This "Management's Discussion and Analysis" ("MD&A") has been prepared as of May 5, 2016, and should be read in conjunction with the audited consolidated financial statements of Environmental Waste International Inc. (the "Company", "EWI") for the years ended December 31, 2015 and 2014. 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 the Company's 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. 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.

Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company's goal of creating shareholder value; ability to fund future operating costs, and timing for future research and development of the Company's current and future technologies, including the costs and potential impact of complying with existing and proposed laws and environmental regulations; management's outlook regarding commercialization of its tire recycling system and generation of revenues; sensitivity analysis on financial instruments that may vary from amounts disclosed; prices and price volatility of the Company's products; and general business and economic conditions.

Readers are cautioned that the above 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 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

EWI currently develops uniquely environmentally friendly products for waste treatment and disposal. Its predominant focus is on recycling waste rubber, primarily tires, into valuable by-products which can be sold and reused.

The Company researches, designs, develops, sells, and maintains technologically advanced systems based on the patented Reverse Polymerization™ process (RP) and associated proprietary delivery systems.

Governments and industries worldwide recognize the need for technology to deal with the processing, treatment and eventual disposal or recycling of tires and other waste rubber products in an environmentally safe manner. EWI provides unique and effective solutions to these challenges.

The Company has built a full scale Pilot Plant Tire System which breaks the molecular bonds in tires and other rubber products, reducing them to their base components of carbon black, steel and hydrocarbon vapors. An off-gas system processes the vapors to recover the oil, and then scrubs the remaining gas for use as fuel in the power generation system that runs the plant. The valuable carbon black, oil and steel are collected and sold into many product streams.

In addition to tires, EWI has designed solutions for the safe disposal, recycling and/or recapture of useable by-products for the following waste streams:

- Liquid Biological Waste Systems;
- Food Waste;
- Medical Waste and Animal Waste.

Currently, the Company is focused on the commercialization of its technology for the recycling and recapture of used tires and other rubber waste. The Company's proprietary Reverse Polymerization ("RP") Process reduces waste tires into basic commodities in an environmentally safe manner. Rubber is the last major commodity for which there is no meaningful recycling method, (unless burning them for fuel is deemed "recycling"), and waste tires are a growing worldwide problem. The RP process breaks the molecular bonds in a tire and other rubber products, reducing them to their base components: carbon black, oil, steel and hydrocarbon vapours. The carbon black is recycled for tires, rubber compounding, weather-stripping, color concentrates and plastics, among other applications. The syngas provides a significant percentage of the power required to run the plant. The oil and steel are sold as commodities.

The Company's recent achievements include:

- The construction of a full scale pilot plant
- Pilot plant enhancements
  - Capable of 24/7 operation
  - Significantly reduced capital costs
  - Increased throughput
  - Reduced energy consumption per tire treated
- A sales funnel that now includes opportunities to:
  - Sell the plant by-products including Carbon Black, Oil, Steel and Syngas
  - Sell Plants to third parties that include ongoing royalty payments and maintenance agreements
  - Co-locating owned and operated plants next to major rubber manufacturers

OUTLOOK AND GROWTH STRATEGY

Tire stockpiles and landfills, many of them massive, exist all over the world since rubber, including tires, is the last major commodity without meaningful recycling options. Once established, landfills are permanent since rubber is not biodegradable. Approximately 1.5 billion used tires become available worldwide annually. The US and China each create 300-350 million used tires a year. Developed world markets are growing at 1%-2% annually, while the Chinese market is growing at a rate over 10% per year.

EWI has a patented technology that can recycle tires environmentally safely.

Carbon Black is a commodity with a huge market. More than 10 million tonnes of carbon black are sold every year and demand is growing. Currently, demand in North America slightly exceeds supply. The Company has a number of significant relationships in the Chinese market. Excluding Japan, Asia will be the fastest-growing region in the world, followed by Central and Eastern Europe. The virgin Carbon Black industry is likely to come under increased pressure from governments and environmental groups, as production of the product is a significant greenhouse gas emitter.

Commodity Sales

Carbon black, the major raw material in tires, is a specialty product. Stringent environmental laws are forcing the closure of older inefficient carbon black plants, causing pressure on supply. Recycled carbon black, especially if it is produced in a sustainable manner is expected to become an important part of the carbon black market. The growing market for carbon black puts EWI in an excellent position as it enters the commercialization phase. EWI Recycled Carbon Black has now been tested and accepted by a number of companies.

EWI has also developed a process to refine the oil created during its Reverse Polymerization process. The refined oil has been successfully tested as a compounding oil by two users and has performed better than the oil they are currently using.

Plant Sales

EWI's strategy is to sell systems at modest gross margins to accelerate market penetration, while receiving a service fee on all revenues achieved by third party systems. While this will limit profits in the earlier years, it will develop a growing base of high margin, high value recurring profits in later years. There is intense government pressure around the world to deal with waste tires in a way that protects the environment. EWI is currently working on a number of plant sales with both public and private entities in the U.S., Canada and Italy. The Company is also evaluating a number of potential partners to construct a plant in China. Given local labour and energy costs, the economics of the business appear quite feasible in the Chinese market despite the high cost of waste tires.

