This "Management's Discussion and Analysis" ("MD&A") has been prepared as of May 28, 2021, and should be read in conjunction with the interim condensed audited consolidated financial statements of Environmental Waste International Inc. ("Company", "EWI") for the three months ended March 31, 20221 and 2020. The Company's interim condensed consolidated financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars unless otherwise stated. All financial analysis, data and information set out in this MD&A are unaudited.

This Management discussion and analysis has been authorized for issuance by the Board of Directors on May 28, 2021.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon the Company's current expectations which involve risks and uncertainties associated with the Company's business and the economic environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, which are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking statements contained in this MD&A are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the section "Risks and Uncertainties" below.

Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company's goal of creating shareholder value; ability to fund future operating costs, and timing for future research and development of the Company's current and future technologies, including the costs and potential impact of complying with existing and proposed laws and environmental regulations; management's outlook regarding commercialization of its tire recycling system and generation of revenues; sensitivity analysis on financial instruments that may vary from amounts disclosed; prices and price volatility of the Company's products; and general business and economic conditions.

Readers are cautioned that the above factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

The Company believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

OVERVIEW OF BUSINESS

EWI currently develops environmentally friendly products for waste treatment and disposal. Its predominant focus is on recycling waste rubber, primarily tires, into valuable by-products which can be sold and reused.

The Company researches, designs, develops, sells, and maintains technologically advanced systems based on the patented Reverse Polymerization™ process ("RP") and patented 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 built a full-scale Pilot Plant Tire System which breaks the molecular bonds in tires and other rubber products, reducing them to their base components of carbon black, steel and hydrocarbon vapors. An off-gas system processes the vapors to recover the oil, and then scrubs the remaining gas for use as fuel in the power generation system that runs the plant. The valuable carbon black, oil and steel are collected and sold into many product streams. After successfully running for five years as a research and development pilot facility the Plant had an environmental review by the Ontario Ministry of Environment, which resulted in approval to run it commercially.

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.
- The Company is currently focused on the commercialization of its technology for the recycling and recapture of used tire and other rubber waste. The Company's RPProcess 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 can provide a significant percentage of the power required to run the plant or be sold to the power grid. The oil and steel are sold as commodities.

During 2020 and up to the date of this MDA the Company achieved several significant milestones for the year set out below:

- Completed the process of obtaining permanent environmental permits;
- Secured both short-term and started planning for long-term financing;
- Arranged for the Company's plant in Sault Ste. Marie to be upgraded to a full-scale commercial facility;
- Signed a partnership agreement to develop waste tire recycling plants in Europe leveraging EWI's technology, with the first project planned for Denmark;
- Filed additional patents; and
- Renewed its contract with the US Department of Agriculture to maintain its EWI liquid biological waste unit.

OUTLOOK AND GROWTH STRATEGY

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

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

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

Commodity Sales

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

EWI has also developed a process to refine the oil created during its RP 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 reduced 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 has completed an agreement with a group in Denmark and is currently working on a number of plant sales with both public and private entities in Canada, Australia, the UK, Nepal, India, and Italy.

Owned and Operated Plants

Most rubber manufacturers have a significant issue with their production waste. In many cases, landfill or incineration are the only options 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.

HIGHLIGHTS AND SUMMARY

The following summarizes key events during the three months ended March 31, 2021, and up to the date of this MD&A:

Operating Highlights

$1.2 million Private Placement

On April 23, 2021, the Company completed a non-brokered private placement for proceeds of $1,233,000 through the issuance of 4,110,000 common shares at $0.30 per share.

$10 million Joint Venture

On March 22, 2021 the Company entered into an agreement with a private Ontario corporation, Torreco Inc. ("Torreco"), whereby it will invest $7,000,000 to convert the pilot plant of the Company's subsidiary Ellsin Environmental Ltd. ("Ellsin") in Sault Ste. Marie into a commercial scale recycling plant utilizing the Company's patented microwave technology. Following the receipt of all the committed financing, the Company, will retain a 30% ownership interest in Ellsin, and will receive a 6% royalty in perpetuity from Ellsin based on total revenue generated by Ellsin. The investment is being made via common share subscriptions in Ellsin, which owns the Company's waste tire facility in Sault. Ste Marie including land, building and equipment. The financing will be used to expand and modernize the plant utilizing the Company's latest technology. In exchange for the investment in Ellsin, the Company will grant the third party the right to build three additional waste tire facilities in Ontario over the next five years if it meets certain conditions.

