This "Management's Discussion and Analysis" ("MD&A") has been prepared as of May 30, 2018, and should be read in conjunction with the interim condensed consolidated financial statements of Environmental Waste International Inc. (the "Company", "EWI") for the three months ended March 31, 2018 and 2017. The Company's interim condensed 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 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. After successfully running for five years as a pilot facility conducting research and development the Plant is currently undergoing an environmental review by the Ontario Ministry of Environment.

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 several milestones upgrading its pilot plant and making it more efficient with enhanced capabilities.

The Company has 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

The focus of the Company during 2017 and continuing in 2018 is to:

- Complete the process of obtaining permanent environmental permits.
- Secure long-term financing
- Arrange for financing for the upgrade of the Company's full-scale pilot plant in Sault Ste. Marie
- Make progress towards commercial sale of EWI technology in the form of a plant sale to a third party
- File Additional patents
- Renew the second year of a five-year contract with the US Department of Agriculture to maintain its liquid biological waste unit.

OUTLOOK AND GROWTH STRATEGY

Tire stockpiles and landfills, many of them are 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. 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 in an environmentally safe manner.

Carbon Black is a commodity with a huge market. More than 13.5 million tonnes of carbon black are sold every year and demand is growing. Currently, demand slightly exceeds supply and prices are continuing to rise. The Company has a number of significant relationships in various parts of the world including Asia. Excluding Japan, Asia will be the fastest-growing region in the world, followed by Central and Eastern Europe. The virgin Carbon Black industry is coming 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, Australia, the UK, Israel and Italy. The Company is also evaluating a number of potential partners in China.

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 this waste. EWI believes it has 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 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. Where these manufacturers 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 $500,000 debt in 2015 and $773,805 through units issued from private placements or share subscriptions, as well as $50,000 in convertible debt in 2016.

During 2017 the Company successfully raised total proceeds of $2,972,383 through a combination of debt and equity. $855,300 proceeds from these financings was used to repay the second mortgage of $735,000 and deferred interest and interest payable totaling $120,300. The Company improved its balance sheet through the restructuring of debt. $1,156,271 of debt was converted to into 11,156,271 common shares of the Company at a price of $0.10 per common share. The Company converted $157,701 of loans into common shares including loans from directors in the principal amount of $84,000 plus interest and $50,000 third party loan plus interest. Finally, the Company repaid the NOHFC $339,762 representing all unpaid and accrued interest on its term loan.

During the three months ended March 31, 2018 the following financing transactions occurred:

- In January 2018, the Company received proceeds of $150,930 pursuant to share subscription arrangements whereby the Company agreed to issue common shares at $0.10 per share.
- On March 6, 2018 the promissory note payable held by the Company was increased by an additional $172,000 to $1,075,000 and the maturity date was deferred until June 30, 2018.

Subsequent to the period on April 13, 2018 an additional $94,500 was received increasing the note payable to $1,169,500 and on May 22, 2018 the promissory note payable was increased by an additional $159,825 to $1,329,325.

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 three months ended March 31, 2018, and up to the date of this MD&A:

Financial Highlights during the period

- During the three months ended March 31, 2018, the Company incurred net losses of $362,141 compared with $446,762 in the three months ended March 31, 2017. On a per share basis, for the first quarter of 2018, the Company incurred net losses of $0.002, compared to $0.003 the corresponding period in 2017.

- During the three months ended March 31, 2018, the Company used $300,356 of cash for operating activities, as compared to $130,901 for the three months ended March 31, 2017. The increase is primarily due to the payment of accounts payable, and the payment of provision relating to the settlement of a legal claim to a former CEO of $30,600 during Q1 2018.

Operating Highlights during the period

The company continues to improve its technology via research and development and progress in marketing activities. New and profitable outlets for Carbon Black have been developed and plant sales have moved closer to conclusion. Through continued testing, the Company has been able to significantly reduce the capital cost of a plant, increased throughput and reduced 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 over 75% 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 months ended March 31, 2018 and 2017.

