This "Management's Discussion and Analysis" ("MD&A") has been prepared as of April 28, 2017, 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, 2016 and 2015. 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^{TM} 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, colour 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.

Over the past two years the Company has achieved the following milestones:

- 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

The main focus of the Company during fiscal 2016 and in the subsequent period to April 26, 2017 was to:

- Secure long term financing
- Make progress towards the first commercial sale of our technology in the form of a plant sale to a third party
- Arrange for financing for the upgrade of the Company's full scale pilot plant in Sault Ste. Marie to bring it into commercial production
- Obtain permission to operate the pilot plant in Sault Ste. Marie for demonstrations, after the expiration of its five year pilot plant permit in June 2016; and to complete the process of obtaining it's permanent environmental permits.
- Renewed a five year contract with the US Department of Agriculture to maintain its liquid bilogical waste unit.

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 several years, raising proceeds through private placements, including $1.8 million in 2011, $2.0 million in 2012, $1.9 million in 2013, $2.2 million in equity and $500,000 in debt in 2014, and $285,000 in equity and another $500,000 debt in 2015. During the year ended 2016, the Company raised proceeds of $773,805 through units issued from private placements or share subscriptions, as well as $50,000 in convertible debt.

Subsequent to year end during the months of February and March, the Company raised additional proceeds of $99,133 by way of share subscription arrangements.

On March 24, 2017, the lender of both the promissory note payable and convertible loan payable exercised their right for conversion and elected to convert their debt and accrued and unpaid interest into 11,156,271 common shares of the Company at a price of $0.10 per common share.

On April 12, 2017, the Company received proceeds of $938,000 in the form of a promissory note. The note bears interest at 6% per annum and is repayable on July 11, 2017. The Company has the option to extend the maturity for an additional 90 days. $855,300 of proceeds from the promissory note were used to repay the second mortgage of $735,000 and deferred interest and interest payable totaling $120,300.

On April 28, 2017 the Company completed a financing totaling $1,721,250. The Company issued 3,712,500 common shares at a price of $0.10 per common share for proceeds of $371,250, and a 10 year 5% unsecured convertible note payable for $1,350,000.The note payable is convertible at a conversion price of $0.11 per common share. Accrued interest is required to be paid annually and, for the first five years, may be payable in common shares of the Company, and is subject to TSXV approval. $135,000 of proceeds from this financing will be used to repay a portion of the promissory note issued on April 12, 2017 described in note 21[g], while the remainder will be used for working capital purposes. The Company has converted $157,701 of debt into common shares. Of this debt, $107,201 were loans due to directors of the Company and were converted at $0.10 per common share for a total of 1,072,010 common shares. 84,000 warrants pertaining to these loans were cancelled. $50,500 of the debt representing a convertible loan payable was also converted at $0.10 per common share for a total of 505,000 common shares.

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 continue 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 believes it has access to additional financing. There can be no assurances that the Company will be able to secure the necessary on going financing to enable it to continue as a going concern.

HIGHLIGHTS AND SUMMARY

The following summarizes key events during the year ended December 31, 2016, and up to the date of this MD&A:

Financial Highlights during the year

- In the three months and year ended December 31, 2016, the Company incurred net losses of $354,696 and $1,641,095, respectively, compared with $767,629 and $2,746,120, in the corresponding periods of 2015. On a per share basis, for the three months and year ended December 31, 2016, the Company incurred net losses of $0.003 and $0.01, respectively, compared to $0.006 and $0.02 in the corresponding periods of 2015. The lower losses in 2016 were primarily due to overall lower operating and labour costs.
- During the year ended December 31 2016, the Company used $778,045 of cash in operating activities, as compared to $1,001,597 for the year ended December 31, 2015.
- During the year ended December 31, 2016 EWI successfully raised financing as follows:

  On January 29, 2016, the Company closed a private placement for 1,923,077 Units with gross proceeds of $250,000 less agent's fees of nil. All shares issued in the private placement were subject to a hold period that expired on May 29, 2016.

  During 2016, the Company received a total of $523,805 pursuant to share subscription arrangements whereby the Company agreed to issue common shares at a price of $0.11 per share.

  In November 2016, the Company received proceeds of $50,000 by way of convertible debt.