The first three tranches of share purchases in Ellsin totalling $1 million were completed In March and April 2021. The third party is committed to invest an additional $6 million over the next five months. After investing $7 million, Torreco will own 70% of Ellsin.

Financial Highlights

Results for the three months ended March 31, 2021

During the three months ended March 31, 2021 the Company reported a total net loss of ($639,024) compared with net income of $706,886 during the three months ended March 31, 2020. Included in these results in 2021 is a non-cash accounting loss for the change in valuation of a derivative liability of ($283,088) (2020 – income $1,225,820). Without this non-cash item, the loss for the quarter in 2021 is ($355,936) compared to a loss of ($518,934) in Q1 2020.The loss for the quarter includes the continuing loss from operations of ($543,603) and a loss from discontinued operations of ($95,421) compared to income from continuing operations of $797,102 and loss from discontinued operations of ($90,216) in Q1 2020.

With the signing of the agreement with Torreco on March 22, 2021 and with the receipt of all of the committed Torreco funds, Torreco will own 70% of Ellsin. As a result of the Company having committed to an agreement and plan involving loss of control of Ellsin, the operating results and assets and liabilities of Ellsin have been presented in the unaudited interim condensed consolidated financial statements as a discontinued operation.

The Company's working capital deficiency at March 31, 2021 was ($3,807,592) compared to ($3,827,527) at December 31, 2020. Included in the current working capital deficiency at March 31, 2021 is assets held for sale of $1,500,284 and liabilities directly associated with these assets held for sale of $2,524,373 which relate to the discontinued operation of Ellsin.

Subsequent to March 31, 2021, the Company was successful in extending repayment terms of interest and principal on Ellsin's term loan of $2,256,081 and negotiated a settlement of the promissory note of $1,092,904 whereby it will be converted into shares of the Company, as well as settling a portion or $162,500 of the deferred compensation balance which will be converted to common shares.

During the three months ended March 31, 2021, the Company used $249,959 of cash for operating activities, as compared to $ 202,429 in Q1 2020, and spent $8,010 on property and equipment for its new office premises in Whitby.

From financing activities provided a net of $146,150 during Q1 2021 compared to using $13,392 in Q1 2020. The Company received $400,000 proceeds from the investment by Torreco in Ellsin representing 4% interest in Ellsin as well as additional $40,000 proceeds from CEBA loans in the quarter. $76,182 was received from the exercise of stock options and $50,000 from the exercise of warrants during Q1, 2021. $420,031 of financing cashflow is classified as discontinued operations related to Ellsin.

After March 31, 2021

On April 19, 2021 the NOHFC approved a proposal to amend the repayment terms as follows:

- Previously accrued and unpaid interest, and additional interest accruing up to and including August 31, 2021, is to be paid in full no later than August 31, 2021;
- Interest from August 31, 2021 until May 31, 2022 shall accrue and be paid in full no later than May 31, 2022,
- Blended payments based on a 5-year amortization will commence on June 1, 2022, and
- NOHFC will obtain a corporate guarantee and postponement of claim, supported by a general security agreement from the new majority shareholder of Ellsin.

On April 22, 2021, the Company raised gross proceeds of $1,233,000 through a non-brokered private placement;

On May 24, 2021 the Company entered into two debt conversion agreements with related parties to settle the promissory note payable and a portion of the deferred compensation liability. These debt conversions provide for an aggregate of $1,282,017 of the Company's outstanding debts to be settled through the issuance of an aggregate of common shares at a price equal to the higher of $0.23 or the volume weighted average trading price of the common shares for the ten (10) days following the date hereof.

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.

