This "Management's Discussion and Analysis" ("MD&A") has been prepared as of April 25, 2014, 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, 2013 and 2012. 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 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. The forward-looking statements are not historical facts, but reflect the Company's current expectations regarding future results or events. 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

Environmental Waste International Inc. develops innovative products for waste treatment and disposal. The Company's focus is on recycling waste rubber into valuable by products, which can then be reused to manufacture virgin rubber products. The Company researches, designs, develops, sells, and maintains technologically advanced products based on the patented Reverse Polymerization™ Process (RP) and proprietary delivery system. The Company believes its products will ultimately achieve widespread acceptance. The public, governments and industries worldwide are recognizing the need for technology to deal with the processing, treatment and eventual disposal or recycling of tires in an environmentally safe and responsible manner. EWI provides unique and effective solutions to many of these challenges.

To date, EWI has designed and sold 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.

The Company is currently focused on the design and commercialization of its technology for the recycling and recapture of used tires and other rubber waste. The Company's main recent achievement is the TR900 Pilot Plant Tire System (the "System"). The TR900 pilot plant breaks the molecular bonds in a tire and other rubber products, reducing them to their base components: carbon black, steel and hydrocarbon vapours. The off-gas system processes the vapours to recover the oil and then treats and scrubs the remaining gas for use as a fuel in the power generation system that runs the plant. The carbon black, oil, and steel are collected and can be recycled into virgin rubber products.

In 2012, EWI completed the installation, calibration and testing of the TR900 and all of its subsystems. The Ministry of Environment gave approval to begin testing and operation of the complete TR900 System. In addition, Ellsin, a wholly owned subsidiary of EWI, was granted conditional processor status by the Ontario Tire Stewardship, which provided a supply of tires during the testing and commissioning phase. To be granted permanent processor status, Ellsin must have contracts with purchasers for the by products. The TR900 is producing carbon black that is better than any previously recovered from earlier EWI systems. The TR900 has successfully produced electrical power blending tire gas with natural gas.

Late in 2012, EWI announced that it successfully completed several runs of the TR900 Pilot Plant, which were conducted to test modifications to the System and to allow a third party consultant to collect data on the Systems' operating parameters. At that time, EWI was informed by the gas generator provider that contrary to its prior representations, the generator's emissions require post-combustion treatment to meet the Ontario Ministry of Environment's (MOE) permitted air emissions. EWI applied for an amended permit to allow for the additional emission equipment. EWI used this time to modify the System and begin initial design work on a commercial plant. In December 2012 the Company received its new Environmental Compliance Approval ("ECA") permit from the Ontario Ministry of Environment.

During 2013, the Company made technical refinements to the System and the production of its main by product, carbon black. EWI made significant improvements in its ability to expeditiously process the dry removal of carbon black. By the end of the year, the Company successfully completed a continuous four day (100 hour) run of its TR900 facility, a milestone towards the goal of continuous 24/7 operation of its tire and rubber waste facility and its commercialization.

OUTLOOK AND GROWTH STRATEGY

The Company is working to secure a first commercial sale. An off-take agreement for the Company's main by product, carbon black, would seriously improve the sale potential of a facility. An off-take agreement could lead to a number of sales with prospective clients that have signed letters of intent. The signing of an by product agreement will also expand the Company's sales pipeline. Carbon black is a specialty product with a large market, with more than 10 million tons of carbon black sold every year. Demand for carbon black in North America currently slightly exceeds supply. The Company is in an excellent market position as it enters the commercialization phase.

Apart from the global tire issue, most rubber manufacturers have a significant issue with their production waste. In many cases, landfill or incineration is the only option for thousands of tons of production waste. EWI seems to have the only technology in the world that can deal with this difficult scrap, especially where raw rubber is intermingled with steel. The company is currently seeing serious interest from such rubber manufacturers to deal with their production waste, recycle it, and make them world leaders in waste-free manufacturing.

The TR series systems represent an economically viable solution to a large environmental problem. The business model includes sales to and/or joint ventures with customers as well as royalties on the sales of the resulting by products. Where factories provide long-term off-take agreements for the resulting carbon black, EWI could retain 100% ownership of the plant through the ability to finance the plant because of the guaranteed revenue stream. Additional recurring income will be derived through maintenance agreements and spare part sales.

