operations. These costs include wages and materials. An active research and development program is continuously ongoing.

N. Currency of Expenses

The majority of goods and services obtained by the Company, save immaterial amounts and expenses incurred on site during installation and commissioning, are incurred in Canada and with Canadian dollars.

O. Stock Based Compensation

Commencing with the 2003 financial statements, the Company adopted the fair value method of accounting for employee stock options. During the normal course of operations, stock options are granted to employees, directors, officers, and consultants. Under this plan, the Company may grant total options to a maximum of 10% of the issued and outstanding common shares on a non-diluted basis. The exercise price is equal to or above the market price of the Company's stock price on the day prior to the date of grant and the options have a maximum term of five years. Options vest when issued, although there is a four-month TSXV restriction on options being exercised and traded from the date of issue. Last year shareholders approved a resolution to extend the TSX restriction for an additional two months for a total vesting period of six-months on all new options issued under the Plan.

Canadian GAAP requires companies to record a compensation expense for stock options. The value of these options is calculated using the Black-Scholes valuation model and expensed over the period in which the options vest. For the year-ended December 31, 2008, the amount of the expense recorded was $78,769 compared with $128,736 for the year ended December 31, 2007. The calculation was based on the estimated volatility at 100% (2007-100%) and an average risk free interest rate of 1.70% (2007-4.25%).

P. Depreciation and Amortization

The Company recorded amortization on its computer equipment on a 30% per annum diminishing balance basis. As previously stated, all rights to EWI's patents, proprietary software and system design portfolio, except for tire and wastewater applications, were sold in 2007 for $9,600,000. Previously, in fiscal 2002 the value of technology rights were depreciated to $500,000, and amortized on a straight-line basis at $50,000 per annum based on an estimated life of 10 years. This policy continues for the consolidated statements.

Q. Income Taxes

The Company has approximately $6,868,000 in loss carry forwards for income tax purposes that may be utilized to offset taxable income of future years. These losses are reduced by the amount of the scientific research and development credits received. It is not determinable at this time whether the Company will generate sufficient income to utilize all of these loss carry forwards.

R. Interest on Debt

Interest on debt has increased year over year and is described in greater detail under the heading "Liquidity and Capital Resources," and in the annual financial statements. The mortgages on the Company's real estate were retired in late 2006 with the sale of the real estate. Further interest expense is generated by loans obtained by the Company that are necessary to sustain the Company until the Company achieves a positive cash flow.

S. Net Income (Loss)

EWI realized a net loss of ($494,453) compared to a loss of ($544,470) from the previous year. Operating expenses fell by $12,910 year over year with the increase in operating, labour and manufacturing expenses mainly offset by the decline in research and development costs. The remaining loss arises from normal operating expenses exceeding revenues as the Company develops its product lines and markets its products. Based on the current level of interest in EWI's products, the Company is hopeful that a profitable level of operations can be established in the foreseeable future.

T. Customer Reliance

The ongoing work with the USDA, Abbott Laboratories and the UK clients represent an initial step in increasing market depth and building a more stable business model for the Company. Interest in the Company's products is now being expressed from potential customers. However, in the event that the above noted entities either cease operations or cease using EWI equipment, it could have a negative effect on the Company's future sales efforts.

U. Liquidity and Capital Resources

($ 000's)	2008	2007	2006	2005
Working Capital (Deficiency)	17	(161)	(239)	76
Current Mortgage Debt	0	0	0	1,128
Customer Deposits	0	0	67	0

Working capital increased in 2008 by $178,000 over 2007 mainly as a result of the consolidation of the VIE.

Until EWI is able to generate working capital from profitable operations, raising capital from the exercise of options, private placements, and loans will continue to be important to the Company's financing, subject to the success of the Funding and Revenue Arrangement.

In recent years working capital inadequacies have been funded by loans from directors and arms length investors. These loans are detailed in the financial statements in each year. All of these loans have been at commercial rates, and generally contained conversion privileges to convert to common shares of EWI at a conversion price that was greater than the fair market value when the loan was granted.

V. Working Capital Shortages

The Company believes that working capital shortages will be met in the short term by:

New sales orders currently under negotiation;

- Exercising of existing share options;
- If necessary, further private placements;
- Success of the second and third subscriptions of the Funding and Revenue Arrangement. There are no guarantees that the necessary working capital will be realized in this manner.

W. Issued Shares and Share Data, Options and Warrants

	December 31, 2008	Average Exercise Price	Average Term Remaining (years)	December 31, 2007	Average Exercise Price	Average Term Remaining (years)
Issued Common Shares	71,398,324			71,248,324		
Options outstanding	5,320,000	$0.19	2.89	5,170,000	$0.22	2.89
Warrants Outstanding	2,000,000	$0.20	.35	6,500,000	$0.19	.80

The company issued 150,000 shares at a cost of $0.15 on July 25, 2008. As at the date hereof the number of common shares outstanding was 71,398,324.

X. Related Party Transactions

Loans from related parties bore interest as follows:

($ 000's)	2008	2007
Interest Paid on Loans to Related Parties	49	46

Loans from related parties and conversion privileges attached thereto are reviewed and approved by the directors of the Company and by the Audit Committee. The Board of Directors is comprised of a majority of independent directors, and the Audit Committee is comprised of all independent directors.

Y. Commitments, Contractual Obligations and Contingent Liabilities

During the year, a wrongful dismissal action brought against the Company by a former officer was settled for $70,000 including taxes. The settlement increases to $100,000 if EWI defaults on any of the payments required under the settlement.

The Company has no contractual obligations other than in the normal course of business. The Company is committed to certain options and warrants on its common stock in the normal course of business as detailed herein.