SELECTED FINANCIAL INFORMATION

The following table sets out selected information for the three months ended March 31, 2021 and March 31, 2020 and have been prepared in accordance with IFRS.

(unaudited)	**Q1 2021** **$**	**Q1 2020** **$**
Revenues	23,818	41,822
Operating loss	(215,524)	(293,864)
Net income (loss) from continuing operations	(543,603)	797,102
Net loss from discontinued operations	(95,421)	(90,216)
Income (loss) per share from continuing operations - basic	(0.003)	0.004
Loss per share from discontinued operations - basic	0.000	0.000
Weighted average number of shares outstanding - basic	247,571,706	214,356,649
Total assets	2,280,817	1,897,881
Shareholders' equity (deficiency)	(4,274,000)	(4,775,328)

DISCUSSION OF RESULTS

The following table summarizes the Company's operating results for the three months ended March 31, 2021 and 2020.

(unaudited)	Q1 2021 $	Q1 2020 $
Revenues	**23,818**	**41,822**
Technology development	66,609	77,305
Selling, marketing and administration	128,338	213,814
Stock based compensation	35,849	35,406
Depreciation and amortization	8,546	9,161
Total expenses	239,342	335,686
Operating loss	**(215,524)**	**(293,864)**
Gain on recognition of interest-free loans	6,254	-
Finance costs	(51,148)	(113,612)
Foreign exchange loss	(97)	(21,242)
Gain (loss) on fair value of derivative	(283,088)	1,225,820
Net income (loss) from continuing operations	**(543,603)**	**797,102**
Net income (loss) from discontinued operations	**(95,421)**	**(90,216)**

Three months ended March 31, 2021 and 2020

The Company receives **revenues** from a maintenance contract and an extended warranty contract with a client in the US. During the three months ended March 31, 2021, revenues of $23,818 compared to $41,822 in Q1, 2020. The decrease of $19,004 is due to no maintenance work in Q1 2021 due to travel restrictions imposed by the government as a result of the COVID-19 pandemic and not being able to service our client in the US. In Q1, 2020 the Company was still able to travel to the US to perform maintenance work prior to the outbreak of the global pandemic in March 2020.

Technology development expenses of $66,609 in Q1 2021 compared to $77,305 in Q1 2020. Technology development costs include all costs associated with all design and engineering and maintenance activities including compensation and people costs, contractor fees, third party engineering consulting fees, development costs and travel costs associated with the maintenance and warranty contract revenues. This decrease of $10,696 is primarily due lower maintenance expenses due to lower revenues. The Company also received CEWS government subsidies which reduced payroll costs in Q1 2021 compared to Q1 2020.

Selling, marketing and administration expenses include compensation and people costs, consulting fees, travel and any other expenses in support of selling and marketing efforts, and administration costs including payroll costs, legal and accounting fees, regulatory costs, head office rent and telecommunications, business insurance, and office supplies. Expenses of $128,338 in Q1 2021 were lower than $213,814 in Q1, 2020. This decrease of $85,476 is due to lower travel costs, lower legal fees and the receipt of both CEWS government subsidies reduced from payroll expenses as well as CERS government rent subsidies that are reduced from rent expense in Q1 2021.

Operating loss of ($215,524) in the three months ended March 31, 2021 compares to an operating loss of ($293,864) during the same period in 2020. The lower operating loss in Q1 2021 vs Q1 2020 of $78,340 is primarily due to lower operating expenses in all both functions of the Company (e.g., technology development, and selling, marketing and administration) as explained above, partially offset by lower revenues in Q1, 2021 compared to Q1, 2020 also explained above.

Stock-based compensation expense of $35,849 in Q1 2021 was comparable to $35,406 in Q1 2020, and is recorded based on the vesting schedules of the stock options granted.

Depreciation and amortization totaling $8,546 in Q1 2021 was slightly lower than $9,161 in Q1 2020. The Company records depreciation on its property and equipment, as well as amortization of the right-of-use lease asset.

Gain on recognition of interest-free loan of $6,254 in Q1, 2021 relates the additional $20,000 received by each of EWI and EWIR for CEBA government loans and represents the difference between the fair value of $33,746 and $40,000 of proceeds received, reflecting the interest-free nature of these loans.

