This "Management's Discussion and Analysis" ("MD&A") has been prepared as of July 31, 2019, 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, 2018 and 2017. 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 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 2018 which continues through 2019 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 sales of EWI's technology in the form of a plant sale to a third party
- File Additional patents
- Renew the third 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, Nepal 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 and debt. Through fiscal 2011 to 2016 the Company raised just under $9 million through private placement equity financings and $1 million in debt.

In 2017 the Company raised significant funds through a combination of debt and equity and improved its balance sheet through the restructuring of debt. The Company received net proceeds of $2,253,000 in the form of a debt and $584,383 through equity private placements. $855,300 of proceeds were used to repay a second mortgage of $735,000 and accrued interest totaling $120,300 and the Company repaid the NOHFC $339,762 representing all unpaid and accrued interest on its term loan, and amended their loan agreement for more favorable terms.

In addition, The Company converted older debt amounting to $1,156,271 into common shares as well as loans totaling $157,701 into common shares.

During the year ended December 31, 2018 the following financing transactions occurred:

- The promissory note payable to a Director of the Company was increased by and additional $634,210 for a principal of $1,537,209
- Raised $150,930 proceeds through additional private equity

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, 2018, and up to the date of this MD&A:

Financial Highlights during the period and year

- During the three months ended December 31, 2018, the Company incurred net losses of $92,151 compared with $642,094 during the three months ended December 31, 2017. On a per share basis, for the three months ended December 31, 2018, the Company incurred net losses of $0.001, compared to $0.004 the corresponding period in 2017. Included in Q4 2018 was a gain of $277,787 compared to a loss of $290,454 in Q4 ,2017 for change in fair value of derivative, a non-cash item, which accounts for the majority of the decrease in the loss in 2018 compared to 2017.
- On a year to date basis, for the year ended December 31, 2018, the Company incurred net losses of $1,142,905 or $0.01 loss per share compared to $1,777,956 or $0.01 in 2017.
- During the year ended December 31, 2018, the Company used $781,108 of cash for operating activities, as compared to $1,643,351 for the year ended December 31, 2017. The decrease is primarily due to the lower payments of accounts payable in 2018 compared to 2017.

Operating Highlights during the year

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, 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 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. The company's microwave process is also being tested to dry and extract high value commodities from other organic substances.

A total of 1,605,000 stock options with exercise prices ranging from $0.10 to $0.20 expired during the year ended December 31, 2018.

On July 3, 2018, the Company granted a total of 1,485,000 stock options, including 1,000,000 to Directors and Officers and 485,000 to employees and consultants. All stock options were issued with an exercise price of $0.10, vesting over 3 years with an expiry date of July 3, 2023.

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		
	2018 **$**	2017 $	2016 $
Net loss	**(1,142,905)**	(1,777,956)	(1,641,095)
Loss per share	**(0.01)**	(0.01)	(0.01)
Weighted average number of shares outstanding	**165,341,426**	156,842,739	140,043,681
Total assets	**1,293,633**	1,391,814	1,486,079
Working capital (deficiency)	**(5,323,339)**	(2,851,161)	(5,083,200)
Shareholders' equity (deficiency)	**(5,221,122)**	(4,229,479)	(4,335,407)

DISCUSSION OF OPERATING RESULTS

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

	Three Months Ended December 31 (unaudited)		Year Ended December 31 (audited)	
	2018	2017	**2018**	2017
	$	$	**$**	$
Revenue	**68,881**	56,857	**221,089**	197,769
Operating, labour and manufacturing	**314,871**	351,204	**1,156,894**	1,306,407
Stock based compensation expense	**18,034**	19,431	**70,332**	95,237
Depreciation of property and equipment	**21,315**	21,712	**85,261**	86,849
Finance expense	**59,741**	50,230	**225,652**	214,456
Accretion expense	**25,327**	41,821	**97,778**	136,624
Gain on settlement of debt	**-**	(94,621)	**-**	(139,598)
Government assistance	**-**	-	**-**	(48,154)
Write down of loan receivable	**-**	18,817	**-**	18,817
Foreign exchange loss (gain)	**(469)**	(97)	**5,864**	14,633
(Gain)/loss on fair value of derivative	**(277,787)**	290,454	**(277,787)**	290,454
Net loss and comprehensive loss	**(92,151)**	(642,094)	**(1,142,905)**	(1,777,956)
Attributable to shareholders	**(92,151)**	(642,094)	**(1,142,905)**	(1,777,956)
Attributable to non-controlling interests	-	-	-	-
Loss per share – basic and diluted	**(0.001)**	(0.004)	**(0.01)**	(0.01)

Three months ended December 31, 2018 and 2017

The Company receives revenues from a maintenance contract and an extended warranty contract with a client in the US. Additionally, in 2018, the Company earned minimal revenues from the testing of by products for third parties. During the three months ended December 31, 2018 revenues of $68,881 were higher compared to revenues of $56,857 during the same period in 2017 due to $9,750 of revenues from by product testing earned in Q4 2018.

