This "Management's Discussion and Analysis" ("MD&A") has been prepared as of April 26, 2018, 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, 2017 and 2016. 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 systems 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 can be collected and sold into many product streams. After successfully running for five years as a pilot facility, conducting research and development the Plant is currently undergoing an environmental review by the Ontario Ministry of Environment.

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

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

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

Over the past two years the Company has achieved several milestones upgrading its pilot plant and making it more efficient with enhanced capabilities.

The Company has a sales funnel that now includes opportunities to:

- Sell the plant by-products including Carbon Black, Oil, Steel and Syngas
- Sell plants to third parties that include ongoing royalty payments and maintenance agreements

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

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

OUTLOOK AND GROWTH STRATEGY

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

EWI has a patented technology that can recycle tires in an environmentally safe manner.

Carbon Black is a commodity with a huge market. More than 13.5 million tonnes of carbon black are sold every year and demand is growing. Currently, demand in North America slightly exceeds supply. The Company has a number of significant relationships in the Chinese market. Excluding Japan, Asia will be the fastest-growing region in the world, followed by Central and Eastern Europe. The virgin Carbon Black industry is likely to come under increased pressure from governments and environmental groups, as production of the product is a significant greenhouse gas emitter.

<u>Commodity Sales</u>

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

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

Plant Sales

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

Owned and Operated Plants

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

Financing

While focusing on sales efforts and refining the final product, Management continues to actively pursue additional funds on an interim and long-term basis. The Company has been successful in the past several years, raising proceeds through private placements, including $1.8 million in 2011, $2.0 million in 2012, $1.9 million in 2013, $2.2 million in equity and $500,000 in debt in 2014, and $285,000 in equity $500,000 debt in 2015 and $773,805 through units issued from private placements or share subscriptions, as well as $50,000 in convertible debt in 2016.

During 2017 the Company successfully raised total proceeds of $2,972,383 through a combination of debt and equity as follows:

- On April 12, 2017, the Company received proceeds of $938,000 in the form of a promissory note, and on November 21, 2017 this note was increased by an additional $100,000 to $1,038,000.

- On April 28, 2017, the Company completed a financing totaling $1,721,250 through the issuance of 3,712,500 common shares at a price of $0.10 per common share for proceeds of $371,250, and a 5-year 5% unsecured convertible note payable for $1,350,000. The note payable is convertible at a conversion price of $0.11 per common share.

- During 2017 the Company received proceeds of $213,133 pursuant to share subscription agreements whereby the Company agreed to issue common shares at $0.10 per share.

- $855,300 of proceeds from the promissory note were used to repay the second mortgage of $735,000 and deferred interest and interest payable totaling $120,300.

In addition, during 2017, the Company improved its balance sheet through restructuring debt and made repayments of debt as follows:

- On March 24, 2017, the lender of both the promissory note payable and convertible loan payable outstanding at December 31, 2016 converted $1,156,271 of debt into 11,156,271 common shares of the Company at a price of $0.10 per common share.

- On April 15, 2017, the second mortgage of $735,000 and deferred interest amounting to $120,300 were repaid for a total payment of $855,300 from the proceeds for the promissory note received on April 12, 2017.

- On May 1, 2017 the Company converted $157,701 of loans into common shares including loans from directors in the principal amount of $84,000 plus interest and $50,000 third party loan plus interest.

- On May 1, 2017 $135,000 of the promissory note payable was repaid.

- On May 8, 2017, the Company repaid the NOHFC $339,762 representing all unpaid and accrued interest on its term loan. On May 18, 2017, the Company and the NOHFC signed a third amendment to the loan agreement to further defer the interest and principal payments to April 30, 2018.

Subsequent to the year ended December 31, 2017 the following financing transactions occurred:

- In January 2018, the Company received proceeds of $150,930 pursuant to share subscription arrangements whereby the Company agreed to issue common shares at $0.10 per share.

- On March 6, 2018 the promissory note payable held by the Company was increased by an additional $172,000 to $1,075,000 and the maturity date was deferred until June 30, 2018. On April 13, 2018 an additional $94,500 was received increasing the note payable to $1,169,500.

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, 2017, and up to the date of this MD&A:

Financial Highlights during the year

- During the year ended December 31, 2017, the Company incurred net losses of $1,777,956 compared with $1,641,095 in the year ended December 31, 2016. On a per share basis, for the year ended December 31, 2017, the Company incurred net losses of $0.01, compared to $0.01 the corresponding year in 2016.