Finance costs in Q1 2021 of $51,148 were lower than $113,612 in Q1 2020 primarily due to a reduction in interest and accretion expense on the convertible loan which was converted into shares on September 11, 2020.

Foreign exchange loss of $97 in Q1 2021 compared to a loss of $21,242 in Q1 2020. Foreign exchange is based on the conversion of $US cash to $CAD cash at a rate on the date of conversion and the lower loss in Q1 2021 can be explained by the increased strength in the $CAD during the beginning of 2021.

Loss on fair value of derivative of ($283,088) in Q1, 2021 represents the revaluing of the warrants that were attached to the convertible loan which were still outstanding and revalued at December 31, 2020. A loss in Q1 2021 resulted due to the increase in stock price at March 31, 2021 compared to December 31, 2020 in relation to the exercise price and the value conferred on the holder of the warrants. In Q1 2020, the gain in amount of $1,225,820 related to the change in value of both the convertible loan which was still outstanding at the time as well as the warrants, and resulted in a gain due to a reduction in stock price in Q1, 2020.

Net loss from continuing operations of ($543,603) in Q1, 2021 compared to net income of $797,102 in Q1, 2020. Included in Q1 2021 was a non-cash loss of $283,088 compared to a gain of $1,225,820 in Q1 2020 resulting from the change in fair value of derivative liability. Without this non-cash item, net loss in Q1 2021 would be ($260,515) compared to a loss of ($428,718) in Q1 2020. The $168,203 lower loss in Q1 2021 is explained by $96,344 of lower operating costs, $62,464 of lower finance costs and the inclusion of a gain on recognition of interest free loan of $6,254 and $21,145 lower foreign exchange loss in Q1, 2021, partially offset by lower revenues of $18,004.

Net loss from discontinued operations stem from the agreement with Ellsin and Torreco whereby Torreco will own 70% of Ellsin's plant operations in Sault Ste Marie, accordingly this category includes the former Plant operations which incurred expenses of $64,422 in Q1 2021 compared to $69,988 in Q1 2020. Plant operations include all operating costs associated with running the plant in Sault Ste. Marie including compensation and people costs, occupancy costs, insurance, repairs and maintenance and any associated costs related to the Ministry of Environment. The slight decrease of $5,566 from Q1 2020 to Q1 2020 can be explained by lower people costs due to the receipt of CEWS government subsidies in Q1 2021. It also includes the related depreciation expense of the plant $17,572 and the financing costs of $13,427 to yield a loss of $95,421 in Q1 2021. This plant recorded a loss of $90,216 in Q1 2020 which included depreciation of 20,050 and $178 of financing charges.

QUARTERLY FINANCIAL INFORMATION

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

(unaudited)	2021	2020				2019		
	March 31	Dec 31	Sept 30	June 30	March 31	Dec 31	Sept 30	June 30
Net income (loss) ($)	(639,024)	(358,714)	(2,091,277)	(674,099)	706,886	(1,565,018)	(488,199)	(381,089)
Weighted average # of Shares (000's)	247,572	246,434	225,987	214,424	214,356	214,356	173,293	165,827
Income (loss) per share ($)	(0.002)	(0.001)	(0.009)	(0.003)	0.003	(0.007)	(0.003)	(0.002)

LIQUIDITY AND CAPITAL RESOURCES

As outlined in the outlook and growth strategy discussion, the Company has been successful at raising financing as needed through private placements as well as the issuance of new deb in prior years. Management has also repaid old debt and restructured debt terms as well as converted debt into common shares, based on cashflow needs.