Owned and Operated Plants

Most rubber manufacturers have a significant issue with their production waste. In many cases, landfill or incineration is the only option for thousands of tons of production waste. EWI seems to have the only technology that can deal with this difficult scrap, especially where raw rubber is intermingled with steel. The Company is seeing interest from rubber manufacturers to deal with their production waste, and recycle it. The Company is currently running tests with and for three major tire manufacturers to assess the feasibility of recycling their waste. The ideal relationship for EWI with the tire manufacturers would be for them to provide their scrap rubber to EWI and for EWI to sell them the resulting carbon black and oil, while the steel would be sold as scrap. Were these manufacturers to provide long-term off-take agreements for the carbon black, EWI might retain ownership of the plant, utilizing the ability to finance the facility because of the guaranteed revenue stream.

Financing

While focusing on sales efforts and refining the final product, Management continues to actively pursue additional funds on an interim and long term basis. The Company has been successful in the past, raising proceeds through private placements of $1.8 million in 2011, $2.0 million in 2012, $1.9 million in 2013 and $2.2 million in 2014, and $285,000 by way of equity and $500,000 debt in 2015. Subsequent to December 31, 2015, the Company completed three separate private placements raising total proceeds of $693,805.

As well, over the past two years the Company has restructured the terms of several debt instruments to better match the cash flow of their operation. EWI also raised additional proceeds through the issuance of a promissory note of $500,000 to repay former director loans of $413,000 in 2014 and an additional $500,000 promissory note mentioned above in 2015 for working capital purposes. Based on the successful operation of a full scale pilot plant, the recent interest in the TR series technology and the ability to raise short term financing in the past, Management believes it will be able to access the necessary funding over the next twelve months while it launches the TR series product on a commercial level.

The commercialization of the Company's core technology is at the early stage and the Company has not yet achieved positive cash flows. The Company needs to obtain additional financing to enable it to continue operations. In the absence of additional financing, the Company is not expected to have sufficient funds to meet its obligations. Management continues to monitor cash needs and is continuing to raise additional financing. There can be no assurances that the Company will be able to secure the necessary financing to enable it to continue as a going concern.

HIGHLIGHTS AND SUMMARY

The following summarizes key events during the year ended December 31, 2015, and up to the date of this MD&A:

Financial Highlights

- In the three months and year ended December 31, 2015, the Company incurred net losses of $767,629 and $2,746,120, respectively, compared with $691,082 and $3,243,857, in the corresponding periods of 2014. On a per share basis, for the three months and year ended December 31, 2015, the Company incurred net losses of $0.006 and $0.02, respectively, compared to $0.005 and $0.03 in the corresponding periods of 2014. The lower losses in 2015 were primarily due to overall lower operating and labour costs.
- During the year ended December 31, 2015, the Company used $961,597 of cash in operating activities, as compared to $2,140,043 for the year ended December 31, 2014. The lower cash used in 2015 was mainly due to the lower operating loss in the year as well as higher accounts payable at the end of 2015 compared to 2014.
- During 2015 EWI successfully completed a private placement and raised debt as follows:

  On March 11, 2015, the Company closed a private placement for 2,850,000 Units with gross proceeds of $285,000 less agent's fees of nil. Each Unit consists of one common share and 0.15 of a share purchase warrant. A whole share purchase warrant allows for the purchase of one additional common share of EWI at a price of $0.10 per share through March 31, 2017. All shares issued in the private placement were subject to a hold period that expired on July 11, 2015.

  On June 10, 2015, the Company received proceeds of $500,000 from the issuance of a new promissory note that is repayable on demand. Subsequent to year end, the Company modified the terms of this debt into a convertible loan maturing on June 10, 2018, with interest accruing on the principal balance at a rate of 8% per annum. *[see subsequent events]*

Operating Highlights

While the company continues to improve its technology via research and development, there was a greater marketing focus in 2015. New and profitable outlets for Carbon Black have been developed and plant sales move closer to a being finalized. Through continued testing, the Company has been able to reduce the capital cost of a plant significantly, increase throughput and reduce the energy consumption per tire.

Data gathered from various parts of the world have indicated that the economics of EWI tire processing plants are compelling. The return on investment of a plant ranges from 20% to 45% depending on the size of the plant and the country of operation. The company has run successful tests to process municipal sludge and continues to obtain client interest in its medical waste system.

SELECTED FINANCIAL INFORMATION

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

(audited)	Year ended December 31		
	2015 $	2014 $	2013 $
Net loss	**(2,746,120)**	(3,243,857)	(3,223,082)
Loss per share	**(0.02)**	(0.03)	(0.03)
Weighted average number of shares outstanding	**137,721,553**	124,862,421	108,505,632
Total assets	**1,628,514**	2,610,722	3,335,057
Working capital (deficiency)	**(3,824,958)**	(354,810)	(1,859,606)
Shareholders' equity (deficiency)	**(3,805,094)**	(1,554,611)	(697,560)

DISCUSSION OF OPERATING RESULTS

The following table summarizes the Company's operating results for the three months and years ended December 31, 2015 and 2014.