Operating Highlights during the year

While the company continues to improve its technology via research and development, there was a greater marketing focus in 2016. New and profitable outlets for Carbon Black have been developed and plant sales have moved closer to 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.

As the Company is now focused on commercialization, it has appointed Glenn Myers as a director. Mr Myers is an accomplished senior executive with extensive experience in developing and implementing domestic and international sales and market penetration strategies. As founding partner of Corporate Partners International and Preston Willis Group he provides consulting services and hands on assistance to small and mid sized companies on new market entry, product launch and revenue growth. Prior to his current consulting career he was senior executive of three technology companies where he built and managed the business and constructed successful exit strategies.

The Company held its Annual and Special Shareholders' Meeting held on June 30, 2016 in Toronto, Ontario. The following proposals were approved during the meeting.
1. The number of Board members was increased from six to seven members;
2. All of management's nominees for the Company's Board of Directors, Sam Geist, Emanuel Gerard, Glenn Myers, Robert MacBean, Valdis Martinsons, and Thomas Russell, were elected;
3. Ernst & Young, LLP, were re-appointed as the Company's auditors and the directors were authorized to fix the auditors remuneration;
4. The shareholders confirmed and ratified the existing 10% rolling stock option plan. Under the plan, a maximum of 10% of the issued and outstanding Common Shares at the time of the grant are authorized to be issued; and
5. A special resolution was passed authorizing the Board of Directors of the Corporation, that if deemed appropriate, to consolidate the common shares of the Corporation ("Common Shares") on the basis of one (1) new Common Share for up to five (5) old Common Shares and amend the Corporation's Articles accordingly.

The Company also issued 200,000 stock options to two directors 200,000 stock options to two officers of the Company and 325,000 stock options to employees. All stock options were issued with an exercise price of $0.11, vesting over 3 years with an expiry date of June 30, 2021.

On November 9, 2016, the Company gave notice of its change of auditors from EY LLP to MNP LLP.

Subsequent to year end, on April 12, 2017, the Company announced that Robert F. Savage has joined its Board of Directors, subject to the approval of the TSX Venture Exchange. Mr. Savage is President of KSH Capital which was formed in 2015 to provide real estate entrepreneurs with expertise as well as seed and growth capital. Prior to co-founding KSH, Mr. Savage was co-founder of KTR Capital Partners, a leading real estate private equity firm focused on logistics properties throughout North America. KTR and its comingled investment funds were sold in May 2015. Mr. Savage is also Trustee of Mount Sinai Medical Center in New York City and a Director of New Senior Investment Group (NYSE: SNR) and VolunteerMatch.org.

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		
	2016 **$**	2015 $	2014 $
Net loss	**(1,641,095)**	(2,746,120)	(3,243,857)
Loss per share	**(0.01)**	(0.02)	(0.03)
Weighted average number of shares outstanding	**140,043,681**	137,146,817	124,862,421
Total assets	**1,486,079**	1,628,514	2,610,722
Working capital (deficiency)	**(5,083,200)**	(3,784,958)	(354,810)
Shareholders' equity (deficiency)	**(4,335,407)**	(3,765,094)	(1,554,611)

DISCUSSION OF OPERATING RESULTS

The following table summarizes the Company's operating results for the three months and year ended December 31, 2016 and 2015.

	Three Months Ended December 31 (unaudited)		Year Ended December 31 (audited)	
	2016	2015	**2016**	2015
	$	$	**$**	$
Revenue	**41,832**	58,833	**172,665**	156,273
Operating, labour and manufacturing	**210,824**	445,172	**1,228,328**	1,703,492
Stock based compensation expense	**30,611**	52,802	**170,894**	210,637
Amortization expense	**18,471**	187,006	**144,637**	762,775
Finance expense	**135,517**	149,666	**340,994**	331,174
Government assistance	**-**	-	**(83,191)**	(95,833)
Foreign exchange loss (gain)	**1,105**	(8,186)	**12,098**	(9,852)
Net loss and comprehensive loss	**(354,696)**	(767,629)	**(1,641,095)**	(2,746,120)
Attributable to shareholders	**-**	-	**-**	-
Attributable to non-controlling interests	**(354,696)**	(767,629)	**(1,641,095)**	(2,746,120)
Loss per share – basic and diluted	**(0.003)**	(0.006)	**(0.01)**	(0.02)

Three months ended December 31, 2016 and 2015

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, 2016 revenues of $41,832 were lower compared to revenues of $58,833 during the same period in 2015 due to timing of maintenance work, as more work was completed earlier in the year compared to last year.