Net loss of $92,151 in the three months ended December 31, 2018 was lower than the loss of $642,094 during the same period in 2017 primarily due a non-cash item relating to the change in fair value of derivative which was a gain of $277,787 in 2018 compared to a loss of $290,454 in 2017. In addition, accretion expense and operating, labour and manufacturing expenses were lower in 2018 compared to 2017.

Operating, labour and manufacturing expenses of $314,871 in the three months ended December 31, 2018 were lower than $351,204 in the same period last year due to lower research and development costs and professional and consulting fees.

Stock Compensation expense of $18,034 in Q4 2018 was slightly lower than $19,431 in Q4, 2017 due to the timing of vesting of options.

Finance expense in the three months ended December 31, 2018 was $59,741 compared to $50,230 in 2017 due to more interest expense on the promissory loan from a higher loan balance throughout 2018 compared to 2017.

Accretion expense of $25,327 during Q4, 2018 was lower than $41,821 in Q4, 2017. Accretion expense relates to the convertible loan issued in 2017. Q4 2017 included an adjustment which explains the higher expense in 2017 compared to 2018.

During the fourth quarter of 2017 the Company recorded a gain on settlement of debt of $94,621 on conversion of loans payable to directors and a third party to commons shares.

In 2017, the Company also determined to write off a loan receivable and recorded a loss of $18,817.

The Change in value of derivative liability was a gain of $277,787 in Q4 2018 based on the valuation inputs at that date compared to a loss of $290,454 in Q4, 2017.

Year ended December 31, 2018 and 2017

Revenues in 2017 were $221,089 compared to $197,769 in 2017. The increase was primarily due new revenues of $24,600 earned in 2018 from testing of by product.

Net loss of $1,142,905 in 2018 was lower than prior year's loss of $1,777,956 by $635,051. This decrease is mainly attributable to the inclusion of a non-cash item change in fair value of derivative which was a gain of $277,787 in 2018 compared to a loss of $290,454 in 2017. In addition, 2018 had lower operating, labour and manufacturing costs, partially offset by higher financing costs.

Stock-based compensation expense of $70,332 in 2017 was lower than $95,237 in 2017 due to lower expense from a lower number of options vesting in 2018 compared to 2017.

Depreciation expense of $85,261 during the year ended December 31, 2018 was slightly lower than $86,849 in the prior year, due to declining balance depreciation rates on certain assets.

Finance expenses of $225,652 in 2018 were higher than $214,456 in 2017 due to a higher principal balance on the promissory note payable from additional proceeds received throughout 2018.

Accretion expense of $97,778 during 2018 was lower than $136,624 in 2017. 2017 included accretion expense relating to two loans, one of which was converted during 2017. For comparative purposes, accretion on the convertible loan payable outstanding at December 31, 2018 was $60,481 in 2017 for the eight month period from issuance on April 28, 2017 to December 31, 2017 compared to $97,778 for the full year ended December 31, 2018.

The total gain on settlement of debt of $139,598 in 2017 related to the conversion of debt to equity including a $500,000 convertible loan payable issued in 2015 as well as directors loans for $107,201 and a third party convertible loan of $50,501. This gain represents the difference between the carrying value of the debts and the fair value of the equity on the date of conversion.

Government assistance includes scientific research and experimental development ("SR&ED") tax credits received during the year. In 2017, the Company received $48,154 of SR&ED tax credits. In 2018 the Company did not file for SR&ED tax credits as research and development costs were not significant.

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, 2018 and 2017.

	Three Months Ended December 31 (unaudited)		Year Ended December 31 (audited)	
	2018	2017	**2018**	2017
	$	$	**$**	$
Research and development - TR900	**14,121**	34,538	**26,099**	27,682
Salaries and benefits	**76,804**	82,152	**329,800**	335,359
General and administrative	**59,515**	61,413	**173,176**	205,906
Marketing, promotion and travel	**12,999**	18,411	**62,379**	75,306
Consulting fees	**45,623**	66,219	**229,887**	310,533
Legal, audit, regulatory	**59,318**	55,862	**180,752**	177,599
Occupancy costs	**46,491**	32,609	**154,801**	174,022
Total	**314,871**	351,204	**1,156,894**	1,306,407

Three months ended December 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 $14,121 in the three months ended December 31, 2018 is lower than $34,538 in 2017 as the current year had significantly reduced activity.