	Three Months Ended December 31 (unaudited)		Year Ended December 31 (audited)	
	2015	2014	**2015**	2014
	$	$	**$**	$
Revenue	**58,833**	38,764	**156,273**	132,980
Operating, labour and manufacturing expense	**445,172**	530,760	**1,703,492**	2,302,787
Stock based compensation expense	**52,802**	30,165	**210,637**	213,335
Amortization expense	**187,006**	190,497	**762,775**	764,515
Finance expense	**149,666**	(15,291)	**331,174**	210,627
Government assistance	**-**	-	**(95,833)**	(111,516)
Foreign exchange gain	**(8,186)**	(6,285)	**(9,852)**	(2,911)
Net loss and comprehensive loss	**(767,629)**	(691,082)	**(2,746,120)**	(3,243,857)
Attributable to shareholders	**-**	-	**-**	-
Attributable to non-controlling interests	**(767,629)**	(691,082)	**(2,746,120)**	(3,243,857)
Loss per share – basic and diluted	**(0.006)**	(0.005)	**(0.02)**	(0.03)

Three months ended December 31, 2015 and 2014

The Company receives revenues from a maintenance contract and an extended warranty contract with a client in the US. During the three months ended December 31, 2015 revenues of $58,833 were higher compared to revenues of $38,764 during the same period in 2014. The strengthening US dollar throughout of 2015, particularly in the last quarter of the year, explains the higher amount.

Net loss of $767,629 in 2015 was higher than the loss of $691,082 the prior year due to higher stock compensation and finance expenses partially offset by lower operating, labour and manufacturing expenses. Operating, labour and manufacturing expenses were lower in Q4 of 2015 due to lower R&D costs incurred on the TR900 plant at this time compared to last year, as well as lower payroll, consulting, administration and professional fees. These lower expenses were partially offset by higher marketing and travel costs and a provision for $39,231 recorded in Q4, 2015. Stock compensation of $52,802 in the fourth quarter of 2015 was higher than $30,165 in the same quarter in 2014. The higher compensation is due to a reversal of expense in 2014 relating to the departure of a senior executive in November 2014. Finance expense in 2015 was $149,666 compared to a credit of $15,291 in the prior year due to an accrual for interest expense on the term loan to NOHFC. In the fourth quarter of 2014 the Company recorded a credit adjustment for interest on the term loan to NOHFC based on amended terms.

Years ended December 31, 2015 and 2014

Revenues in 2015 were $156,273 compared to $132,980 in 2014. The increase was due a foreign exchange gain from the strengthening of the US dollar as the revenues represent maintenance revenues from a US customer.

Net loss of $2,746,120 in 2015 was lower than prior year's loss of $3,243,857 mainly attributable to lower operating expenses in 2015. Operating expenses of $1,703,492 in 2015 were lower compared to $2,302,787 due to significantly lower R&D costs, lower salary and benefits due to lower headcount and lower consulting, professional fees, and administration costs due to cost control initiatives in 2015. Finance expenses of $331,174 in 2015 were higher than $210,627 in 2014 due to interest accrued on the NOHFC loan. Government assistance includes scientific research and experimental development ("SR&ED") tax credits received during the year. In 2015, the Company received $95,833 of SR&ED tax credits compared to $111,516 received in 2014. The lower amount in 2015 is explained by lower R&D labour costs compared to the prior year.

The following tables present an analysis of the operating, labour and manufacturing expenses of the Company for the three months and years ended December 31, 2015 and 2014.

	Three Months Ended December 31 (unaudited)		Years Ended December 31 (audited)	
	2015	2014	**2015**	2014
	$	$	$	$
Research and development - TR900	**50,980**	55,165	**125,798**	397,766
Salaries and benefits	**91,268**	96,150	**367,377**	551,391
General and administrative	**41,180**	48,516	**175,760**	204,777
Marketing, promotion and travel	**53,546**	27,561	**174,859**	151,715
Consulting fees	**75,495**	149,166	**348,154**	481,628
Legal, audit, regulatory	**44,186**	106,914	**211,427**	314,439
Occupancy costs	**49,286**	47,242	**260,886**	240,302
Provisions	**39,231**	(39,231)	**39,231**	(39,231)
Total	**445,172**	530,760	**1,703,492**	2,302,787

Three months ended December 31, 2015 and 2014

Research and development costs relate to the TR900 tire recycling project and include development costs that are not eligible for capitalization. The lower amount of $50,980 in the fourth quarter of 2015 compared to $55,165 in 2014 is consistent with lower annual spending on research and development costs compared to the previous year as the Company focuses on commercialization and marketing of the project.

Salaries and benefits of $91,268 in the three months ended December 31, 2015 were lower compared to $96,150 in the three months ended December 31, 2014 due to lower headcount.

