ENVIRONMENTAL
WASTE INTERNATIONAL

……because the environment matters

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL 2022

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of the financial conditions and results of operations of Environmental Waste International Inc. and its subsidiaries (the "Company" or "EWI") should be read in conjunction with EWI's audited consolidated financial statements and notes as at and for the years ended December 31, 2022 and 2021.

The Company's audited consolidated financial statements and the financial information contained in the MD&A are prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretation Committees.

Results are reported in Canadian dollars unless otherwise noted.

Information contained herein is presented as of April 27, 2023, unless otherwise indicated. These audited consolidated financial statements were approved for issuance by the Board of Directors on April 27, 2023.

Further information regarding EWI and its operations can be obtained from the Company's website at (www.ewi.ca) or on SEDAR (www.sedar.com).

Management Responsibility for Financial Reporting

The Company's management is responsible for the presentation and preparation of the annual consolidated financial statements and MD&A. The MD&A has been prepared in accordance with the requirements of securities regulators under National Instrument 51-102 of the Canadian Securities Administrators.

The annual consolidated financial statements and information contained in the MD&A necessarily include amounts based on informed judgements and estimates of expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, and risks and uncertainties. Actual results in the future may differ materially from the present judgements and estimates.

OUR BUSINESS

EWI is a cleantech company developing systems, specializing in the application of its patented microwave processes. Its predominant focus is transforming End-of-Life tires (“EOL”) into valuable by-products which are sustainable and are part of the circular economy.

The Company researches, designs, develops, sells, and maintains efficient advanced systems based on its patented processes: Reverse Polymerization™ ; Microwave Delivery System and Hybrid Microwave Process.

Governments and industries worldwide recognize the need for cleantech companies to provide a sustainable process for the treatment or recycling of tires and other waste rubber products in an eco-efficient manner.

In addition to tires, EWI has designed solutions for the safe disposal, recycling and/or recapture of sustainable by-products for Liquid Biological Waste Systems; Food Waste; Medical Waste and Animal Waste.

The Company is listed on the TSX Venture Exchange (‘TSXV”) trading under the symbol EWS.V. The Company’s head office address is 1751 Wentworth Street, Unit 1, Whitby Ontario, L1N 8R6.

OUR TECHNOLOGY

Reverse Polymerization (RP) is the basis for EWI's processes, it is the reduction of organic material through the application of microwave energy in an oxygen-depleted atmosphere. Microwave energy is absorbed by the organic material, causing rotation of inter-molecular bonds, leading to the generation and emission of narrowband infrared energy. The narrow band infrared energy is re-absorbed by surrounding material, increasing the amount of energy in the bonds until the bonds break. The breaking of the bonds results in the conversion of complex organic compounds into simpler compounds of lower molecular weight without undergoing oxidation.

The RP process involves the direct application of high-energy microwave energy, utilizing its patented Microwave Delivery System (MDS), to break down materials into simpler chemical components. It is unique and can be differentiated from other processes based on three key characteristics:

1. Application of microwave energy occurs in an oxygen depleted environment, preventing oxidation of the waste.
2. Reaction occurs at low chamber temperatures of 150º C to 450º C, depending on the application.
3. Control of the process is precise as the microwave energy is focused and the energy input is variable, allowing the desired amount of energy input per unit mass of waste to be applied.

Through research, EWI has been able to improve the RP process with the addition of radiant heating. This is known as the Hybrid Microwave Process (HMP). HMP uses the syn gas produced by the process to preheat the infeed, maintain the process tunnel temperature. It also heats the solid materials exiting the process and prevents the absorption of process gases on this material. Reverse Polymerization, and HMP are not incineration. Incineration is an oxidation process that occurs at higher temperatures. Oxidation of organic waste materials can lead to the formation of undesirable by-products such as dioxins or furans.

Incineration and pyrolysis cannot be precisely controlled in the same manner as Reverse Polymerization and HMP. These processes, incineration and pyrolysis, have less control of their reactions compared to the RP and HMP process and therefore lack the ability to control the composition and quality of the end-products. This has major implications in the EOL tire application and is one of the reasons that EWI's HMP creates such high-quality products from tires. These products can be used to make new tires, and other rubber products completing the circular economy.

CORPORATE MISSION

The Company's mission is to provide sustainable solutions for the rubber and plastic industries by processing EOL tires and scrap rubber in a way that dramatically reduces greenhouse gas, while producing a high return on invested capital without the need for a tipping fee or carbon tax.