Management continues to actively pursue alternate sources of interim funding to support its efforts. The Company has had access to short-term financing through private equity markets. With the recent successful operation and refinement of the TR series technology and its ability to raise short-term financing in the past, Management believes it will be able to access the necessary funding over the short-term while it launches the TR series product on a commercial level.

HIGHLIGHTS AND SUMMARY

The following summarizes key events during the year ended December 31, 2013, and up to the date of this MD&A:

Board and Management

- On March 4, 2013, Dr. Daniel Kaute was appointed as President and Chief Executive Officer. He brings extensive experience commercializing technology and building international businesses and is a seasoned CEO of Cleantech companies. Dr. Kaute has an engineering background and has international business experience spanning Europe, Asia and North America. Upon hiring, he was granted 1,000,000 stock options which vest over an eighteen-month period with an exercise price of $0.20. On September 9, 2013, an additional 1,000,000 stock options were granted which vest over a three-year period with an exercise price of $0.16. All options expire five years from the grant date.
- On June 11, 2013, the Company granted an aggregate of 500,000 stock options to Directors and Officers. These options vest over a three year period with an exercise price of $0.20. These options expire five years from the grant date.
- On June 12, 2013, at the Company's Shareholders' Meeting, all of the nominees for Board of Directors, Sam Geist, Valdis Martinsons, Daniel Kaute, Thomas Russell were elected with Emanuel Gerard elected as Chairman.
- On June 12, 2013, a new 10% rolling stock option plan was approved and the Board of Directors was given discretion to consolidate the common shares on the basis of one new common share for up to five old common shares.
- On November 12, 2013, the Company appointed a new Chief Financial Officer, Bob MacBean (CPA, CMA MBA, BASc., PEng.). Mr. MacBean has broad experience including financing, accounting and TSXV compliance as well as business development and operations. Much of his experience is in the Clean Tech sector. Upon hiring he was granted 150,000 stock options which vest over a three-year period with an exercise price of $0.12. These options expire five years from the grant date.
- Subsequent to year end, on March 5, 2014, EWI announced the appointment of Bob (Jian) Guo as a Director. Mr. Guo is the founder and CEO of Goldenmount Global Investments Ltd., an Exempt Market Dealer, as well as the Managing Partner of Goldenmount Partners Fund I. Mr. Guo is a Director of GreenStar Agricultural Corporation (TSX-V: GRE). Previous to this, he worked for TD and BMO Nesbitt Burns providing financial and advisory services to corporate and individual investors. Mr. Guo was given the "Chinese Business Excellence Award" for his expertise in professional services. He completed his engineering degree in China and received his MBA from the Schulich School of Business at York University in Toronto.

Financial Highlights

- In the three months and year ended December 31, 2013, the Company incurred net losses of $897,824 and $3,223,082, respectively, compared with $1,179,174 and $2,856,910, in the corresponding periods of the prior year. On a per share basis, for the three months and year ended December 31, 2013, the Company incurred net losses of $0.01 and $0.03, respectively, compared to $0.01 and $0.03 in the corresponding periods of the prior year.
- During the three months and year ended December 31, 2013, the Company used $590,932 and $2,394,099, respectively, of cash in operating activities, as compared to $461,632 and $1,729,468 in the same periods of the prior year.
- During the three months and year ended December 31, 2013, the Company raised proceeds of $538,763 and $1,783,763, respectively, from issuance of common stock in private placements, as compared to $Nil and $2,000,000 in the same periods of the prior year.

- The Company completed three private placement equity offering during fiscal 2013 as follows:

  On March 14, 2013, the Company closed a private placement for 4,425,000 Units with gross proceeds of $885,000, less agent's fees of nil. Each Unit consists of one common share and 0.50 of a share purchase warrant. A whole share purchase warrant allows for the purchase of one additional common share of EWI at a price of $0.35 per share through to March 14, 2015.