General and administrative costs of $41,180 in in the three months ended December 31, 2015 are lower than $48,516 due lower office supplies and insurance expense from cost savings initiatives in 2015.

Marketing, promotion and travel expenses of $53,546 for the three months ended December 31, 2015 are higher than prior years' fourth quarter amount of $27,561 due to travel costs relating to promotion and selling efforts for the TR900 project in the last quarter of 2015.

Consulting fees of $75,495 for the three months ended December 31, 2015 were significantly lower than prior years' fourth quarter amount of $149,166. Included in the fourth quarter of 2014 were consultants fees paid for corporate development work and environmental assessments which were not incurred in 2015.

Legal, audit and regulatory expenses of $44,186 in the three months ended December 31, 2015 compared to $106,914 in the same period last year. Legal costs pertaining to corporate transaction work were not incurred in 2015 and stock related fees were lower in 2015 as well, due to lower stock related transactions.

Occupancy costs of $49,286 in the three months ended December 31,2015 were slightly higher than $47,242 incurred in the same period last year due to higher realty tax costs.

The provision expense of $39,231 in the fourth quarter of 2015 represents the accrual made to increase the provision to $255,000, which is the current best estimate of the amount likely owing to a former senior officer. The $255,000 is provided for as one year annual salary severance. In the fourth quarter of 2014, $39,231 was a credit and represented the amount paid during 2014 to this senior officer, resulting in reducing the provision from $255,000 to $215,769.

Year ended December 31, 2015 and 2014

Research and development costs of $125,798 relating to the TR900 tire recycling project were lower in 2015 compared to $397,766 incurred in 2014. In 2015 the Company spent less time and effort on research and development on the facility in Sault Sainte Marie, as it focused on commercialization and marketing of the TR900 project.

Salaries and benefits of $367,377 in 2015 were lower than $551,391 in 2014. This reduction in expense was due to lower headcount in 2015. In addition, 2014 included the salary of a senior executive who was terminated in November 2014 and not replaced.

General and administrative costs were $175,760 in 2015 compared to $204,777 the prior year primarily due to insurance cost savings, lower repairs and maintenance costs and lower office and administration expenses due to cost containment efforts during the year.

Marketing, promotion and travel costs were $174,859 in 2015 compared to $151,715 in 2014. The increase is due to higher travel costs for international travel related to selling and promotional activities for the TR900 project.

Consulting fees of $348,154 for 2015 were lower than prior year of $481,628. During the year there was a reduction in third party fees paid for environmental assessments and no fees incurred for corporate development consulting work which were incurred in 2014.

Legal, audit and regulatory expenses of $211,427 in 2015 were lower compared to $314,439 in 2014 last year due to lower corporate legal fees as well as lower investor relations fees due to less stock related activities during 2015.

Occupancy costs of $260,886 in 2015 were higher compared to $240,302 last year primarily due to higher rent and realty tax costs in 2015.

QUARTERLY FINANCIAL INFORMATION

The following table sets out the quarterly results for the most recently completed eight quarters.

	2015 (Unaudited)				2014 (Unaudited)			
	March 31	June 30	Sept 30	Dec 31	March 31	June 30	Sept 30	Dec 31
Net loss ($)	654,331	702,123	622,039	767,629	699,091	925,586	928,098	691,082
Weighted average # of Shares (000's)	136,051	138,268	138,268	138,268	118,781	122,102	125,418	133,218
Loss per share ($)	(0.005)	(0.005)	(0.004)	(0.006)	(0.006)	(0.008)	(0.007)	(0.005)

LIQUIDITY AND CAPITAL RESOURCES

In the year ended December 31, 2015, and up to the date of this MD&A, the Company continued to incur losses.

The Company's financial liquidity has been financed through sales of equity, issuance of new debt and government grants and tax credits. The Company has been in the development and is not cash flow positive. The Company's ongoing ability to remain liquid will depend on a number of factors including EWI's successful commercialization of its TR900 tire recycling project, and the Company's ability to raise capital to fund this project until commercialization. (See "Risks and Uncertainties").

During fiscal 2015, the Company successfully completed a private placement that resulted in gross proceeds for the Company of $285,000. The Company also successfully re-financed certain debt instruments during the year to better reflect its cash flow needs. A new promissory note for $500,000 was issued during the year while interest payments on loans to directors and the NOHFC term loan were deferred.

In August 2015, the Company received $95,833 of government assistance pertaining to SR&ED tax claims compared to $111,516 in 2014. The SR&ED tax credits have been recorded as a reduction of expenses in the period of receipt.