Net loss of $354,696 in the three months ended December 31, 2016 was lower than the loss of $767,629 during the same period in 2015 due to significantly lower operating, labour and manufacturing expenses and lower amortization and stock compensation expense, as well as slightly lower finance expenses. Operating, labor and manufacturing expenses were lower in Q4 2016 primarily due to lower R&D costs incurred on the TR900 plant at this time compared to last year as well as lower travel costs, consulting fees and legal and regulatory expenses.

Stock Compensation expense of $30,611 in Q4 2016 was lower than $52,802 in Q4, 2015 due to lower number of options vested as well as a lower number of options granted in 2016 compared to 2015.

Amortization expense of $18,471 during the three months ended December 31, 2016 was significantly lower than $187,006 in the same period in 2015. In Q4, 2016, amortization expense of $18,471 represents amortization of property and equipment only, and compares to $18,977 which is included in the $187,006 in 2015. Intangible assets were fully amortized in Q1, 2016 so there was no amortization expense in the fourth quarter of 2016 compared to $168,029 amortization of intangibles in Q4, 2015.

Finance expense in the three months ended December 31, 2016 was $135,517 compared to $149,666 in 2015 and is slightly lower due to lower interest on the term loan with the NOHFC, partially offset by higher interest on the promissory and convertible loans payable. In Q4, 2015, an adjustment was made increasing interest on the term loan with NOHFC.

Year ended December 31, 2016 and 2015

Revenues in 2016 were $172,665 compared to $156,273 in 2015. The increase was primarily due to a foreign exchange gain from the strengthening of the US dollar as the revenues represent maintenance revenues from a US customer.

Net loss of $1,641,095 in 2016 was lower than prior year's loss of $2,746,120 which is attributable to lower operating, labour and manufacturing expenses, as well as lower stock compensation and amortization. Operating, labour and manufacturing expenses of $1,228,328 in 2016 were lower compared to $1,703,492 due to lower R&D costs from lower development work being done, lower marketing and promotion and travel costs and well as lower consulting and legal, audit and regulatory expenses.

Stock Compensation expense of $170,894 in 2016 was lower than $210,637 in 2015 due to lower expense from a lower number of options vesting in 2016 compared to 2015 and a lower number of options granted in 2016 compared to 2015.

Amortization expense of $144,637 during the year ended December 31, 2016 was significantly lower than $762,775 in the prior year. In the first quarter of 2016, intangible assets were fully amortized and amortization of intangible assets in 2016 was $56,010 compared to a full year of amortization expense of $672,122 in 2015, representing a difference of $616,112 year over year.

Finance expenses of $340,994 in 2016 were slightly higher than $331,174 in 2015 primarily due due to a full year of interest included in the year ended December 31, 2016 on the convertible loan issued in June 2015 compared to only half a year in 2015.

Government assistance includes scientific research and experimental development ("SR&ED") tax credits received during the year. In 2016, the Company received $83,191 of SR&ED tax credits compared to $95,833 received in 2015. The lower amount in 2016 is explained by lower R&D labour costs compared to the prior year.

The following tables present an analysis of the operating, labor and manufacturing expenses of the Company for the three months and year ended December 31, 2016 and 2015.

	Three Months Ended December 31 (unaudited)		Year Ended December 31 (audited)	
	2016	2015	**2016**	2015
	$	$	**$**	$
Research and development - TR900	**4,690**	50,980	**37,628**	125,798
Salaries and benefits	**94,802**	91,268	**383,639**	367,377
General and administrative	**48,585**	41,180	**203,224**	175,760
Marketing, promotion and travel	**12,129**	53,546	**68,239**	174,859
Consulting fees	**22,409**	75,495	**186,824**	348,154
Legal, audit, regulatory	**(19,273)**	44,186	**141,886**	211,427
Occupancy costs	**47,482**	49,286	**206,888**	260,886
Provisions	**-**	39,231	**-**	39,231
Total	**210,824**	445,172	**1,228,328**	1,703,492

Three months ended December 31, 2016 and 2015

Research and development costs relate to the TR900 tire recycling project and include development costs that are not eligible for capitalization. The amount of $4,690 in the three months ended December 31, 2016 is lower than the $50,980 incurred in the same period in 2015 due to less research and development activity being performed in 2016.