(Unaudited)	**Three months ended and as at March 31, 2018**	Three months ended and as at March 31, 2017
Net loss	**(362,141)**	(446,762)
Loss per share	**(0.002)**	(0.003)
Weighted average number of shares outstanding	**163,848,069**	141,090,527
Total assets	**1,393,612**	1,434,918
Working capital (deficiency)	**(2,214,896)**	(4,715,640)
Shareholders' equity (deficiency)	**(4,492,458)**	(3,499,320)

DISCUSSION OF OPERATING RESULTS

The following table summarizes the Company's operating results for the three months ended March 31, 2018 and 2017.

(Unaudited)	**Three months ended March 31,2018**	Three months ended March 31, 2017
	$	$
Revenue	**61,663**	41,296
Operating, labour and manufacturing expense	**306,577**	343,804
Stock based compensation expense	**18,232**	27,445
Depreciation expense	**21,315**	22,000
Finance expense	**51,675**	62,731
Accretion expense	**22,680**	76,143
Gain on settlement of debt	**-**	(44,977)
Foreign exchange loss	**3,325**	912
Net loss and comprehensive loss	**(362,141)**	(446,762)
Attributable to shareholders	**(362,141)**	(446,762)
Attributable to non-controlling interests	-	-
Loss per share – basic and diluted	**(0.002)**	(0.003)

Three months ended March 31, 2018 and 2017

The Company receives the majority of revenues from a maintenance contract and an extended warranty contract with a client in the US. During the three months ended March 31, 2018 revenues of $61,663 were higher compared to revenues of $41,296 during the same period in 2017 primarily due to timing of maintenance work.

Net loss of $362,141 in the three months ended March 31, 2018 was lower than the loss of $446,762 during the same period in 2017 due to higher revenues, lower operating costs, lower noncash expenses such as stock compensation and accretion expense as well as lower finance expenses.

Operating, labour and manufacturing expenses of $306,577 in the three months ended March 31, 2018 were lower than $343,804 in the same period last year due to lower engineering consulting fees and occupancy costs.

Stock Compensation expense of $18,232 in Q1 2018 was lower than $27,445 in Q1, 2017 due to lower number of options vesting during this period compared to the same period last year.

Finance expense in the three months ended March 31, 2018 was $51,675 compared to $62,731 in 2017 due to several loans being repaid subsequent to first quarter of 2017 resulting in lower interest incurred in Q1 this year compared to Q1 last year.

Accretion expense of $22,680 during Q1, 2018 was lower than $76,143 in Q1, 2017. The $76,143 recorded in 2017 represented full accretion on the $500,000 loan payable on conversion on March 24, 2017.

During Q1 2017 the Company recorded a gain on settlement of debt of $44,977 on conversion of $500,000 convertible loan to common shares on March 24, 2017.

The following tables present an analysis of the operating, labor and manufacturing expenses of the Company for the three months ended March 31, 2018 and 2017.

(unaudited)	**Three months ended March 31,2018**	Three months ended March 31, 2017
	$	$
Research and development - TR900	**20,083**	2,279
Salaries and benefits	**92,959**	88,445
General and administrative	**40,921**	44,651
Marketing, promotion and travel	**13,314**	19,373
Consulting fees	**66,668**	100,243
Legal, audit, regulatory	**34,556**	37,013
Occupancy costs	**38,076**	51,636
Total	**306,577**	343,640

Three months ended March 31, 2018 and 2017

Research and development costs relate to the TR900 tire recycling project and include development costs that are not eligible for capitalization. The amount of $20,083 in the three months ended March 31, 2018 is higher than $2,279 in 2017 as in Q1, 2017 development work was deferred.

Salaries and benefits of $92,959 in the three months ended March 31, 2018 were slightly higher than $88,445 in the three months ended March 31, 2017 due to cost of living salary increases.

General and administrative costs of $40,921 in the three months ended March 31, 2018 were lower than $44,651 in the same period of 2017 primarily due to lower insurance costs in the quarter.