Subsequent to year end, the Company completed three additional private placement for proceeds totaling $693,805. As well, it modified the terms of the $500,000 promissory note issued during the year to a convertible loan maturing in June 2018. [See subsequent events]

Cash used in operating activities

The Company's total cash and cash equivalents at December 31, 2015, was $16,059 compared to $207,854 at December 31, 2014. Working capital deficit as at the same two dates was $3,824,958 compared to $354,810. Included in working capital deficit in 2015 was a $2,225,048 loan payable from NOHFC. This loan is presented as a current liability on the statement of financial position as it is currently in default with the current terms. Management is in discussions with the NOHFC to defer interest payments to better match the cash flow of the Company. The Company issued a new promissory note for $500,000 which was payable on demand at December 31, 2015. $520,820 representing the principal and accrued interest is included as a current liability as well. In addition, the Company had higher accounts payable and accrued liabilities of $456,769. All these factors explain the increase in working capital deficit from 2014 to 2015.

For the year ended December 31, 2015, there was a net cash outflow from operating activities of $961,597 compared to $2,140,043 for the prior year. The decrease in cash used is due to the lower operating loss in the year and the higher accounts payable and accrued liabilities balance at December 31, 2015.

Cash used in investing activities

In 2015 the Company spent $Nil on computer equipment compared to $11,831 in 2014 for the purchase of office and computer equipment.

Cash provided by financing activities

For the year ended December 31, 2015, cash provided by financing activities was $769,802 compared to $2,229,684, for the prior year. The decrease is due to lower proceeds raised from the issuance of common stock on private placements of $1,872,000 partially offset by higher net proceeds from the issuance of debt.

PROVISIONS, COMMITMENTS AND CONTINGENCIES

Except as noted below, the Company does not have any material commitments as at December 31, 2015, or the date of this MD&A.

The Company is committed under a long-term lease for premises which expires on August 31, 2017.

The provision balance consists of an accrual of one year's annual salary to former senior management of the Company. The Company was party to a claim made by former senior management whose employment was terminated on March 1, 2013, who is seeking four years severance pay in the amount of $1,020,000. Management believes that this claim for 48 months of pay is inflated and without any merit and has provided for one year's salary of $255,000, as the Company believes the likelihood of payout of this amount is probable.

During 2014, the Company announced that Environmental Waste International Limited Partnership ("EWILP") commenced a lawsuit seeking injunctive relief to prevent the Company from interfering with certain intellectual property rights which EWILP purports belong to it. In 2007, the Company sold certain intellectual property rights to EWILP which were immediately licensed back to the Company. No specific amount was claimed as damages. Management denies all allegations and believes that this claim is without merit and plans to defend this action.

On June 16, 2015 and July 15, 2015 the Company received a letter from Canada Revenue Agency ("CRA") proposing that they adjust the claims for Scientific Research and Experimental Development (SR&ED) for the fiscal years ended December 31, 2010 and 2011 including Ontario Innovation Tax Credits received of $57,726 and $227,607 respectively. Management believes that the opinion of CRA is without merit and has submitted a rebuttal in writing to defend their position.

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.

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 fund operating activities, 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.

There have been no changes with respect to the overall capital management strategy during the year ended December 31, 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 Chief Executive Officer, and Chief Technology Officer.

Key management personnel may also participate in the Company's stock-based compensation plans. See Note 14 to the audited consolidated financial statements for the years ended December 31, 2015 and 2014 for details.

During the year, the Company engaged in transactions in the normal course of operations with the following related parties. All of these transactions have been accounted for at the exchange amount agreed to by the transacting parties as follows:

The Company recognized an expense during the year ended December 31, 2015 for interest on loans to the directors of $61,964 [2014 – $61,359] of which $27,000 was paid [2014 – $56,800] and $34,964 was included in accounts payable and accrued liabilities as at December 31, 2015 [2014 – $4,559].

As at December 31, 2015, the Company has $72,267 [2014 – nil] included in accounts payable and accrued liabilities owing to directors in addition to the interest included in accounts payable and accrued liabilities.

Proceeds from the directors as part of private placements in 2015 amounted to $25,000 [2014 – $100,000]. The directors were issued 250,000 shares [2014 – 833,333] and 37,500 warrants [2014 – 416,667].

The Company recognized as an expense during the year ended December 31, 2015 for salaries and benefits of $341,605 [2014 – $481,037] and share-based payment transactions of $78,888 [2014 – $102,862] with respect to key management personnel.

As at December 31, 2015, the Company has $134,121 [2014 – nil] included in accounts payable and accrued liabilities to key management personnel.

Proceeds from key management personnel as part of private placements in 2015 amounted to $10,000 [2014 – $35,000]. Key management personnel were issued 100,000 shares [2014 – 308,333] and 15,000 warrants [2014 – 104,166].

FINANCIAL INSTRUMENTS

The Company's principal financial liabilities comprise accounts payable and accrued liabilities and various loans and borrowings. The main purpose of these financial liabilities is to finance the Company's operations. The Company's accounts receivable arise from its operations. The Company is exposed to credit risk and liquidity risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities [primarily for trade accounts receivable] and from its financing activities, including deposits with banks and financial institutions. Customer credit risk is managed subject to the Company's established policies, procedures and controls relating to customer credit risk management. The requirement for an impairment is analyzed at each reporting date on an individual basis. The maximum exposure to credit risk at the reporting date is the carrying value of trade accounts receivable and cash and cash equivalents.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations under its various loans and borrowings. The Company is exposed to liquidity risk from its financing activities, primarily for its various loans and borrowings and accounts payable and accrued liabilities. The Company monitors its risk to a shortage of funds regularly. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined below.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The Company's audited consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("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, provisions, valuation of stock options and warrants, impairment assessment of intangible assets, measurement of deferred tax assets and the fair value of financial instruments. The significant area requiring the use of management judgment relates to the assessment of going concern uncertainties.