Z. Off-Balance Sheet Arrangements

The Company does not enter into off-balance sheet arrangements as a matter of practice. Lease arrangements in place are for equipment and are not material. In accordance with GAAP, neither the lease liability nor the underlying assets are carried on the Balance Sheet, as the terms of the leases do not meet the criteria for capitalization.

AA. Critical Accounting Policies, Estimates and Accounting Changes

There have not been any changes to these policies except as specified in the notes accompanying the Audited Financial Statements for the year ended December 31, 2008.

The Company has implemented the generally accepted accounting policy for the treatment of convertible debt. For accounting purposes any debt that carries a convertible option is treated as containing a liability and an equity component. The Company has allocated an amount to the liability and equity components proportionately based on their respective fair value.

BB. Subsequent Events

The Company has negotiated an extension of its current debt obligations of $601,667 originally due September 30, 2008. Of this amount $86,667 remains open for repayment in 2009. The balance of $515,000 has been extended to September 30, 2010. As an incentive to extend the repayment date, EWI will issue 515,000 two year $0.20 warrants to purchase common stock, subject to TSX Venture Exchange approval. The other terms and conditions of the debt are unchanged.

CC. Currency & Exchange Rate Uncertainty Risk

EWI enters into agreements throughout the world. There can be an extended period between the time a contract is entered into and the time that payments are made. Therefore there may be periods in which currency fluctuations could have a negative affect on operations.

Most international contracts use American currency as the base currency and there is fluctuation between the Canadian and American currency values. For accounting purposes, business conducted in foreign currencies is converted to Canadian currency at the time the transaction occurs. Any variance from this amount when money is received is charged to foreign exchange. Balances of assets or liabilities maintained in foreign currencies are converted as at the balance sheet date to Canadian currency. Most EWI expenditures are made in Canada in Canadian currency; therefore, the Company does not perceive material foreign exchange as a material risk at present. The effect of all currency fluctuations is recognized in the financial statements of the Company as a current operating revenue or expense.

DD. Risks and Uncertainties

The future of the Company is dependent upon many factors, particularly the successful acquisition of new sales orders. Failure to achieve further sales could imperil the continued operation of the Company. In the absence of further sales, the Company will not have sufficient cash reserves and will be forced to seek additional equity or debt or both. Additional equity will dilute shareholders' interest and debt will increase interest expense.

Although the Company considers its products and systems very safe environmentally, their installation usually requires substantial and detailed regulatory inspection and approval. There is no assurance that this will not delay installations or sales, or prevent sales and installations in certain jurisdictions. The Company believes its systems to be safe and adequately tested. However, there is no assurance that mechanical or system failure will not be harmful in certain circumstances.

The Company strives to obtain adequate insurance coverage in locations in which work is being performed. However, given the complexity of regulations in many jurisdictions, and the limited resources of the Company, no assurance can be given that the Company and its employees are adequately protected.

The Company's success depends in part, on its proprietary technology. While the Company believes that it has adequately protected its rights, patents, and trade secrets, there can be no assurance that these will not be challenged, or that competitive technologies will not arise.

Should a problem arise, because of the size and complexity of each individual sale, it could have a material effect on the Company and its future sales efforts. The Company believes that its continuing relationships with the USDA, Abbott Laboratories, and its UK client are important to near term sales prospects.

Other factors that could affect the Company's actual results, include, but are not limited to, (i) management's ability to manage the Company's cash flow, including anticipation of any significant capital expenditures; (ii) the ability to sell the Company's products profitably; (iii) changes in exchange rates or material costs that could affect the profitability of the sales of the Company's systems; (iv) the potential need to liquidate assets at or below the Company's cost in order to fund operating expenses; (v) the ability to secure future financing to build and deliver systems to customers; and (vii) the ability to raise additional capital if required to cover the day to day operating expenses of the Company.

While EWI has made notable progress in 2008, there is no assurance that this will result in continued progress or in profitability.

The preceding list is not exhaustive of all possible factors, and all factors should be considered carefully when making decisions with respect to the Company.

EE. Fourth Quarter Analysis

The operating results of the 4th quarter of 2008 and the 2007 comparatives are contained within the quarterly charts included above. The results of the 4th quarter of 2008 include year-end adjustments by the Company's external auditors that are mainly related to presentation. The recognition of stock compensation expense occurs at the date of vesting of options, which for EWI is generally the date of grant.

FF. Management Responsibility for Financial Reporting

The Company's December 31, 2008 audited financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, and have been approved by the board of directors. The integrity and objectivity of these financial statements are the responsibility of management. In addition, management is responsible for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

In support of this responsibility, EWI's management maintains a system of internal accounting and administrative controls to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded. When alternative accounting methods exist, management has chosen those it deems the most appropriate in the circumstances. The financial statements may contain certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis to ensure that the financial statements are presented fairly in all material respects.

The board of directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The board carries out this responsibility principally through its audit committee. The audit committee is appointed by the board and has at least one financial expert, and none of its members are involved in the daily operations of the Company. The Committee meets periodically with management and the external auditor to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to ensure that each party is properly discharging its responsibilities, and to review the financial statements with the external auditors.

The committee reports its findings to the board for consideration when approving the financial statements for issuance to the shareholders. The committee also considers, for recommendation by the board and approval by the shareholders, the reappointment of the external auditors.

For reference purposes, please refer to the December 31, 2008 year-end financial statements, which have been audited on behalf of the shareholders by Rich Rotstein Chartered Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards. The external auditors have full and free access to the audit committee with respect to their findings concerning the fairness of the financial reporting and the adequacy of internal controls.