  On August 9, 2013, the Company closed a private placement for 3,600,000 Units with gross proceeds of $360,000, less agent's fees of nil. Each Unit consists of one common share and 0.50 of a share purchase warrant. A whole share purchase warrant allows for the purchase of one additional common share of EWI at a price of $0.175 per share through to August 9, 2015.

  On October 17, 2013, the Company closed a private placement for 5,206,666 Units with gross proceeds of $624,800, less agent's fees of $21,037. Each Unit consists of one common share and 0.50 of a share purchase warrant. A whole share purchase warrant allows for the purchase of one additional common share of EWI at a price of $0.21 per share through to October 17, 2015.

- Subsequent to year end, on January 31, 2014, the Company concluded a private placement for 4,583,333 Units with gross proceeds of $550,000 following approval by the TSXV. Each Unit consists of one common share and 0.50 of a share purchase warrant. A whole share purchase warrant allows for the purchase of one additional common share of EWI at a price of $0.21 per share through to January 31, 2016. The shares and share purchase warrants are subject to a TSXV four-month hold period that expires on May 31, 2014. The proceeds of the offering were received on January 31, 2014.

Operating Highlights

- On January 31, 2013, the Company announced the installation of the post-combustion equipment to the power generator of the TR900 system. EWI continued to conduct operational testing and tuning of the equipment to achieve the desired generator emission levels and continued to operate the system for viewing by interested parties.
- On May 21, 2013, the Company announced the completing of a continuous 24-hour run of its TR900 system.
- On June 25, 2013, the Company successfully completed a two-day continuous run of the TR900 system, doubling its previous record. EWI's engineering team was able to monitor operations so that additional mechanical improvements could be made, rapidly moving the system toward full-time operation.
- On November 21, 2013, the Company announced the successful completion of a continuous four-day (100-hour) run of its TR900 system. This doubled the previous record and was a milestone in the Company's progress towards the goal of a continuous 24/7 operation of its waste tire facility. This run confirmed the technical improvements which will be placed in the Company's first commercial plant.
- Throughout the second half of the year, the Company achieved significant improvements in the capability to expeditiously process the dry removal of carbon black, the TR900 system's main by product.
- The new management team has garnered significant interest in the TR900 system from parties in North America, Europe and the Middle East with several Letters of Intent signed and numerous plant visits. In addition, there has been growing interest in EWI from clients and investors in China. Bob Guo, a Chinese Canadian and recently appointed to the EWI Board, has considerable experience in dealing with the cultural and language issues the Company now faces in managing these opportunities.
- Subsequent to year end, on February 10, 2014, EWI announced an additional advantage to its proven patented technology of the breakdown of organic materials, namely a significant reduction in greenhouse gas emissions. The results reported by a third party, Pinchin Environmental Ltd., demonstrated that EWI's reverse polymerization process and proprietary microwave delivery system significantly lower the carbon dioxide emissions compared to the two most commonly used tire recycling options, incineration and crumb rubber recycling.

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		
	2013 **$**	2012 $	2011[(1)] $
Net loss	**(3,223,082)**	(2,856,910)	(2,786,007)
Loss per share	**(0.03)**	(0.03)	(0.03)
Weighted average number of shares outstanding	**108,505,632**	101,473,989	89,404,091
Total assets	**3,335,057**	4,509,400	5,016,678
Working capital (deficiency)	**(2,859,606)**	(766,222)	(837,149)
Shareholders' equity (deficiency)	**(697,560)**	411,521	944,369

(1) In preparing its 2011 comparative information, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. See Note 22 to the Company's 2012 audited consolidated financial statements for an explanation of transition to IFRS.

DISCUSSION OF OPERATING RESULTS

The following table summarizes the Company's operating results for the three months and years ended December 31, 2013 and 2012.