Salaries and benefits of $94,802 in the three months ended December 31, 2016 were slightly higher than with $91,268 in the three months ended December 31, 2015 relating to salary increase from change in role during 2016.

General and administrative costs of $48,585 in the three months ended December 31, 2016 were higher than $41,180 in the same period of 2015 primarily due to higher insurance costs.

Marketing, promotion and travel expenses of $12,129 for the three months ended December 31, 2016 were lower than prior year's fourth quarter amount of $53,546 due to significantly lower travel costs during 2016.

Consulting fees of $22,409 for the three months ended December 31, 2016 were lower than prior year's amount of $75,495. In the fourth quarter of 2016 the engineering consulting fees were reduced by an amount received of $49,582 (US$37,500) from a third party in the US to help fund the costs of refining and testing the carbon by product.

Legal, audit and regulatory expenses were in a credit position of $19,273 in the three months ended December 31, 2016 due to approximately $23,000 reversal of accruals made at year end. In addition, actual costs incurred in the fourth quarter of 2016 were lower than the same period in 2015 due to significantly less spending on regulatory and legal fees.

Occupancy costs of $47,482 in the three months ended December 31, 2016 were lower than $49,286 incurred in the same period last year due to lower TMI costs in 2016.

There was no adjustment to the provision in the last quarter of 2016, compared to an expense of $39,231 in the last quarter of 2015 relating to the accrual for the settlement made with a former executive of the Company.

Year ended December 31, 2016 and 2015

Research and development costs of $37,628 relating to the TR900 tire recycling project were lower in 2016 compared to $125,798 incurred in 2015. In 2016 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 $383,639 in 2016 were higher than $367,377 in 2015. This slight increase was due to salary increases from a change in role in 2016.

General and administrative costs were $203,224 in 2016 compared to $175,760 the prior year which can be explained by higher commercial and property insurance rates as well as higher health insurance premiums.

Marketing, promotion and travel costs of $68,239 in 2016 were significantly lower than $174,859 incurred in 2015. The decrease was due to much less international travel and promotional activities.

Consulting fees of $186,824 for 2016 were lower than prior year of $348,154. In 2016 the engineering consulting fees were reduced by an amount received of $81,832 (US$62,500) from a third party in the US to help fund the costs of refining and testing the carbon by product. As well, during the year there was a reduction in third party fees paid for environmental assessments which were incurred in 2015.

Legal, audit and regulatory expenses of $141,886 in 2016 were lower compared to $211,427 in 2015 last year due to lower corporate legal fees as well as lower investor relations fees due to less stock related activities during 2016.

Occupancy costs of $206,888 in 2016 were lower compared to $260,886 last year primarily due to lower TMI costs.

QUARTERLY FINANCIAL INFORMATION

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

	2016 (Unaudited)				2015 (Unaudited)			
	Dec 31	**Sept 30**	**June 30**	**March 31**	**Dec 31**	**Sept 30**	**June 30**	**March 31**
Net loss ($)	354,696	333,655	443,326	509,418	767,629	622,039	702,123	654,331
Weighted average # of Shares (000's)	140,191	140,191	140,191	139,592	138,268	138,268	138,268	136,051
Loss per share ($)	(0.003)	(0.002)	(0.003)	(0.004)	(0.006)	(0.004)	(0.005)	(0.005)

LIQUIDITY AND CAPITAL RESOURCES

In the year ended December 31, 2016, 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 the year ended December 31, 2016 the Company completed private placements for proceeds totaling $673,805 which included $250,000 proceeds from issuance of shares and $523,805 proceeds from the issuance of share subscriptions for shares to be issued. Interest payments on loans to directors and the NOHFC term loan were deferred. In addition, the Company received proceeds of $50,000 through the issuance of convertible debt.

Cash used in operating activities

The Company's total cash and cash equivalents at December 31, 2016, was $45,697 compared to $16,059 at December 31, 2015. Working capital deficit as at the same two dates was $5,083,200 compared to $3,784,958. At December 31, 2016 and December 31, 2015 the term loan payable to NOHFC of $2,315,700 and $2,225,048 respectively is presented as a current liability on the statement of financial position as it is in default with the current terms as it has not made interest payments to date. In 2016, $752,130 of mortgage payable became current.