Intangible Assets

Intangible assets consist of acquired in-process development costs and marketing rights for the TR900 tire recycling project. Management has determined that the related development costs that are not eligible for capitalization have been expensed and included in operating, labour and manufacturing costs.

Management of the Company conducts a review of the carrying value of its intangible assets on a regular basis. Intangible assets are assessed for impairment if there is an indication that that the intangible asset may be impaired.

Intangible assets are amortized over their useful economic lives.

Stock Options and Warrants

The fair value of stock-based compensation payments and warrants are calculated using the Black Scholes option pricing model. For stock-based payments that vest on a periodic basis, the Company records the fair value cost over the vesting period. Forfeiture estimates are recognized in the period they are estimated and revised for actual forfeitures in subsequent periods.

For options and warrants granted during the years ended December 31, 2015 and 2014, the following inputs were used in the Black Scholes options pricing model:

Black-Scholes assumptions used:	**2015**	**2014**
Expected volatility	153% - 199%	131% - 157%
Expected dividend yield	0.0%	0.0%
Risk free interest rate	0.58% - 1.13%	1.05% - 1.57%
Expected options life in years	5	5
Expected warrants life in years	2	2

The following table summarizes stock options granted during the year ended December 31, 2015:

Date Granted	Number Granted	Exercise Price	Expiry Date
May 6, 2015	180,000	$0.10	May 6, 2020
June 29, 2015 (1)	2,480,000	$0.10	June 28, 2020
August 25, 2015 (2)	1,375,000	$0.10	August 25, 2020
November 25, 2015 (3)	500,000	$0.10	November 24, 2020
December 18,2015	100,000	$0.10	December 18, 2020
Total	4,635,000		

All options granted above vest 33%, 33% and 34% over three years on each anniversary date from the grant date.

(1) 1,600,000 options granted to Directors including 150,000 granted to Chief Executive Officer who is also a Director.

(2) 750,000 options granted to Directors including 200,000 granted Chief Executive Officer who is also a Director.

(3) 500,000 options granted to Chief Executive Officer who is also a Director.

During the year ended December 31, 2015, 700,000 stock options expired, 525,000 stock options to Directors were cancelled and 760,000 stock options were forfeited.

The following table summarizes warrants granted during the year ended December 31, 2015:

Date Granted	Number Granted	Exercise Price	Expiry Date
March 11, 2015	427,500	$0.10	March 31, 2017
December 1, 2015	84,000	$0.20	April 30, 2017
Total	511,500		

During the year ended December 31, 2015 the following warrants expired:

On March 14 2015, 2,212,500 share purchase warrants that entitled the holder to acquire an additional common share at $0.35 per share expired. The value of these warrants of $189,106 was transferred from warrants to contributed surplus.

On April 30, 2015, 798,000 share purchase warrants that entitled the holder to acquire an additional common share at $0.20 per share expired. The value of these warrants of $63,820 was transferred from warrants to contributed surplus.

On August 9, 2015, 1,800,000 share purchase warrants that entitled the holder to acquire an additional common share at $0.175 per share expired. The value of these warrants of $66,788 was transferred from warrants to contributed surplus.

On October 17, 2015, 2,603,333 share purchase warrants that entitled the holder to acquire an additional common share at $0.21 per share expired. The value of these warrants of $324,921 was transferred from warrants to contributed surplus.

Subject to approval from the TSXV, the Company will issue 95,400 share purchase warrants to certain holders of a second mortgage on a building owned by the Company in consideration for deferring their interest payments totaling $31,800 to January 15, 2016. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 per share and expires on April 15, 2017.In addition, subject to approval from the TSXV, during 2016 the Company will issue another 63,600 share purchase warrants to these mortgage holders in consideration for further deferring their interest payments totaling $21,200 to May 15, 2016. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 per share and expires on April 15, 2017 [see Subsequent Events]

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Company applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2015. The nature and the impact of each new standard and amendment is described below:

Annual Improvements 2010-2012 Cycle

With the exception of the improvement relating to IFRS 2 *Share-based Payment* applied to share-based payment transactions with a grant date on or after July 1, 2014, all other improvements are effective for accounting periods beginning on or after July 1, 2014. The Company has applied these improvements for the first time in these consolidated financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Company has identified any performance and service conditions which are vesting conditions in previous periods. Thus, these amendments did not impact the Company's financial statements or accounting policies.

IFRS 3 *Business Combinations*

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities [or assets] arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Company's current accounting policy and, thus, this amendment did not impact the Company's accounting policy.