	Three Months Ended December 31 (unaudited)		Year Ended December 31 (audited)	
	2013	2012	**2013**	2012
	$	$	**$**	$
Revenue and other income (loss)	**(9,514)**	82,522	**143,888**	177,604
Operating, labour and manufacturing expense	**592,137**	647,094	**2,379,089**	2,521,798
Stock based compensation expense	**70,117**	281,689	**202,640**	281,689
Amortization expense	**191,532**	199,345	**766,666**	819,921
Finance expense	**46,054**	136,462	**163,794**	240,128
Government assistance	**-**	-	**(130,192)**	(871,594)
Foreign exchange loss (gain)	**(11,530)**	(2,894)	**(15,027)**	42,572
Net loss and comprehensive loss	**(897,824)**	(1,179,174)	**(3,223,082)**	(2,856,910)
Attributable to shareholders	**(897,824)**	(1,183,723)	**3,223,082)**	(2,861,459)
Attributable to non-controlling interests		4,549		4,549
Loss per share – basic and diluted	**(0.01)**	(0.01)	**(0.03)**	(0.03)

Three months ended December 31, 2013 and 2012

The Company incurs revenues from a maintenance contract and an extended warranty contract with a client in the US. Other income includes interest income earned. In the period ended 2013 revenue included an adjustment for interest income.

Net loss of $897,824 in 2013 was lower than the loss of $1,179,174 the prior year primarily due to lower stock compensation and finance expense. Stock compensation of $70,117 in 2013 represents three months expense as stock compensation expense was recorded quarterly in 2013 as compared to prior year when stock compensation of $281,689 was all recorded in the 4th quarter of 2012. Finance expense of $46,054 in 2013 was lower than $136,462 in 2012 due to lower interest accretion on loans payable in the current year.

Years ended December 31, 2013 and 2012

Revenues and other income in 2013 were $143,888 compared to $177,604 in 2012. This decrease of $33,716 was due to lower interest income from the EWILP, the limited partnership that EWI beneficially controls.

Net loss of $3,223,082 in 2013 was higher than prior year's loss of $2,856,910. The higher loss in the current year can be explained by lower government assistance received partially offset by lower stock compensation and amortization expense. Government assistance includes scientific research and experimental development ("SR&ED") tax credits received during the year. In 2013, the Company received $130,192 of SR&ED tax credits compared to $871,594 received in 2012. Included in 2012 was a large amount due to Ellsin, the private company purchased by EWI in 2011, in addition to EWI's annual claim. Stock compensation expense of $202,640 in 2013 was lower by $79,049 compared to $281,689 in 2012 due to a lower fair value of the options calculated using the Black-Scholes pricing model in 2013. Amortization of $766,666 in 2013 was lower by $53,255 compared to $819,921 in 2012 as the current year did not include $50,000 of amortization of technology rights, as they were fully amortized by December 31, 2012.

The following tables present an analysis of the operating, labour and manufacturing expenses of the Company for the three months and years ended December 31, 2013 and 2012.

	Three Months Ended December 31 (unaudited)		Years Ended December 31 (audited)	
	2013	2012	**2013**	2012
	$	$	$	$
Research and development - TR900	**111,472**	33,413	**348,870**	227,578
Salaries and benefits	**78,369**	167,867	**737,068**	1,063,950
General and administrative	**92,080**	154,128	**273,755**	295,727
Marketing, promotion and travel	**47,271**	59,631	**205,507**	205,361
Legal, audit, regulatory	**253,318**	197,668	**643,177**	553,825
Occupancy costs	**49,385**	34,387	**210,470**	175,357
Provisions	**(39,758)**	-	**(39,758)**	-
Total	**592,137**	647,094	**2,379,089**	2,521,798

Three months ended December 31, 2013 and 2012

Research and development costs relate to the TR900 tire recycling project and include development costs that are not eligible for capitalization. The higher amount in 2013 is largely due to timing of project expenses that were incurred later in the year in fiscal 2013 compared to 2012.

Salaries and benefits of $78,369 in the three months ended December 31, 2013 are net of $80,218 of government grants from the Industrial Research Assistance Program ("IRAP") compared to $167,867 in 2012 which is reduced by a lower amount of $25,400 of IRAP grants.

General and administrative and marketing, promotion and travel costs in the three months ended December 31, 2013 are lower primarily due to the timing of these expenses.

Legal, audit and regulatory expenses of $253,318 in the three months ended December 31, 2013 compared to $197,668 in the same period last year are higher due to additional legal costs and investor relations fees incurred in 2013.