- During the year ended December 31, 2017, the Company used $1,643,351 of cash in operating activities, as compared to $778,045 for the year ended December 31, 2016. The increase is primarily due to the payment of accounts payable, and the payment of provision of $91,800 during 2017.
- During the year ended December 31, 2017 EWI completed the following financing transactions:
  - On February 15, 2017 and March 3, 2017, the Company received proceeds of $65,800 and $33,333 for total proceeds of $99,133 pursuant to share subscription arrangements whereby the Company agreed to issue common shares at $0.10 per share.
  - On March 24, 2017, the holder of both the promissory note payable and convertible loan payable exercised their right for conversion and elected to convert debt and accrued and unpaid interest into 11,562,710 common shares of the Company at $0.10 per common share. 500,000 common share purchase warrants that were issued at the time the loan was made were cancelled pursuant to this conversion.
  - On April 12, 2017, the Company received proceeds of $938,000 in the form of a promissory note. $855,300 of proceeds from the promissory note were used to repay the second mortgage of $735,000 and deferred interest and interest payable totaling $120,300.
  - On April 28, 2017, the Company completed a financing totaling $1,721,250. The Company issued 3,712,500 common shares at a price of $0.10 per common share for proceeds of $371,250, and a 5-year 5% unsecured convertible note payable for $1,350,000. The note payable is convertible at a conversion price of $0.11 per common share. $135,000 of the proceeds was used to repay the promissory note payable above, reducing the amount outstanding to $803,000. On November 21, 2017 $100,000 was added to the promissory note bringing the principal balance to $903,000.
  - On May 1, 2017 the Company converted $157,701 of debt into common shares. Of this debt, $107,201 were loans due to directors of the Company and were converted at $0.10 per common share for a total of 1,072,010 common shares. 84,000 warrants pertaining to these loans were cancelled. $50,500 of the debt representing a convertible loan payable was also converted at $0.10 per common share for a total of 505,000 common shares.

Operating Highlights during the year

The company continued to improve its technology via research and development. There was progress in marketing in 2017. New and profitable outlets for Carbon Black have been developed and plant sales have moved closer to conclusion. Through continued testing, the Company has been able to significantly reduce the capital cost of a plant, increased throughput and reduced the energy consumption per tire.

Data gathered from various parts of the world have indicated that the economics of EWI tire processing plants are compelling. The return on investment of a plant ranges from 20% to over 75% depending on the size of the plant and the country of operation. The company has run successful tests to process municipal sludge and continues to obtain client interest in its medical waste system.

On March 14, 2017, the Company settled its claim with a former CEO and agreed to make payments totaling $255,000 payable over 25 equal installments of $10,200 per month commencing on April 15, 2017. As at December 31, 2017 $91,800 had been repaid with a balance of $163,200 owing.

On September 28, 2017 the lawsuit between the Company and EWILP was dismissed in court.

As the Company is now focused on commercialization, it has strengthened its Board.

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

2. On June 27, 2017, the Company appointed Paul Orlin to the Board. Mr. Orlin is an independent investor. He was previously the Managing Principal and Chief Investment Officer of Amici Capital LLC, a money management firm based in New York City, and its predecessors from 1994 to 2017. Mr. Orlin graduated with an A.B. degree, Summa Cum Laude, from Harvard University in 1986 and an M.B.A. from Harvard Business School in 1992. From 1986-1990, Mr. Orlin worked in risk arbitrage research and investment banking at Goldman, Sachs & Co., and in 1992-1993 he worked in principal investing for Walsh, Greenwood & Company. Mr. Orlin also serves as Vice Chairman of the Board of Directors of the Hearing Health Foundation.

The Company held its Annual General Meeting on June 27, 2017 and the following proposals were approved during the meeting.

1. The number of Board members was fixed at seven (7);

2. All of management's nominees for the Company's Board of Directors, Sam Geist, Emanuel Gerard, Bob MacBean, Valdis Martinsons, Glenn Myers, Paul Orlin and Bob Savage were elected;

3. MNP, LLP, were re-appointed as the Company's auditors;

4. The shareholders ratified the existing 10% rolling stock option plan. Under the plan, a maximum of 10% of the issued and outstanding Common Shares at the time of the grant are authorized to be issued;

5. A special resolution was passed authorizing the Board of Directors of the Corporation, that if deemed appropriate, to consolidate the Common Shares of the Corporation on the basis of one (1) new Common Share for up to ten (10) old Common Shares, and amend the Corporation's Articles accordingly; and

6. A resolution was passed ratifying By-Law Number 1 and By-Law Number 2 of the Corporation, which were adopted by the Board of Directors on March 22, 2017.