During Q1 2021, and subsequent to March 31, 2021:

- The Company received $40,000 of additional proceeds from the CEBA loan program;
- The Company benefited from $24,874 in Q1, 2021 in COVID-19 subsidies from the Canada Emergency Wage Subsidy (CEWS) program and $9,185 in the Canada Emergency Rent Subsidy (CRES) program
- Ellsin received the first $400,000 of the committed $7,000,000 of financing associated with the Joint Venture announced on March 19, 2020;
- Proceeds of $76,182 were received through the exercise of stock potions by employees, directors and consultants; and $50,000 through the exercise of warrant, and additional proceeds of $28,500 were received after March 31, 2021 through a further 270,000 exercises of stock options;
- On April 22, 2021, the Company raised gross proceeds of $1,233,000 through a non-brokered private placement;
- On May 24, 2021, $1,282,017 of total debt was converted into common shares of the Company.

Change in cash flow during Q1, 2021

The Company had cash of $507,902 at March 31, 2021, compared to $619,721 at December 31, 2020. An additional $448,549 of cash in Ellsin, including the $400,000 received from Torreco was included in assets held for sale as part of discontinued operations. Company used $249,959 of cash in operating activities during the three months ended March 31, 2021, $8,010 for property and equipment and raised a total of $148,148 through financing activities, including $40,000 from CEBA loan proceeds, and $76,182 through the exercise of stock options and $50,000 proceeds through the exercise of warrants.

Working capital deficiency was ($3,807,592) at March 31, 2021 compared to working capital deficiency of ($3,827,527) at December 31, 2020. In addition, included in working capital deficiency is $1,092,904 of a promissory note that was converted to common shares of the Company after the quarter ended on May 24, 2021, and NOHFC term loan of $2,256,081 which was renegotiated and payment terms deferred in April 2021. Finally, $436,000 of deferred compensation included in working capital deficit was also renegotiated after March 31, 2021 with a portion or $162,500 being converted to shares of the Company. See subsequent events (e). All of these efforts by Management subsequent to Q1, 2021 will improve the balance sheet and working capital of the Company significantly on a go forward basis.

The Company's financial liquidity has been financed through sales of equity, issuance of new debt and government loans, subsidies and tax credits. The Company has been in the development stage and is not cash flow positive. The Company's ongoing ability to remain liquid will depend on a number of factors including EWI's successful commercialization of its TR900 tire recycling project, and the Company's ability to raise capital to fund this project until commercialization. (See "Risks and Uncertainties").

PROVISIONS, COMMITMENTS AND CONTINGENCIES

Except as noted below, the Company does not have any material commitments as at March 31, 2010, or the date of this MD&A.

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.

Partnership to enter the European Market

On August 25, 2020, the Company announced that is signed an agreement with a European development and investment company to enter into a partnership to develop waste tire recycling plants across Europe. The first project of this partnership will be a 100 ton per day tire recycling plant in Nyborg, Denmark which utilizes the Company's reverse polymerization technology. Subject to certain conditions, exclusions and performance criteria, the Company granted to its partner exclusive rights to its technology across Europe. In exchange for these exclusive rights, its partner is required to meet performance criteria such as the timely purchase and constructionNyborg plant, and must order and build additional plants within the first five years of the partnership to retain their exclusive rights to this technology in Europe.

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, 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 three months ended March 31, 2021.

RELATED PARTY TRANSACTIONS

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 amount agreed to by the transacting parties as follows

Transactions with related parties other than key management personnel

During the three months ended March 31, 2021, the Company engaged in transactions in the normal course of operations with the following related parties.

[a] Transactions with related parties other than key management personnel

During the three months ended March 31, 2021, the Company engaged in transactions in the normal course of operations with the following related parties. All of these transactions have been accounted for at the exchange amount agreed to by the transacting parties as follows:

The Company recognized an expense during the three months ended March 31, 2021 for interest on loans to a director of $15,000 [2020 – $40,588]. At March 31, 2021, $92,904 was included in loans payable [December 31, 2020 – $77,904] relating to unpaid interest on loans from a director *[note 8c].*

The Company recognized an expense during the three months ended March 31, 2021 for shared-based compensation to directors in the amount of $9,047 [2020 – $5,816].

[b] Transactions with key management personnel

The Company recorded compensation expense during the three months ended March 31, 2021 in the amount of $80,350 [2020 – $59,250] and share-based compensation in the amount of $13,026 [2020 – $14,226] to key management personnel.