Occupancy costs of $49,385 in the three months ended December 31, 2013 are higher compared to $34,387 in the same period last year because the Company received a municipal tax reimbursement that reduced the cost of property taxes included in occupancy costs in 2012.

During the three months ended December 31, 2013 the Company reversed an accrued provision of $294,758 for retroactive pay, and provided a one year annual salary severance of $255,000 to a former senior officer. Management believes that, based on the facts and circumstances at December 31, 2013, the amount of $294,758 is no longer due and that the $255,000 provision encompasses the entire estimated amount owing. (See "Provisions and Capital Commitments")

Years ended December 31, 2013 and 2012

Research and development costs of $348,870 relating to the TR900 tire recycling project were higher in 2013 compared to $227,578 incurred in 2012 due to the significant efforts spent this year improving the facility in Sault Sainte Marie to the point where it runs continuously as well as costs to refine process the by product, carbon black.

Salaries and benefits of $737,068 for the year 2013 are reduced by a total of $173,793 of government grants from IRAP for specific projects. In 2012, salaries and benefits of $1,063,950 were reduced by only $25,400 of grants from IRAP.

General and administrative and marketing, promotion and travel costs were fairly consistent year over year with a slight decrease in general and administrative expenses in 2013.

Legal, audit and regulatory expenses of $643,177 in 2013 were higher compared to $553,825 in the same period last year mainly due to higher legal fees in the year as well as investor relations fees incurred during the current year to help develop and promote the company.

Occupancy costs of $210,470 in 2013 are higher compared to $175,357 last year, because the Company received a municipal tax reimbursement of $23,426 last year that reduced the cost of property taxes included in occupancy costs in 2012.

QUARTERLY FINANCIAL INFORMATION

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

	2013 (Unaudited)				2012 (Unaudited)			
	March 31	June 30	Sept 30	Dec 31	March 31	June 30	Sept 30	Dec 31
Net loss ($)	825,103	754,361	745,794	897,824	771,375	831,476	74,885	1,179,174
Weighted average # of Shares (000's)	103,170	106,819	109,085	114,944	95,200	101,859	102,744	101,474
Loss per share ($)	(0.008)	(0.007)	(0.007)	(0.008)	(0.008)	(0.008)	(0.001)	(0.012)

LIQUIDITY AND CAPITAL RESOURCES

In the period ended December 31, 2013, 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, the exercise of warrants and stock options and government grants and tax credits. The Company is a development stage enterprise 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 plant, and the Company's ability to raise capital to fund this project until commercialization. (See "Risks and Uncertainties").

During fiscal 2013, the Company successfully completed three private placements that resulted inproceeds for the Company of $1,783,763. The net proceeds from the offering were used to support the commercialization efforts for its tire series technology, for administrative and regulatory costs.

In fiscal 2013, the Company received $130,192 of government assistance pertaining to SR&ED tax claims compared to $871,594 the prior year. The prior year amount included two refunds received, of which one related to Ellsin Environmental Limited, the private company acquired by EWI in 2011. The SR&ED tax credits have been recorded as a reduction of expenses in the period of receipt. In addition, the Company recorded $173,793 in 2013 compared to $25,400 in 2012 from IRAP grants relating to research and development work. The government grants have been reduced from salaries and benefits included in operating, labour and manufacturing expenses.

Cash used in operating activities

The Company's total cash and cash equivalents at December 31, 2013, was $130,044 compared to $673,578 at December 31, 2012. The higher balance in 2012 was due to significantly larger SR&ED refund received towards the end of 2012. Working capital deficit as at the same two dates was $2,859,606 and $766,222. Included in working capital deficit for 2013 is a $2,000,000 loan payable from Northern Ontario Heritage Fund Corporation ("NOHFC") compared to $246,042 current portion of this loan included in 2012. Payments on this loan have not commenced in April 2013 as specified in the loan agreement. The Company has been in negotiations with the NOHFC to amend terms of this loan and is waiting for final approval from the NOHFC, and the full loan is presented as current in 2013.