Marketing, promotion and travel expenses of $13,314 for the three months ended March 31, 2018 were lower than prior year's first quarter amount of $19,373 due to less promotional travel costs during 2018 compared to 2017 at the same time.

Consulting fees of $66,668 for the three months ended December 31, 2017 were lower than prior year's amount of $100,243 in Q1. The decrease is primarily due to lower engineering fees during the first quarter 2018 compared to 2017, as well as a reduction of $6,600 in expenses in Q1 2018 for settlement of accounts payable at a lesser amount than owed.

Legal, audit and regulatory expenses of $34,556 in the first quarter compared to $37,013 in the first quarter of 2017. The Company incurred consistent legal and regulatory fees but reduced expenses in Q1 2018 by a credit of $6,000 relating to settlement of accounts payable for a lower amount.

Occupancy costs of $38,076 in the three months ended March 31, 2018 were lower than $51,636 incurred in the same period last year primarily due lower rent expense from favorable rates negotiated with the office lease renewal at the end of 2017, and for fees earned with the rental of excess space in 2018.

QUARTERLY FINANCIAL INFORMATION

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

	2018 (unaudited)	2017 (unaudited)				2016 (unaudited)		
	March 31	**Dec 31**	**Sept 30**	**June 30**	**March 31**	**Dec 31**	**Sept 30**	**June 30**
Net loss ($)	362,141	642,094	253,346	435,754	446,762	354,696	333,655	443,326
Weighted average # of Shares (000's)	163,848	156,843	163,178	159,624	141,090	140,191	140,191	140,191
Loss per share ($)	(0.002)	(0.004)	(0.002)	(0.003)	(0.003)	(0.003)	(0.002)	(0.003)

LIQUIDITY AND CAPITAL RESOURCES

In the three months ended March 31, 2018, 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 debts and government grants and tax credits. The Company has been in the development phase and in transition to commercialization 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 2017 the Company raised significant funds through a private placement financing and issuance of new debt, as well repaid old debt and converted old debt to common shares. In the first quarter of 2017, The Company converted debt amounting to $1,156,271 into common shares.

The Company received net proceeds of $903,000 in the form of a promissory note. $855,300 of proceeds from the promissory note were used to repay the second mortgage of $735,000 and deferred and accrued interest totaling $120,300. This note was subsequently increased by $172,000 in the first quarter of 2018 to $1,075,000.

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 5 year 5% unsecured convertible note payable for $1,350,000. At that time, the Company also 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. $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. In addition, 6,135,011 commons shares of the Company were issued to holders of subscription agreements.

On May 8, 2017, the Company repaid the NOHFC $339,762 representing all unpaid and accrued interest up to that date, and renegotiated the terms of their agreement to correlate better with the cash flows of EWI.

During Q1, 2018 the Company raised $264,930 proceeds through private placements at a price of $0.10 for working capital purposes.

Cash used in operating activities

The Company's total cash and cash equivalents at March 31, 2018, was $45,657 compared to $27,537 at December 31, 2017. Working capital deficit as at the same two dates was $2,214,896 compared to $2,016,320. The increase in working deficit is mainly due to the increases in the promissory note of $172,000 during the first quarter of 2018.

For the three months ended March 31, 2018, there was a net cash outflow from operating activities of $300,356 compared to $130,901 in the period ended March 31, 2017. The lower amount of cash used in operating activities in Q1 2018 can be explained by lower payments of accounts payable in 2018 compared to 2017.

Cash provided by financing activities

For the three months ended March 31, 2018, cash provided by financing activities was $318,476 compared to $94,783 in the same period in the prior year. The higher amount of cash received is due to an additional advance on the promissory note of $172,000 and slightly higher proceeds received from the issuance of share subscriptions of $150,930 versus $99,133.

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").

PROVISIONS, COMMITMENTS AND CONTINGENCIES

Except as noted below, the Company does not have any material commitments as at March 31, 2018, or the date of this MD&A.