The Company recognized an expense of $6,000 [2020 – $6,000] during the three months ended March 31, 2021 for interest on deferred compensation to a key member of management who is also a director.

Accounts payable as at March 31, 2021, includes $92,559 [December 31, 2020 – $113,591] related to compensation of a key member of management who is also a director.

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 arose from its operations.

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. One customer (2019 – one) accounted for 100% (2019 – 100%) of trade receivables at year end.

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

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

As at March 31, 2021, the Company had 10,377,134 stock options outstanding after 833,308 options with a price ranging from $0.06 to $0.11 were exercised during Q1, 2021 for proceeds of $76,182.

On June 30, 2020, the Company granted 3,905,000 stock options to directors, officers, employees and consultants with an exercise price of $0.05 which vest over three years and expire in five years. During the year ended December 31, 2020, 3,935,000 options with an exercise price of $0.10 expired. In addition, a total of 1,548,308 stock options were exercised at a price ranging from $0.06 to $0.11 for total proceeds of $147,832 in 2020.

	March 31, 2021		December 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	#	$	#	$
Outstanding - beginning of period	11,210,442	0.08	12,788,750	0.10
Granted	-	-	3,905,000	0.05
Expired	-	-	(3,935,000)	(0.10)
Exercised	(833,308)	(0.09)	(1,548,308)	(0.10)
Outstanding - end of period	10,377,134	0.08	11,210,442	0.08
Exercisable - end of period	3,525,772	0.08	4,359,080	0.08

Warrants

In 2017, pursuant to the issuance of the convertible loan, the Company issued 3,712,500 common share purchase warrants that entitle the holder to receive one common share at a price of $0.11 for a period of five years. The value of these warrants has been accounted for as a derivative liability.

On June 30, 2020, pursuant to a financing completed, the Company issued 6,153,846 common share purchase warrants that entitle the holder to receive one common share at a price of $0.18 for a period of five years. The

Pursuant to the financings on April 30, 2019 and September 16, 2019, the Company issued 4,750,000 and 11,850,000 common share purchase warrants that entitle the holder to receive one common share at a price of $0.20 for a period of three years.

During Q1, 2021 250,000 warrants were exercised at a price of $0.20 for $50,000.

A summary of the status of the Company's warrants at March 31, 2021 are as follows:

	Number of warrants	Remaining contractual life	Weighted average exercise price
	#	[years]	$
Balance January 1, 2020	20,312,500	1.55	0.17
Issued June 30, 2020	6,153,846	4.50	0.18
Balance - December 31, 2020	**26,466,346**	**2.24**	**0.18**
Exercised March 17, 2021	(250,000)	-	(0.20)
Balance - March 31, 2021	**26,216,346**	**2.00**	**0.18**

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 *Business Combinations* clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Company, but may impact future periods should the company enter into any business combinations.

Amendments to IFRS 16 COVID-19 Related Rent Concessions – amendment to IFRS 16 Leases

On 28 May 2020, the IASB issued *COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases*. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Company.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified to its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and its Audit Committee to ensure appropriate and timely decisions are made regarding public disclosure.

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

The Company will file certifications, signed by the Company's CEO and CFO, with the TSX Venture Exchange. In those filings, the Company's CEO 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 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 and CFO 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 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 March 31, 2021, the Company's internal controls were adequate.

Management Responsibility for Financial Reporting

The Company's March 31, 2021 interim, condensed consolidated financial statements have been prepared by management in accordance with IFRS, and have been approved by the Board of Directors. The integrity and objectivity of these consolidated financial statements are the responsibility of management. In addition, management is responsible for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

EWI maintains a system of internal accounting and administrative controls to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded. The consolidated financial statements may contain certain amounts based on estimates and judgments.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee has at least one financial expert, and none of its members are involved in the daily operations of the Company. The Audit Committee meets periodically with management and the external auditor to discuss internal controls over financial reporting and auditing matters.

The Audit Committee reports to the Board for approval of the consolidated financial statements as well as to shareholders for the reappointment of the external auditors.

For reference purposes, please refer to the March 31, 2021 interim condensed consolidated financial statements.