For the year ended December 31, 2013, there was a net cash outflow from operating activities of $2,394,099 compared to $1,729,468 for the prior year. The increase is primarily from the higher operating loss resulting from lower government assistance and grants, and the cash outflow from higher accounts receivable.

Cash used in investing activities

In 2013 the Company spent $1,160 on computer equipment compared to $45,651 for the purchase of gas engine equipment, office and computer equipment in 2012.

Cash provided by financing activities

For the year ended December 31, 2013, net cash provided by financing activities was $1,851,725 compared to $2,060,051 for the prior year. The decrease is primarily due to less proceeds raised from the issuance of common stock on private placements.

PROVISIONS AND CAPITAL COMMITMENTS

Except as noted below, the Company does not have any material commitments as at December 31, 2013, or the date of this MD&A.

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

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

In 2012, the provision of $294,758 comprised of an accrual for retroactive salary to the same senior management. As at December 31, 2013, the Company has provided for one year's annual salary of $255,000 as described above and believes that, based on the facts and circumstances at December 31, 2013, the amount of $294,758 is no longer due and that the $255,000 provision encompasses the entire estimated amount owing to former senior management.

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, 2013.

RELATED PARTY TRANSACTIONS

Key Management Personnel Compensation

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including members of the Company's Board of Directors. The Company considers key management to be the Chief Executive Officer, the Chief Financial Officer, Chief Technology Officer and the Chief Operating Officer.

Key management personnel may also participate in the Company's stock-based compensation plans. See Note 14 to the audited consolidated financial statements for the years ended December 31, 2013 and 2012 for details.

The Company recognized as an expense during the year ended December 31, 2013 salaries and benefits of $447,223 (2012 - $469,750) and share-based payment transactions of $162,887 (2012 - $163,276) with respect to key management personnel.

During the year ended December 31, 2012, the Company loaned $90,000 to the former President and CEO of the Company and $30,000 to a former director of the Company to purchase shares from the Company's treasury. On June 26, 2013 the $90,000 loan was cancelled at the request of the former President and CEO. The share purchase loan of $30,000 outstanding bears interest at 1% per annum and mature on June 27, 2017.

FINANCIAL INSTRUMENTS

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

Credit risk

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

Liquidity risk

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

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The Company's audited consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management has made certain estimates and assumptions that affect the reported amount of assets and liabilities. Significant areas requiring the use of management estimates relate to amounts recorded as accrued liabilities, provisions, valuation of stock options and warrants, impairment assessment of intangible assets, measurement of deferred tax assets and the fair value of financial instruments. The significant area requiring the use of management judgment relates to the assessment of going concern uncertainties.

Intangible Assets

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

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

Amortization of intangible assets are amortized their useful economic lives.

Stock Options and Warrants

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

For options and warrants granted during the years ended December 31, 2013 and 2012, the following inputs were used in the Black Scholes options pricing model:

Black-Scholes assumptions used:	2013	2012
Expected volatility	114% - 159%	158% - 162%
Expected dividend yield	0.0%	0.0%
Risk free interest rate	0.94% - 1.75%	1.3%
Expected options life in years	5	5

The following table summarizes stock options granted during the year ended December 31, 2013:

Date Granted	Number Granted	Exercise Price	Expiry Date
March 19, 2013 (1)	1,000,000	$0.20	March 19, 2018
June 11, 2013	560,000	$0.10	June 11, 2018
June 11, 2013 (2)	500,000	$0.20	June 11, 2018
September 9, 2013 (3)	1,925,000	$0.16	September 9, 2018
November 18, 2013 (4)	150,000	$0.12	November 18, 2018
Total	4,135,000		

All options granted above except for the amount in note (1) below vest 33%, 33% and 34% over three years on each anniversary date from the grant date.

(1) 1,000,000 options granted to Chief Executive Officer who is also Director. These options vest 33%,33% and 34% on the 6, 12 and 18 month anniversaries from the grant date.

(2) 500,000 options granted to Directors.

(3) 1,000,000 options granted to Chief Executive Officer who is also Director.

(4) 150,000 options granted to Chief Financial Officer.