For the year ended December 31, 2016, there was a net cash outflow from operating activities of $778,045 compared to $1,001,597 in 2015. The decrease in cash used is primarily due to the lower net loss in 2016.

Cash provided by financing activities

For the year ended December 31, 2016, cash provided by financing activities was $807,683 compared to $809,802 in the prior year. The slight decrease is due to lower proceeds of $250,000 raised from the issuance of common stock on private placements compared to $285,000 last year and partly offset by proceeds from the issuance of share subscriptions of $523,805 compared to the issuance of debt of $500,000 in 2015.

See Subsequent Events.

PROVISIONS, COMMITMENTS AND CONTINGENCIES

Except as noted below, the Company does not have any material commitments as at December 31, 2016, 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. Subsequent to year end, the Company settled this lawsuit and agreed to make payments totaling $255,000 over 25 equal installments of $10,200 per month commencing on April 15, 2017. [See subsequent events].

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. There has been no action taken by either side in over one year.

During 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 including Ontario Innovation Tax Credits received of $57,726. Management believes that the opinion of CRA is without merit and has submitted a rebuttal in writing to defend their position.

On April 20, 2017, subsequent to year end, the Company received a claim in the amount of $43,148 for unpaid accounts due for professional services provided. This amount is included in accounts payable and accrued liabilities at December 31, 2016.

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, 2016.

RELATED PARTY TRANSACTIONS

Transactions with related parties other than key management personnel

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, 2016 for interest on loans to the directors of $64,151 [2015 – $61,964] of which $Nil was paid [2015 – $27,000] and $56,250 [2015 - $27,000] was included in accounts payable and accrued liabilities and $7,901 [2015 - $7,964] included in loans payable as at December 31, 2016.

As at December 31, 2016, the Company has $71,001 [2015 – $72,267] 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 2016 amounted to $Nil [2015 – $25,000]. In 2016 the directors were not issued any issued shares [2015 – 250,000] or warrants [2015 – 37,500] as part of the private placement.

Transactions with key management personnel

The Company recognized as an expense during the year ended December 31, 2016 for compensation of $320,683 [2015 – $341,605] and share-based payment transactions of $61,028 [2015 – $78,888] with respect to key management personnel.

As at December 31, 2016, the Company has $331,597 [2015 – $134,121] included in accounts payable and accrued liabilities to key management personnel.

Proceeds from key management personnel as part of private placements in 2016 amounted to $Nil [2015 – $10,000]. In 2016, key management personnel were not issued any shares [2015 – 100,000] or warrants [2015 – 15,000] as part of the private placement.

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.

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.

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.

The following inputs were used in the Black Scholes pricing model for options and warrants for year ended December 31, 2016:

Black-Scholes assumptions used:	**2016**	**2015**
Expected volatility	169%	154%
Expected dividend yield	0.0%	0.0%
Risk free interest rate	0.70%	0.68%
Expected options life in years	5	5
Expected warrants life in years	2	2

During the year ended December 31, 2016, the Company granted 1,075,000 stock options with an exercise price of $0.11. These options vest over three years and have a five year term. 355,000 stock options at a price of $0.10 were cancelled during the year. This resulted in stock-based compensation expense for the year ended December 31, 2016 of $170,894 [2015 – $210,637]. The weighted average fair value of options granted during the period was $0.04 [2015 – $0.05]. As at December 31, 2016 the Company had 13,785,000 stock options outstanding.

The following table summarizes stock options granted during the year ended December 31, 2016:

Date Granted	Number Granted	Exercise Price	Expiry Date
March 14, 2016 (1)	200,000	$0.11	March 14, 2021
May 4, 2016 (1)	150,000	$0.11	May 4, 2021
June 30, 2016 (2)	725,000	$0.11	June 30, 2021

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

(1) Granted to directors of the Company
(2) Includes 100,000 granted to directors and 200,000 to officers of the Company

During the year ended December 31, 2016, 4,920,833 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 $233,872 was transferred from warrants to contributed surplus. As at December 31, 2016 the Company had 1,011,500 share purchase warrants outstanding. [See Subsequent Events]

NEW AND AMENDED 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, 2016. The nature and the impact of each new standard and amendment is described below:

Annual Improvements 2012 – 2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include the following:

IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*

Assets [or disposal groups] are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, but rather a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7, *Financial Instruments: Disclosures*

[i] Servicing contracts
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

[ii] Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19, *Employee Benefits*

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively

IAS 34, *Interim Financial Reporting*

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report [e.g., in the management commentary or risk report]. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments did not have any impact on the Company.