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.

COVID-19 Global Pandemic

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had an impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and social distancing/quarantine guidelines. We anticipate this outbreak will not have significant impact on the Company with the exception of potentially lower maintenance revenues in fiscal 2020 due to the current travel restrictions to the Unites States. Certain Sales of TR systems that are currently being negotiated may be delayed due to travel restrictions. Management feels confident that it can continue to obtain additional financing through private placements or debt, as it has in the past, in order to meet its ongoing cashflow needs.

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.

SUBSEQUENT EVENTS

[a] Proceeds from exercise of stock options

During the period from April 1, 2021 to May 28, 2021 a total of 270,000 stock options were exercised for total proceeds of $28,500 by employees, officers and consultants of the Company.

[b] Deferral of NOHFC loan repayments

On April 19, 2021 the NOHFC accepted a proposal from the Company to amend the repayment terms of the term loan payable as follows:

- Previously accrued and unpaid interest, and additional interest accruing up to and including August 31, 2021, is to be paid in full no later than August 31, 2021;
- Interest from August 31, 2021 until May 31, 2022 shall accrue and be paid in full no later than May 31, 2022,
- Blended payments based on a 5-year amortization will commence on June 1, 2022, and
- NOHFC will obtain a corporate guarantee and postponement of claim, supported by a general security agreement from the new majority shareholder of Ellsin.

[c] Private Placement

On April 23, 2021, the Company completed a non-brokered private placement for proceeds of $1,233,000 through the issuance of 4,110,000 common shares at $0.30 per share.

[d] Additional investment in Joint Venture

Pursuant to the joint venture agreement signed on March 19, 2021, Torreco advanced and additional $600,000 on April 7, 2021 bringing their ownership in Ellsin up to 10%.

[e] Debt conversions

On May 24, 2021 the Company entered into two debt conversion agreements to settle the promissory note payable and a portion of the deferred compensation liability. The debt conversion agreement is in respect of settlement of $1,119,517 owing under the promissory note dated April 12, 2017 and $162,500 pursuant to a salary and expense deferral agreement dated September 12, 2019 These debt conversions provide for an aggregate of $1,282,017 of the Company's outstanding debts to be settled through the issuance of an aggregate of common shares at a price equal to the higher of $0.23 or the volume weighted average trading price of the common shares for the ten (10) days following the date hereof.

Both of these transactions constitute related party transactions, as the promissory note is held by a director and the salary and expense deferral agreement is with the Chief Executive Officer who is also a director of the Company.

The common shares issued pursuant to the Debt Conversions will be subject to a statutory hold period of four months and a day from the date of issuance. Under the policies of the TSX Venture Exchange the settlement of the promissory note payable requires the approval of disinterested shareholders of the Company because the holder of this note will become a new control person of the Company since it will own over 20% of the Company's common stock. The Company will seek shareholder approval at its upcoming annual and special shareholders' meeting scheduled for July 7, 2021.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During fiscal 2020 the three months ended March 31, 2021 and to date, the Company progressed significantly towards commercialization of the TR Series System with the announcement of two transactions that will generate future revenues.

The Company has switched focus from a technology company to a marketing company with the main focus being the commercialization and sales of its TR Series tire recycling project. This project represents an economically viable solution to a large environmental problem. EWI has a sales funnel that includes opportunities to sell plants to third parties that include ongoing royalty payments and maintenance agreements, as well as selling the plant by-products including carbon black, oil, steel and syngas.

SHARE DATA

The following table outlines all outstanding voting or equity securities including options and warrants of the Company which are convertible into, or exercisable or exchangeable for, voting or equity securities as of May 28, 2021:

	Number
Common shares	252,636,148
Issuable under options	10,107,134
Issuable under warrants	26,216,346
Issuable under debt conversions (1)	5,573,987
Total	**294,533,615**

(1) Under subsequent events (e), assume $1,282,017 debt convertible to common shares at $0.23

Features of the options and warrants are described in Note 9 to the condensed interim consolidated financial statements for the three months ended March 31, 2021.

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.