The following table summarizes warrants granted during the year ended December 31, 2013:

Date Granted	Number Granted	Exercise Price	Expiry Date
March 14, 2013	2,212,500	$0.35	March 14, 2015
August 9, 2013	1,800,000	$0.175	August 9, 2015
October 17, 2013	2,603,333	$0.21	October 17,2015
Total	6,615,833		

Subsequent to year end, additional warrants were issued both as part of a private placement completed on January 31, 2014 and as a part of an agreement by certain debt holders to extend the maturity date of their loans outstanding. In addition, the Company received conditional approval to amend the terms of 3,000,000 warrants that were issued on January 31, 2012 and outstanding at December 31, 2013. Details of these transactions are outlined in the Subsequent Events Section of this MD&A.

NEW ACCOUNTING PRONOUNCEMENTS

The Company applied, for the first time, certain standards and amendments. These include IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements*, IFRS 12, *Disclosure of Interests in Other Entities*, IFRS 13, *Fair Value Measurement*, IAS 19, *Employee Benefits (Revised 2011)* and amendments to IAS 1, *Presentation of Financial Statements*.

IFRS 10, *Consolidated Financial Statements*

The Company adopted IFRS 10 in the current year. IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 supersedes SIC 12, *Consolidations - Special Purpose Entities* and replaces parts of IAS 27, *Consolidated and Separate Financial Statements*.

For all financial years up to December 31, 2012, Environmental Waste International Limited Partnership ("EWILP") was considered to be a special purpose entity and the Company consolidated EWILP, accounting for the net assets of EWILP as non-controlling interests. At the date of initial application of IFRS 10 (January 1, 2012), the Company assessed that it controls EWILP.The transition did not have any impact on the opening balances as at January 1, 2012 or comparative information for the year ended December 31, 2012.

IFRS 11, *Joint Arrangements*

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint operation or a joint venture. The standard eliminates the use of the proportionate consolidation method to account for joint ventures. Joint ventures are accounted for using the equity method of accounting while for a joint operation, the venturer will recognize its share of the assets, liabilities, revenues and expenses of the joint operation. IFRS 11 supersedes SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers* and IAS 31, *Joint Ventures*.

The transition was applied retrospectively as required by IFRS 11 and did not have any impact on the opening balances as at January 1, 2012 or comparative information for the year ended December 31, 2012.

IFRS 12, *Disclosure of Interests in Other Entities*

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. IFRS 12 replaces the previous disclosure requirements included in IAS 27, *Consolidated and Separate Financial Statements*, IAS 28, *Investment in Associates* and IAS 31, *Joint Ventures*. While the Company has subsidiaries with material non-controlling interests, there are no unconsolidated structured entities. IFRS 12 disclosures are provided in note 6 of the consolidated financial statements.

IFRS 13, *Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. IFRS 13 also requires additional disclosures.

Application of IFRS 13 has not materially impacted the fair value measurements of the Company. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in note 19 of the consolidated financial statements.

IAS 19, *Employee Benefits (Revised 2011)*

The IASB made a number of amendments to IAS 19, none of which apply to the Company as the Company does not have any defined benefit pension plans.

IAS 1, *Clarification of the Requirement for Comparative Information (Amendment)*

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position (as at January 1, 2012 in the case of the Company), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Company has not included comparative information in respect of the opening statement of financial position as at January 1, 2012. The amendments affect presentation only and have no impact on the Company's financial position or performance.

IAS 27, Separate Financial Statements

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 has been renamed IAS 27, *Separate Financial Statements* and is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. The Company does not present separate financial statements.

IAS 28, Investments in Associates and Joint Ventures

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28, *Investments in Associates and Joint Ventures* and describes the application of the equity method to investments in joint ventures in addition to associates. The Company does not have any investments in associates or joint ventures.

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 President and Chief Executive Officer ("CEO"), and Chief Financial Officer ("CFO") and its Audit Committee to ensure appropriate and timely decisions are made regarding public disclosure.