The Company also issued 1,400,000 stock options including 1,000,000 options issued to Board members and 150,000 to officers of the Company. All stock options were issued with an exercise price of $0.10, vesting over 3 years with an expiry date of June 27, 2022.

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		
	2017 **$**	2016 $	2015 $
Net loss	**(1,777,956)**	(1,641,095)	(2,746,120)
Loss per share	**(0.01)**	(0.01)	(0.02)
Weighted average number of shares outstanding	**156,842,739**	140,043,681	137,146,817
Total assets	**1,391,814**	1,486,079	1,628,514
Working capital (deficiency)	**(2,016,320)**	(5,083,200)	(3,784,958)
Shareholders' equity (deficiency)	**(4,299,479)**	(4,335,407)	(3,765,094)

DISCUSSION OF OPERATING RESULTS

The following table summarizes the Company's operating results for the three months and year ended December 31, 2017 and 2016.

	Three Months Ended December 31 (unaudited)		Year Ended December 31 (audited)	
	2017	2016	**2017**	2016
	$	$	**$**	$
Revenue	**56,857**	41,832	**197,769**	172,665
Operating, labour and manufacturing	**351,204**	210,824	**1,306,407**	1,228,328
Stock based compensation expense	**19,431**	30,611	**95,237**	170,894
Depreciation and amortization expense	**21,712**	18,471	**86,849**	144,637
Finance expense	**50,230**	135,517	**214,456**	291,054
Accretion expense	**41,821**	-	**136,624**	49,940
Gain on settlement of debt	**(94,621)**	-	**(139,598)**	-
Government assistance	**-**	-	**(48,154)**	(83,191)
Write down of loan receivable	**18,817**	-	**18,817**	-
Foreign exchange loss (gain)	**(97)**	1,105	**14,633**	12,098
Change in fair value of derivative	**290,454**	-	**290,454**	-
Net loss and comprehensive loss	**(642,094)**	(354,696)	**(1,777,956)**	(1,641,095)
Attributable to shareholders	**(642,094)**	(354,696)	**(1,777,956)**	(1,641,095)
Attributable to non-controlling interests	-	-	-	-
Loss per share – basic and diluted	**(0.004)**	(0.003)	**(0.01)**	(0.01)

Three months ended December 31, 2017 and 2016

The Company receives revenues from a maintenance contract and an extended warranty contract with a client in the US. During the three months ended December 31, 2017 revenues of $56,857 were higher compared to revenues of $41,832 during the same period in 2016 due to timing of maintenance work.

Net loss of $642,094 in the three months ended December 31, 2017 was higher than the loss of $354,696 during the same period in 2016 primarily due a non-cash expense relating to the change in fair value of derivative. In 2017, the Company recorded a derivative liability representing the conversion feature of the loan payable that was issued as part of the financing that closed on April 28, 2017. This derivative liability was re-valued at December 31, 2017 resulting in a charge of $290,454.

Operating, labour and manufacturing expenses of $351,204 in the three months ended December 31, 2017 were higher than $210,824 in the same period last year due to higher research and development costs and professional and consulting fees.

Stock Compensation expense of $19,431 in Q4 2017 was lower than $30,611 in Q4, 2016 due to lower number of options vesting during this year compared to last year.

Finance expense in the three months ended December 31, 2017 was $50,230 compared to $135,517 in 2016 due to several loans being repaid during 2017 resulting in lower interest incurred.

Accretion expense of $41,821 during Q4, 2017 was on the convertible debt issued on April 28, 2017 that were not outstanding during Q4, 2016.

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

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

Year ended December 31, 2017 and 2016

Revenues in 2017 were $197,769 compared to $172,665 in 2016. The increase was primarily due to a foreign exchange gain from the strengthening of the US dollar as the revenues represent maintenance revenues from a US customer.