Salaries and benefits of $76,804 in the three months ended December 31, 2018 were slightly lower than $82,152 in the three months ended December 31, 2017 due to a plant supervisor in the Sault Saint Marie facility working only part time in 2018.

General and administrative costs of $59,515 in the three months ended December 31, 2018 were slightly lower than $61,413 in the same period of 2017 primarily due to lower office supplies and telecommunications costs.

Marketing, promotion and travel expenses of $12,999 for the three months ended December 31, 2018 were lower than prior year's fourth quarter amount of $18,411 due to less travel costs related to promotional activities during 2018 compared to 2017.

Consulting fees of $45,623 for the three months ended December 31, 2018 were lower than prior year's amount of $66,219. The decrease is due to lower third party engineering costs relating to environmental assessments.

Legal, audit and regulatory expenses of $59,318 in the fourth quarter compared to $55,862 in the three months ended December 31, 2017. This slight increase in legal and regulatory expense is timing only, as on a year to date basis the fiscal 2018 amount is slightly higher than 2017. Overall, these costs are comparable year over year.

Occupancy costs of $46,691 in the three months ended December 31, 201 were higher than $32,609 in the same period last year. This difference can be explained by financing charges accrued on realty taxes.

Year ended December 31, 2018 and 2017

Research and development costs were $26,099 for the year ended December 31, 2018 and compares to $27,682 incurred in 2017, just a very slight decrease year over year. In both 2018 and 2017 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 $329,800 in 2018 were lower than $335,359 in 2017. This decrease is due to lower payroll costs due to certain employees working part time in 2018.

General and administrative costs were $173,176 in 2018 which were lower than $205,906 the prior year due to lower insurance costs and office administration expenses.

Marketing, promotion and travel costs of $62,379 in 2018 were lower than $75,306 incurred in 2017. The decrease was due to less international travel in the current year.

Consulting fees of $229,887 for 2018 were lower than prior year of $310,533. In 2017 the Company incurred more engineering consulting fees for environmental assessments.

Legal, audit and regulatory expenses of $180,752 in 2018 were slightly higher compared to $177,599 last year due to slightly higher accounting fees.

Occupancy costs of $154,801 in 2018 were lower compared to $174,022 in 2017 year primarily due to lower rent for the Ajax head office due to less space taken.

QUARTERLY FINANCIAL INFORMATION

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

	2018 (Unaudited)				2017 (Unaudited)			
	Dec 31	**Sept 30**	**June 30**	**March 31**	**Dec 31**	**Sept 30**	**June 30**	**March 31**
Net loss ($)	92,151	306,784	381,829	362,141	642,094	253,346	435,754	446,762
Weighted average #of Shares (000's)	165,827	165,827	165,827	163,848	163,178	163,178	159,624	141,090
Loss per share ($)	(0.001)	(0.002)	(0.002)	(0.002)	(0.004)	(0.002)	(0.003)	(0.003)

LIQUIDITY AND CAPITAL RESOURCES

In the year ended December 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 as follows:

The Company received net proceeds of $2,253,000 in the form of a debt and $584,383 through equity private placements. $855,300 of proceeds were used to repay a second mortgage of $735,000 and accrued interest totaling $120,300 and the Company repaid the NOHFC $339,762 representing all unpaid and accrued interest up to that date

In addition, The Company converted older debt amounting to $1,156,271 into common shares as well as loans totaling $157,701 into common shares.

During 2018 the Company raised $150,930 through private placements by issuing common shares and received proceeds of $634,210 by increasing its promissory note payable.

Cash used in operating activities

The Company's total at December 31, 2018, was $13,382 compared to $27,537 at December 31, 2017. Working capital deficit as at the same two dates was $5,323,539 compared to $2,851,161. The increase in working deficit is mainly due to the increase in promissory note payable from $938,427 to $1,648,794 the re-classification of the NOHFC term loan of $2,133,333 to current liabilities as repayments did not commence in 2018.

For the year ended December 31, 2018, there was a net cash outflow from operating activities of $781,108 compared to $1,643,351 in the year ended December 31, 2017. The lower amount of cash used in operating activities in 2018 can be explained by fewer payments of accounts payable and deferral of installments for the provision.

Cash provided by financing activities

For the year ended December 31, 2018, cash provided by financing activities was $766,953 compared to $1,625,191 in the prior year. In 2017, the Company refinanced its balance sheet and raised significant funds of approximately $2.8 million through both debt and equity, of which $1.2 million was used to repay old debt. In 2018, the Company continued to raise the necessary cash for operating activities primarily by increasing it promissory note by $634,210 and an equity issuance totaling $150,903.

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 December 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:

	$
2019	72,939
2020	72,939
2021	72,939
2022	48,626
	267,443

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 year ended December 31, 2018.