IFRS 8 *Operating Segments*

The amendments are applied retrospectively and clarify that:

An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics [e.g., sales and gross margins] used to assess whether the segments are 'similar'.

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.The Company has not applied the aggregation criteria in IFRS 8.12 as the Company is organized into one operating segment. Thus, these amendments did not impact the Company's financial statements or accounting policies.

IAS 16 *Property, Plant and Equipment and IAS 38 Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the Company during the current period.

IAS 24 *Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity [an entity that provides key management personnel services] is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Company as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from July 1, 2014 and the Company has applied these amendments for the first time in these consolidated financial statements. They include:

IFRS 3 *Business Combinations*

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

Joint arrangements, not just joint ventures, are outside the scope of IFRS 3.
This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The Company is not a joint arrangement, and thus this amendment is not relevant for the Company and its subsidiaries.

IFRS 13 *Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Company does not apply the portfolio exception in IFRS 13.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified to its Chief Executive Officer ("CEO"), and its Audit Committee to ensure appropriate and timely decisions are made regarding public disclosure.

Internal controls over financial reporting have been designed by management, under the supervision of, and with the participation of the Company's CEO to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS.

The Company will file certifications, signed by the Company's CEO, with the TSX Venture Exchange. In those filings, the Company's CEO will certify, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design and effectiveness of the Company's disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting. The Company's CEO also certify the appropriateness of the financial disclosures in the Company's interim filings with securities regulators. In those interim filings, the Company's CEO also certify the design of the Company's disclosure controls and procedures and the design of internal controls over financial reporting.

The Company's Audit Committee reviewed this MD&A and the audited consolidated financial statements and the Company's Board of Directors approved these documents prior to their release.

Management's Report

Management, under the supervision of and with the participation of the Company's CEO, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined under National Instrument 52-109) and the Company's internal controls over financial reporting (as defined under National Instrument 52-109). Based on that evaluation, management and the CEO have concluded that, as at December 31, 2015, the Company's internal controls were adequate, except those relating to complex accounting issues which will require further strengthening.

Management Responsibility for Financial Reporting

The Company's December 31, 2015 audited consolidated financial statements have been prepared by management in accordance with IFRS, and have been approved by the Board of Directors. The integrity and objectivity of these consolidated 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 consolidated financial statements.

EWS 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. The consolidated financial statements may contain certain amounts based on estimates and judgments.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee has at least one financial expert, and none of its members are involved in the daily operations of the Company. The Audit Committee meets periodically with management and the external auditor to discuss internal controls over financial reporting and auditing matters.

The Audit Committee reports to the Board for approval of the consolidated financial statements as well as to shareholders for the reappointment of the external auditors.

For reference purposes, please refer to the December 31, 2015 year-end financial statements, which have been audited on behalf of the shareholders by Ernst & Young LLP Chartered Professional Accountants, Licensed Public Accountants, the external auditors, in accordance with IFRS. 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.

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.

Lack of Revenues; History of Operating Losses

The Company has a limited operational history. The Company has never paid dividends and has no present intention to pay dividends. The Company is in the early commercialization stage of its business and therefore will be subject to the risks associated with early stage companies, including uncertainty of revenues, markets and profitability and the need to raise additional funding. The Company will be committing, and for the foreseeable future will continue to commit, significant financial resources to marketing and product development. The Company's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. Such risks include the evolving and unpredictable nature of the Company's business, the Company's ability to anticipate and adapt to a developing market, acceptance by consumers of the Company's products and the ability to identify, attract and retain qualified personnel. There can be no assurance that the Company will be successful in doing what is necessary to address these risks.

Sales Cycle

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.

Additional Financing Requirements and Access to Capital

In order to launch the Company's technology on a commercial level, it will need to raise additional funds from lenders and equity markets in the future. There can be no assurance that the Company will be able to raise additional capital on commercially reasonable terms to finance its objectives. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of common shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution.

Protection of Intellectual Property

Although the Company does not believe that its products infringe the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against the Company or that any such assertions or prosecutions will not materially adversely affect the Company's business, financial condition or results of operations. Irrespective of the validity or the successful assertion of such claims, the Company could incur significant costs and diversion of resources with respect to the defense thereof which could have a material adverse effect on the Company's business, financial condition or results of operations. The Company's performance and ability to compete are dependent to a significant degree on its proprietary technology.

While the Company will endeavor to protect its intellectual property, there can be no assurance that the steps taken by the Company will prevent misappropriation of its technology or that agreements entered into for that purpose will be enforceable. The laws of other countries may afford the Company little or no effective protection of its intellectual property. While the Company's technology is developed and owned by the Company, it may in the future also rely on technology licenses from third parties. There can be no assurance that these third party licenses will be, or will continue to be, available to the Company on commercially reasonable terms. The loss of, or inability of the Company to maintain, any of these technology licenses could result in delays in completing its product enhancements and new developments until equivalent technology could be identified, licensed, or developed and integrated. Any such delays would materially adversely affect the Company's business, results of operations and financial condition.