Net loss of $1,777,956 in 2017 was higher than prior year's loss of $1,641,095 by $136,861. This increase is mainly attributable to non-cash items relating to a loss from the change in fair value of derivative of $290,454 and a write down of a loan receivable for $18,817 partially offset by lower stock-based compensation expense and a gain on the settlement of debt of $139,598 recorded during the year. These items are all non-cash in nature and do not represent operating activities of the Company.

Stock-based compensation expense of $95,237 in 2017 was lower than $170,894 in 2016 due to lower expense from a lower number of options vesting in 2017 compared to 2016.

Depreciation and amortization expense of $86,849 during the year ended December 31, 2017 was lower than $144,637 in the prior year due to the inclusion of amortization of intangible assets during the first half of 2016.

Finance expenses of $214,456 in 2017 were slightly lower than $291,054 in 2016 primarily due to less interest resulting from the repayment and conversion of debt during the year.

Accretion expense of $136,624 during 2017 was higher than $49,940 in 2016. 2017 included $76,143 for full accretion on a loan payable that was converted during the year.

The total gain on settlement of debt of $139,598 related to the conversion of debt to equity including the $500,000 convertible loan payable 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 compared to $83,191 received in 2016. The lower amount in 2017 is explained by lower R&D labour costs compared to the prior year.

The following tables present an analysis of the operating, labor and manufacturing expenses of the Company for the three months and year ended December 31, 2017 and 2016.

	Three Months Ended December 31 (unaudited)		Year Ended December 31 (audited)	
	2017	2016	**2017**	2016
	$	$	**$**	$
Research and development - TR900	**31,233**	4,690	**3,186**	37,628
Salaries and benefits	**82,152**	94,802	**335,359**	383,639
General and administrative	**61,413**	48,585	**205,906**	203,224
Marketing, promotion and travel	**22,256**	12,129	**99,802**	68,239
Consulting fees	**66,219**	22,409	**310,533**	186,824
Legal, audit, regulatory	**55,862**	(19,273)	**177,599**	141,886
Occupancy costs	**32,609**	47,482	**174,022**	206,888
Total	**351,744**	210,824	**1,306,407**	1,228,328

Three months ended December 31, 2017 and 2016

Research and development costs relate to the TR900 tire recycling project and include development costs that are not eligible for capitalization. The amount of $31,233 in the three months ended December 31, 2017 is higher than $4,690 in 2016 as the prior year had significantly reduced activity in the fourth quarter.

Salaries and benefits of $82,152 in the three months ended December 31, 2017 were lower than $94,802 in the three months ended December 31, 2016 relating to lower headcount.

General and administrative costs of $61,413 in the three months ended December 31, 2017 were higher than $48,585 in the same period of 2016 primarily due to higher insurance and maintenance costs in the quarter which was due to timing of costs, as general and administrative costs are fairly consistent on an annual basis.

Marketing, promotion and travel expenses of $22,256 for the three months ended December 31, 2017 were higher than prior year's fourth quarter amount of $12,179 due to increased promotional travel costs during 2017 compared to 2016 at the same time.

Consulting fees of $66,219 for the three months ended December 31, 2017 were higher than prior year's amount of $22,409. The increase is mainly explained by higher engineering fees, and the fact that in the fourth quarter of 2016, the Company reduced these engineering costs from an amount received from a third party in the US to help fund the costs of refining and testing the carbon by product.

Legal, audit and regulatory expenses of $55,862 in the fourth quarter compared to a credit balance of $19,273 in the three months ended December 31, 2016. The Company incurred more legal and regulatory fees due to more financing transactions including share issuances compared no activity in the fourth quarter of 2016. The amount of $(19,273) in 2016 includes approximately $23,000 reversal of accruals made at 2016 year end.

Occupancy costs of $32,609 in the three months ended December 31, 2017 were lower than $47,482 incurred in the same period last year primarily due to lower gas and electricity costs.

Year ended December 31, 2017 and 2016

Research and development costs were $3,186 for the year ended December 31, 2017 and compares to expenses of $37,628 incurred in 2016. In 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. Expenses were also reduced by some credits from suppliers due to settlement of accounts payable at a lower amount.

Salaries and benefits of $335,359 in 2017 were lower than $383,639 in 2016. This decrease is due to lower headcount as well as and adjustment for a credit balance of $27,777 included in 2017 lowered payroll expenses.

General and administrative costs were $205,906 in 2017 were only slightly higher than $203,224 the prior year which can be explained by slightly higher repairs and maintenance costs.