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:

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, 2018 for interest on loans to the directors of $143,987 [2017 – $54,616]. At December 31, 2018, $223,514 was included in loans payable [December 31, 2017 - $32,613)

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

Transactions with key management personnel

The Company recorded compensation expense during the year ended December 31, 2018 in the amount of $287,773 [2017 – $319,017] and share-based compensation in the amount of $42,949 [2017 – $70,350] to key management personnel.

Accounts payable as at December 31, 2018, includes $482,504 [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.

As at December 31, 2018 the Company had 14,505,000 stock options outstanding. A total of 1,605,000 stock options with exercise prices ranging from $0.10 to $0.20 expired during the year. On July 3, 2018, the Company granted a total of 1,485,000 stock options, including 1,000,000 to Directors and Officers and 485,000 to employees and consultants. All stock options were issued with an exercise price of $0.10, vesting over 3 years with an expiry date of July 3, 2023. Stock-based compensation expense for the year ended December 31, 2018 was $70,332 [2016 – $95,237].

The following table summarizes stock options granted during the year ended December 31, 2018:

Date Granted	Number Granted	Exercise Price	Expiry Date
July 3,2018(1)	1,485,000	$0.10	July 3, 2023

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

(1) Includes 1,000,000 granted to directors and officers of the Company.

There were no warrant transactions during 2018. During 2017 the following warrant transactions occurred:

[i] 500,000 common share purchase warrants were cancelled on conversion of loan payable.

[ii] 427,500 common share purchase warrants that entitled the holder to acquire an additional common share at $0.10 per share expired.

[iii] Pursuant to a financing, the Company issued 3,712,500 common share purchase warrants at a price of $0.11 for a period of five years. As well as 160,000 common share purchase warrants were issued at $0.10 and expire on November 12, 2017. 84,000 common share warrants at a $0.20 were cancelled with the repayment of the associated director's loans.

[iv] On November 12, 2017 160,000 common shares purchase warrants at $0.10 were cancelled.

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 was adopted effective January 1, 2018 as described under the section "Financial Instruments". Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively. The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. The application of IFRS 9 has not resulted in any differences between the previous carrying amounts and the carrying amounts at the date of initial application of IFRS 9.

IFRS 15 – Revenue from Contracts with Customers is effective for annual periods beginning on or after January 1, 2018 and provides new requirements for recognizing revenue. IFRS 15's core principle is for a company to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. IFRS 15 sets out enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements. The pattern of revenue recognition has remained unchanged as a result of adoption of this standard.

Standards issued and not yet adopted

In January 2016, the IASB issued IFRS 16, Leases, effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. IFRS 16 will replace IAS 17, Leases. The Company intends to adopt IFRS 16 in its financial statements for the fiscal year beginning on January 1, 2019.

IFRS 16 removes the distinction between operating and finance leases from the lessee's perspective and introduces a single lessee accounting model. The standard requires a lessee to recognize a "right of use" asset and a corresponding lease liability for substantially all leases, with the exception of leases with terms less than 12 months and leases of low value assets. Requirements for lessor accounting are largely unchanged from IAS 17. IFRS 16 will also result in reclassification of the nature of lease expenses to depreciation and interest expense, from their classification of "premises expense" under IAS 17.

IFRS 16 offers a range of transition options. The Company plans to apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16, if any, will be recognized as an adjustment to opening retained earnings as at January 1, 2019, with no restatement of comparative information.

Based on the information currently available, the Company estimates that it will recognize a lease liability and right to use asset of approximately $112,000 as of January 1, 2019.

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 December 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 December 31, 2018 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, 2018 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, 2018 and to date in 2019, 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 technology enhancements and progress towards commercial operations.

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 July 31, 2019:

	Number
Common shares	175,327,736
Issuable under options	11,843,750
Issuable under warrants	3,712,500
Total	**190,883,986**

Features of the options and warrants are described in Note 10 to the audited consolidated financial statements for the year ended December 31, 2018.

SUBSEQUENT EVENTS

i In May 2019 the Company received proceeds of $475,000 pursuant to a share subscription arrangements whereby the Company agreed to issue 9,500,000 common shares at $0.05 per share and one half of a warrants at $0.20.

ii A director of the Company made advances to the Company totaling $126,564 as follows:

January 30, 2019	$32,980
March 11, 2019	$33,535
April 1, 2019	$33,343
April 22, 2019	$26,706

iii The Company issued the following stock options to a Consultant providing business development services to the Company. These stock options vest on the date of grant and have a five year term.

January 31, 2019	237,500 options at $0.18 and 118,750 options at $0.10
June 1, 201,	175,000 options at $0.18 and 87,500 options at $0.10

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.