Competition

The Company may not be able to compete successfully against current and future competitors, and the competitive pressures the Company could face could harm its business and prospects. The reverse polymerization of tires is a technology that is new to the market. New technologies and the expansion of existing technologies may increase competitive pressures on the Company. Increased competition may result in reduced operating margins as well as loss of potential market share. This could result in decreased usage of the Company's technology and may have a material adverse effect on the Company's business, financial condition and results of operations.

Partnerships for Development and Commercialization of Technology

The Company may need, but be unable to obtain partners to support the commercialization of its technology. Equity financings alone may not be sufficient to fund the cost of developing products, and we may need to rely on our ability to reach partnering arrangements to provide financial support for these efforts.

Negative Cash Flow and Absence of Profits

The Company has not earned any profits to date and there is no assurance that it will earn any profits in the future, or that profitability, if achieved, will be sustained. A significant portion of the Company's financial resources in the short term will be to support the efforts to commercialize the TR900 System. The success of the Company will ultimately depend on its ability to generate revenues from its sales of the TR900 and other systems such that the business development and marketing activities may be financed by revenues from operations instead of external financing. There is no assurance that future revenues will be sufficient to generate the required funds to continue such business development and marketing activities.

Conflicts of Interest

Certain proposed directors and officers of the Company may become associated with other reporting issuers or other corporations which may give rise to conflicts of interest. In accordance with the *Canada Business Corporations Act*, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Company, as the case may be. Certain of the directors have either other employment or other business or time restrictions placed on them and accordingly, these directors will only be able to devote part of their time to the affairs of the Company.

Share Price Volatility

A number of factors could influence the volatility in the trading price of the common shares of the Company including changes in the economy or in the financial markets, industry related developments, and the impact of changes in our operations. Each of these factors could lead to increased volatility in the market price of common shares.

Dilution

There may be future dilution due to additional future equity financing events by the Company. If outstanding options and warrants of the Company are exercised into common shares, there will be additional dilution.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Throughout 2015, the Company continued to improve the technology of the TR Series System and the production of its main by product, carbon black. EWI has made significant pilot plant enhancements and is capable of 24/7 operation.

The Company has switched focus from a technology company to a marketing company with the main focus being the commercialization of its TR Series tire recycling project. This project represents an economically viable solution to a large environmental problem. EWI is currently negotiating the sale of the TR series system with both public and private entities in Italy, US and China.

As at December 31, 2015 the Company has recorded intangible assets consisting of acquired in-process development costs of $45,833 and marketing rights of $10,177 for total intangible assets of $56,010 These intangibles assets relate to the TR900 recycling prototype. Intangible assets are amortized straight-line over 5 years. Management assesses the value of intangible assets for impairment at each reporting period.

SHARE DATA

The following table outlines all outstanding voting or equity securities including options and warrants of the Company which are convertible into, or exercisable or exchangeable for, voting or equity securities as of May 5, 2016:

	Number
Common shares outstanding	144,225,796
Issuable under options	13,265,000
Issuable under warrants	3,699,666
Total	**161,090,462**

Features of the options and warrants are described in Note 14 to the audited consolidated financial statements for the year ended December 31, 2015.

SUBSEQUENT EVENTS

The following events took place subsequent to December 31, 2015:

[a] On January 29, 2016, the Company closed a private placement for 1,923,077 shares with gross proceeds of $250,000, less agent's fees of nil.

[b] On January 31, 2016, 2,391,667 share purchase warrants that entitled the holder to acquire an additional common share at $0.21 per share expired.

[c] On March 14, 2016, a director of the Company was issued 200,000 stock options to purchase common shares of the Company at an exercise price of $0.11 per share. These stock options will vest over three years and expire on March 14, 2021.

[d] On March 30, 2016, the Company entered into a credit arrangement with the holder of a $500,000 promissory note payable *[see note 13[c]].* The credit arrangement provides new terms of the loan, which is a convertible loan maturing on June 10, 2018, with interest accruing on the principal balance at a rate of 8% per annum, The loan is convertible into common shares of the Company at a conversion price of $0.10 per common share, provided that the lender together with its affiliates will, after conversion, hold less than 20% of the Company's issued and outstanding shares.

[e] On April 4, 2016, subject to TSXV approval, the Company closed a private placement for 885,482 shares with gross proceeds of $97,403, less agent's fees of nil.

[f] On April 15, 2016, subject to approval from the TSXV, the Company has agreed to issue 63,600 share purchase warrants to certain holders of a second mortgage on a building owned by the Company in consideration for further deferring their interest payments totaling $21,200 from January 15, 2016 to May 15, 2016 *[see note 14]*. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 per share and expires on April 15, 2017.

[g] On April 20, 2016, subject to TSXV approval, the Company closed a private placement for 3,149,109 shares with gross proceeds of $346,402, less agent's fees of nil. The gross proceeds of $346,402 were comprised of proceeds from two parties in the amounts of $20,000 and USD$250,000, respectively.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com and at the Company's website www.ewi.ca.