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 Chief Financial Officer ("CFO"), 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 and CFO 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 and CFO, with the TSX Venture Exchange. In those filings, the Company's CEO and CFO 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 and CFO 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 and CFO 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 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 and CFO, 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 and CFO have concluded that, as at December 31 2016, 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, 2016 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.

EWI 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, 2016 year-end financial statements, which have been audited on behalf of the shareholders by MNP, 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

During the year ended December 31, 2016 and 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 has a sales funnel that includes opportunities to sell plants to third parties that include ongoing royalty payments and maintenance agreements, as well as selling the plant by-products including carbon black, oil, steel and syngas..

As at December 31, 2016 the Company's intangible assets consisting of acquired in-process development costs and marketing rights were fully amortized with a net book value of Nil. These intangibles assets relate to the TR900 recycling prototype.

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 April 28, 2017:

	Number
Common shares	163,178,436
Issuable under options	13,785,000
Issuable under warrants	160,000
Total	**177,123,436**

Features of the options and warrants are described in Note 14 to the audited consolidated financial statements for the year ended December 31, 2016.

SUBSEQUENT EVENTS

The following events took place subsequent to December 31, 2016:

[a] On February 15, 2017, the Company received proceeds of $65,800 pursuant to a share subscription arrangement whereby the Company agreed to issue common shares at $0.10 per share.

[b] On March 3, 2017, the Company received proceeds of $33,333 pursuant to a share subscription arrangement whereby the Company agreed to issue common shares at $0.10 per share.

[c] On March 3, 2017 the Company entered into a conversion amendment agreement with the holder of the promissory note. This amendment permits the lender to convert the outstanding principal and accrued interest into common shares of the Company at any time prior to the third anniversary of the date of the loan provided that the lender together with its affiliated companies will not hold more than 20% of the Company's issued and outstanding shares. In consideration for being granted this conversion right the lender has agreed to the cancellation of 500,000 common share purchase warrants that were issued at the time the loan was made.

[d] On March 14, 2017, the Company settled its claim with a former CEO and agreed to make payments totaling $255,000 payable over 25 equal installments of $10,200 per month commencing on April 15, 2017. In addition, subject to approval from the TSXV, the Company agreed to grant 750,000 stock options to the former CEO at an exercise price of $0.10 with a term of five years expiring on April 15, 2022.

[e] On March 24, 2017, the holder of both the promissory note payable and convertible loan payable exercised their right for conversion and elected to convert their debt and accrued and unpaid interest into 11,562,710 common shares of the Company at $0.10 per common share.

[f] On March 31, 2017, 427,500 share purchase warrants expired.

[g] On April 12, 2017, the Company received proceeds of $938,000 in the form of a promissory note. The note bears interest at 6% per annum and is repayable on July 11, 2017. The Company has the option to extend the maturity for an additional 90 days. $855,300 of proceeds from the promissory note were used to repay the second mortgage of $735,000 and deferred interest and interest payable totaling $120,300

[h] On April 28, 2017 the Company completed a financing totaling $1,721,250. The Company issued 3,712,500 common shares at a price of $0.10 per common share for proceeds of $371,250, and a 10 year 5% unsecured convertible note payable for $1,350,000.The note payable is convertible at a conversion price of $0.11 per common share. Accrued interest is required to be paid annually and, for the first five years, may be payable in common shares of the Company, and is subject to TSXV approval. $135,000 of proceeds from this financing will be used to repay a portion of the promissory note issued on April 12, 2017, while the remainder will be used for working capital purposes. The Company has converted $157,701 of debt into common shares. Of this debt, $107,201 were loans due to directors of the Company and were converted at $0.10 per common share for a total of 1,072,010 common shares. 84,000 warrants pertaining to these loans were cancelled. $50,500 of the debt representing a convertible loan payable was also converted at $0.10 per common share for a total of 505,000 common shares.

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.