The Company is committed under a long-term lease for its premises, which expires on August 31, 2022.
Future approximate minimum lease payments for the ensuing five years excluding the estimated tenant's share of operating expenses and realty taxes required under leases for the rental of premises are as follows:

	$
2018	72,939
2019	72,939
2020	72,939
2021	72,939
2022	48,626
	340,382

Contingencies

Under its by-laws, the Company indemnifies its directors/officers, former directors/officers and individuals who have acted at the Company's request to be a director/officer of an entity in which the Company is a shareholder, to the extent permitted by law, against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by the directors and officers as a result of any lawsuit or any judicial, administrative or investigative proceeding in which the directors and officers are sued as a result of their service. Indemnification claims will be subject to any statutory or other legal limitation period. There are no indemnification claims known to the Company at this time. The Company has purchased directors' and officers' liability insurance. No amount has been accrued in these consolidated financial statements with respect to any indemnifications.

During the ordinary course of business activities, the Company may be party to claims and may be contingently liable for litigation. Management believes that adequate provisions have been made in the accounts where required. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse effect on the consolidated financial position of the Company.

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 period ended March 31, 2018.

RELATED PARTY TRANSACTIONS

Transactions with related parties other than key management personnel

During the three months ended March 31, 2018, 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 three months ended March 31, 2018 for interest on loans to directors of $30,941 [2017 – $2,836]. At March 31, 2018, $49,493 was included in promissory note payable and $61,875 was included in convertible loan payable [December 31, 2017 - $35,427].

As at March 31, 2018, the Company has $51,215 [December 31, 2017 – $51,215] included in accounts payable and accrued liabilities owing to directors.

Transactions with key management personnel

The Company recorded compensation expense during the three months ended March 31, 2018 in the amount of $74,556 [2017 – $84,605] and share-based compensation in the amount of $4,905 [2017 – $8,262] to key management personnel.

Accounts payable as at March 31, 2018, includes $364,805, [December 2017 – $339,042] related to compensation of key management personnel.

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.

During the three months ended March 31, 2018 there were no stock options granted or canceled. In 2017, the Company granted 1,400,000 stock options with an exercise price of $0.10. These options vest over three years and have a five-year term. Stock-based compensation expense for the three months ended March 31, 2018 was $18,232 [2016 – $27,445]. As at March 31, 2018 the Company had 14,625,000 stock options outstanding, consistent with December 31, 2017.

During the three months ended March 31, 2018 there were no warrant transactions. In 2017, 744,000 warrants were cancelled on conversion of loan payable and 427,500 warrants expired. Pursuant to the financing that closed on April 28, 2017, the Company issued 3,712,500 common share purchase warrants at a price of $0.11 for a period of five years.

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, 2018. The nature and the impact of each new standard and amendment is described below:

IFRS 9, *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* that replaces IAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The adoption of IFRS 9 will not have a material effect on the classification and measurement of the Company's financial assets, and no impact on the classification and measurement of the Company's financial liabilities.

IFRS 16, *Leases*

IFRS 16 was issued in January 2016 and requires lessees to recognize assets and liabilities for most leases. For lessors, there is little changed to the existing accounting in IAS 17 *Leases*.

The new standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted, provided the new revenue standard, IFRS 15, has been applied, or is applied at the same date as IFRS 16. The Company is in the process of assessing the impact of this standard on the Company's consolidated financial statements.

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 will 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 will 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, 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 March 31 2018, 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 March 31, 2018 unaudited interim condensed 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.

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 three months ended March 31, 2018 and throughout 2017, 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.

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.

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 30, 2018:

	Number
Common shares	165,827,736
Issuable under options	14,625,000
Issuable under warrants	3,712,500
Total	**184,165,236**

Features of the options and warrants are described in Note 8 to the interim condensed consolidated financial statements for the year three months ended March 31, 2018.

SUBSEQUENT EVENTS

On April 13, 2018 the promissory note payable held by the Company was increased by an additional $94,500 to $1,169,500 and on May 22, 2018 the promissory note payable was again increased by an additional $159,825 to $1,329,325.

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.