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

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

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

Management's Report

Management, under the supervision of and with the participation of the Company's CEO and CFO, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined under National Instrument 52-109) and the Company's internal controls over financial reporting (as defined under National Instrument 52-109). Based on that evaluation, management and the CEO and CFO have concluded that, as at December 31, 2013, the Company's internal controls were adequate.

Each of the above standards has a different effective date for required adoption. Please refer to financial statement note 6 for more details.

Management Responsibility for Financial Reporting

The Company's December 31, 2013 audited 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 financial statements are the responsibility of management. In addition, management is responsible for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

EWS maintains a system of internal accounting and administrative controls to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded. The 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 members are all financially literate, 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 financial statements as well as to shareholders for the reappointment of the external auditors.

For reference purposes, please refer to the December 31, 2013 year-end financial statements, which have been audited on behalf of the shareholders by Ernst & Young LLP Chartered 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 andintegrated. 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

The Company's main focus is the commercialization of its TR900 tire recycling project. This project represents an economically viable solution to a large environmental problem. The Company has been marketing the product to interested parties in North America, Europe, China and the Middle East, with numerous plant visits and several letters of intent recently signed.

The last two years have been spent improving the tire plant facility in Sault Sainte Marie to the point where it can run continuously. A big achievement in this effort occurred in November of 2013 with a successful 100-hour run. Another focus of the Company been improving the capability to expeditiously process the by product, carbon black. Key to the first sales of the system is an off-take agreement for the carbon black. The signing of an off-take agreement will expand the Company's sales pipeline and lead to sales with prospective clients.

Additional recurring income will come through maintenance agreements and spare part sales. As well, the Company plans to generate revenue through joint ventures or leasing arrangements.

As at December 31, 2013 the Company has recorded intangible assets consisting of acquired in-process development costs of $1,145,833 and marketing rights of $254,421 for a total asset of $1,400,254. These intangibles assets relate to the TR900 recycling prototype. Intangible assets are amortized annually over 5 years straight line. Management assesses the value of intangible assets for impairment at each reporting period.

SHARE DATA

The following table outlines all outstanding voting or equity securities including options and warrants of the Company which are convertible into, or exercisable or exchangeable for, voting or equity securities as of April 25, 2014:

	Number
Common shares outstanding	120,359,796
Issuable under options	6,835,000
Issuable under warrants	9,805,499
Total	**137,000,295**

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Features of the options and warrants are described in Note 14 to the audited consolidated financial statements for the year ended December 31, 2013.

SUBSEQUENT EVENTS

Warrant Expiry Date Extension

On January 14, 2014, the Company received conditional approval from the TSX Venture Exchange ["TSXV"] to amend the terms of the 3,000,000 common share purchase warrants that were issued on January 31, 2012. Each warrant entitled the holder to acquire one common share of the Company at $0.50 for a period of two years. The amendment will result in 2,900,000 of the warrants being cancelled with the remaining 100,000 warrants being amended such that the exercise price will be reduced to $0.21 and the expiry date will be extended to January 30, 2016. Should the closing price of the Company's shares be $0.25 or higher for ten consecutive trading days, the expiry of the warrants will be accelerated to the 30th day following such occurrence.

Private Placement

On January 31, 2014, the Company concluded a private placement for 4,583,333 Units with gross proceeds of $550,000. Each Unit consists of one common share and 0.50 of a share purchase warrant. A whole share purchase warrant allows for the purchase of one additional common share of EWI at a price of $0.21 per share through to January 31, 2016. The shares and share purchase warrants are subject to a TSXV four-month hold period that expires on May 31, 2014. The proceeds of the offering were received on January 31, 2014.

Warrants Issued

On March 10, 2014 the Company received conditional approval from the TSXV to issue 798,000 common share purchase warrants to holders of previously issued convertible loans in the aggregate amount of $497,000. A balance of $301,000 was repayable on April 30, 2012 and the remaining $196,000 was repayable on April 30, 2013. The debt holders agreed to extend the maturity date of the loans to April 30, 2014 and relinquish the convertible feature of the loans in consideration for the issuance of the warrants. Each warrant entitles the holder the purchase one common share of the Company at an exercise price of $0.20 on or before April 30, 2015.

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.