Marketing, promotion and travel costs of $99,802 in 2017 were higher than $68,239 incurred in 2016. The increase was due to more international travel and promotional activities relating to sales efforts in the current year.

Consulting fees of $310,533 for 2017 were higher than prior year of $186,824. In 2017 the Company incurred more engineering consulting fees and environmental assessments as the TR6000 project neared commercialization. As well, the 2016 engineering costs were reduced by an amount received of $81,832 (US$62,500) from a third party in the US to help fund the costs of refining and testing the carbon by product.

Legal, audit and regulatory expenses of $177,599 in 2017 were higher compared to $141,886 last year due to higher corporate legal fees as well as higher investor relations fees due to more stock related activities during 2017 compared to 2016.

Occupancy costs of $174,022 in 2017 were lower compared to $206,888 last year primarily due to lower gas, electricity and trailer rental costs.

QUARTERLY FINANCIAL INFORMATION

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

	2017 (Unaudited)				**2016 (Unaudited)**			
	Dec 31	**Sept 30**	**June 30**	**March 31**	**Dec 31**	**Sept 30**	**June 30**	**March 31**
Net loss ($)	642,094	253,346	435,754	446,762	354,696	333,655	443,326	509,418
Weighted average #of Shares (000's)	163,178	163,178	159,624	141,090	140,191	140,191	140,191	139,592
Loss per share ($)	(0.004)	(0.002)	(0.003)	(0.003)	(0.003)	(0.002)	(0.003)	(0.004)

LIQUIDITY AND CAPITAL RESOURCES

In the year ended December 31, 2017, 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 converted older debt amounting to $1,156,271 into common shares. A promissory note payable of $627,781 and loan payable of $528,490 were converted into equity on March 24, 2017.

On April 12, 2017, the Company received proceeds of $938,000 in the form of a promissory note. $855,300 of proceeds from the promissory note were used to repay the second mortgage of $735,000 and deferred and accrued interest totaling $120,300. On November 21, 2017 this note was increased by an additional $100,000 to $1,038,000.

On April 28, 2017 the Company completed a financing totaling $1,721,250. The Company issued 3,712,500 common shares at a price of $0.10 per common share for proceeds of $371,250, and a 5 year 5% unsecured convertible note payable for $1,350,000. The note payable is convertible at a conversion price of $0.11 per common share. Accrued interest is required to be paid annually and may be payable in common shares of the Company. In addition, the Company will issue 3,712,500 common share purchase warrants that will entitle the holder to receive one common share at a price of $0.11 for a period of five years.

$135,000 of proceeds from this financing were used to repay a portion of the promissory note issued, while the remainder will be used for working capital purposes. On November 21, 2017, this promissory note was increased by $100,000 bringing the principal of $803,000 to $903,000.

The Company converted $157,701 of debt into common shares. Of this debt, $107,201 were loans due to directors of the Company and were converted at $0.10 per common share for a total of 1,072,010 common shares. 84,000 warrants pertaining to these loans were cancelled. $50,500 of the debt representing a convertible loan payable was also converted at $0.10 per common share for a total of 505,000 common shares. In addition, 6,135,011 commons shares of the Company were issued to holders of subscription agreements.

On May 8, 2017, the Company repaid the NOHFC $339,762 representing all unpaid and accrued interest up to that date

In 2017 the Company raised $213,133 proceeds through the issuance of subscriptions agreements for common shares at a price of $0.10.

Cash used in operating activities

The Company's total cash and cash equivalents at December 31, 2017, was $27,537 compared to $45,697 at December 31, 2016. Working capital deficit as at the same two dates was $2,016,320 compared to $5,083,200. The decrease in working deficit is mainly due to the repayment of the second mortgage of $735,000 and the re-classification of the NOHFC term loan of $1,781,966 to long term debt as a result of repaying the accrued interest owed to date, and amending the terms to defer both principal and interest payments until May 2018.

For the year ended December 31, 2017, there was a net cash outflow from operating activities of $1,643,351 compared to $778,045 in the year ended December 31, 2016. The higher amount of cash used in operating activities in 2017 can be explained by the payment of accounts payable and settlement of provision.

Cash provided by financing activities

For the year ended December 31, 2017, cash provided by financing activities was $1,625,191 compared to $807,683 in the same period in the prior year. The higher amount of cash received is due to the promissory note issued on April 12, 2017 for $938,000 and the financing that closed on April 28, 2017 including $371,250 proceeds from the issuance of shares on private placement and $1,350,000 proceeds from the issuance of convertible debt. These proceeds were partially offset by the repayment of the second mortgage of $735,000 and repayment of accrued interest on the second mortgage and NOHFC term loan totaling $460,062. In the same period of 2016, the Company received proceeds from the issuance of units on private placement of $250,000, and proceeds from the share subscriptions of $523,805 as well as $50,000 from the issuance of a loan payable.

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, 2017, or the date of this MD&A.

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

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

Contingencies

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

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

During fiscal 2014, the Company announced that EWILP commenced a lawsuit seeking injunctive relief to prevent the Company from interfering with certain intellectual property rights that EWILP purports belong to it. In 2007, the Company sold certain intellectual property rights to EWILP, which were immediately licensed back to the Company. At the request of both parties, this claim was dismissed in court on September 28, 2017.

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, 2017.

RELATED PARTY TRANSACTIONS

Transactions with related parties other than key management personnel

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

The Company recognized an expense during the year ended December 31, 2017 for interest on loans to the directors of $54,616 [2016 – $64,151]. At December 31, 2017 $32,613 was included in loans payable [December 31, 2016 - $56,250 was included in accounts payable and accrued liabilities, and $7,901 was included in loans payable].

As at December 31, 2017, the Company has $51,215 [2016 – $71,001] 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, 2017 in the amount of $319,017 [2016 – $320,683] and share-based compensation in the amount of $70,350 [2016 – $61,028] to key management personnel.

Accounts payable as at December 31, 2017, includes $339,042 [2016 – $331,597] related to compensation of key management personnel.

FINANCIAL INSTRUMENTS

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

Credit risk

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

Liquidity risk

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

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

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

Stock Options and Warrants

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

During the year ended December 31, 2017, the Company granted 1,400,000 stock options with an exercise price of $0.10. These options vest over three years and have a five year term. 560,000 stock options at a price of $0.25 expired during the year. Stock-based compensation expense for the year ended December 31, 2017 of $95,237 [2016 – $170,894]. The weighted average fair value of options granted during the period was $0.10 [2016 – $0.04]. As at December 31, 2017 the Company had 14,625,000 stock options outstanding.

The following table summarizes stock options granted during the year ended December 31, 2017:

Date Granted	Number Granted	Exercise Price	Expiry Date
June 27,2017 (1)	1,400,000	$0.10	June 27, 2022

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 150,000 to officers of the Company

During the year ended December 31, 2017 the following warrant transactions occurred:

[i] 500,000 common share purchase warrants were cancelled on conversion of loan payable. The value of these warrants of $16,471 was transferred from warrants to contributed surplus.

[ii] 427,500 common share purchase warrants that entitled the holder to acquire an additional common share at $0.10 per share expired. The value of these warrants of $20,500 was transferred from warrants to contributed surplus.

[iii] Pursuant to the financing that closed on April 28, 2017, the Company issued 3,712,500 common share purchase warrants at a price of $0.11 for a period of five years. As well as 160,000 common share purchase warrants valued at $2,842 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. The value of these warrants of $4,370 was transferred from warrants to contributed surplus.

[iv]On November 12, 2017 160,000 common shares purchase warrants at $0.10 were cancelled. The value of these warrants of $2,842 was transferred from warrants to share capital.

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, 2017. The nature and the impact of each new standard and amendment is described below:

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, 2017. The nature and the impact of each new standard and amendment is described below:

Annual Improvements 2012 – 2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2017. They include the following:

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

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

IFRS 7, *Financial Instruments: Disclosures*

Servicing contracts

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

NTERNAL 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 2017, 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, 2017 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, 2017 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, 2017 and throughout 2016, 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 April 26, 2018:

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

Features of the options and warrants are described in Note 14 to the audited consolidated financial statements for the year ended December 31, 2017.

SUBSEQUENT EVENTS

In January 2018, the Company received proceeds of $150,930 pursuant to share subscription arrangements whereby the Company agreed to issue common shares at $0.10 per share.

On March 6, 2018 the promissory note payable held by the Company was increased by an additional $172,000 to $1,075,000 and the maturity date was deferred until June 30, 2018. On April 13, 2018 an additional $94,500 was received increasing the note payable to $1,169,500.

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.