The Company is currently focused on the commercialization of its technology for the recycling of EOL tires and other rubber waste. The Company's HMP process reduces EOL tires into basic commodities in an environmentally safe manner: recovered carbon black (rCB), oil, steel and hydrocarbon vapours. The rCB is recycled back into rubber compounding for tire production, weather stripping and other rubber products. It is estimated by 2030 the major tire manufacturers will require over 1 million tonnes of rCB to meet their target of 50% sustainable products in tires. In addition, rCB is used as a colour concentrate in plastics, pigments, coatings and paints, among many other applications. Syngas provides a significant percentage of the power required to run the plant or can be sold to the power grid. Oil and steel are sold as commodities. All the products are sustainable and are part of the circular economy.

Our Market

Tire stockpiles and landfills, many of which are massive, exist all over the world. Rubber, including tires, is one of the last major commodities without a meaningful recycling option. Once established, these landfills are long term since rubber biodegrades very slowly. Over 4.1 million tires are scrapped each day. Approximately 1.5 billion EOL tires become available worldwide annually and this number continues to grow.

Reclaimed Carbon Black (rCB) represents 40% of each EOL tire recycled by EWI. rCB can be used as a supplement or partial replacement for virgin carbon black (vCB) in rubber, plastic, and many other products. vCB 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 Canada, the EU, Australia and Asia. The vCB industry is coming under increased pressure from governments and environmental groups, as production of the product is a significant greenhouse gas emitter.

Currently the large tire manufacturers are targeting 50% sustainability in new tires by 2030, they will require over one million tonnes of rCB to attain this goal. Their long-term targets are 100% sustainability by 2050, which would require a minimum of over two million tonnes of rCB. Currently production of rCB is estimated to be roughly 100,000 tonnes.

Environment, Social and Governance ("ESG")

Most rubber manufacturers have a significant issue with their production waste. In many cases, landfill or incineration are the only options for thousands of tonnes of this waste. EWI believes it has the only technology that can deal with this difficult waste stream, especially where raw rubber is intermingled with steel. The Company is seeing interest from rubber manufacturers to deal with their sustainability issues. Bridgestone and

Michelin made a joint announcement in November 2022 indicating a need for large quantities of rCB to meet their stated sustainability goals by 2030.

ESG initiatives and projects have become a focus for corporations, governments, regulators and investors in 2022. EWI is well positioned as it integrates ESG in its business practices. The Company's tire recycling technology provides a practical solution to one of the world's biggest environmental challenges, and our corporate strategy of building and selling plants provides an opportunity to make a difference in the fight against climate change. As worldwide ESG commitments evolve into action, EWI is prepared for the significant changes the economy is undergoing. Management and directors of the Company have a fiduciary responsibility to its shareholders to contribute towards a more sustainable world and protect our future and the environment, not only because it is the right thing to do, but because it is also good business.

The Company has protected its intellectual property. It has patented its Reverse Polymerization™ Process and has filed additional patents for a Hybrid Microwave Process. In addition to these patents, the Company has a great deal of technical and management expertise in its engineering team.

FUTURE REVENUE STREAMS

Plant in Sault Ste. Marie

The Company built and operated a full-scale Pilot Plant Tire System in Sault Ste. Marie, Ontario that showcased the RP technology and allowed EWI to complete research for its commercial system. After successfully running a pilot plant the facility produced materials for testing and demonstrated the efficiency of the technology, including the ability to use syngas as a fuel for the gas engine to create electricity. The basis for the HMP was developed and tested at this facility leading to an environmental review that was successfully completed allowing the HMP to operate commercially at 20 tonnes/day. The plant is now being upgraded to operate commercially.

Commodity Sales

Carbon black, the major raw material in tires, is a specialty product. Stringent environmental laws are forcing the closure of older inefficient virgin carbon black plants, causing pressure on supply. Recovered carbon black ("rCB"), 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's rCB has now been tested and accepted by several companies. Bridgestone and Michelin both committed to dramatically increasing their use of recovered carbon black in their manufacture of new tires.

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 and receive a royalty on all revenues from these systems. This will develop a growing base of high margin, high value recurring revenue. 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. The most active ones are with entities in Canada, Denmark, Australia, and the UK.

MANGEMENT OBJECTIVES AND RECENT DEVELOPMENTS

Upgrade the Company's plant in Sault Ste. Marie toward a full-scale commercial facility

Our commercial facility is being designed to process 20 tonnes of EOL tires /day, producing rCB, syngas, oil and steel. The rCB will be combined with recycled plastic producing plastic black masterbatch that will be marketed throughout North America. Black masterbatch is the base component in all black plastic products, from garbage bags to planters to car dashboards. The Company has begun the engineering necessary to complete the upgrade of its full-scale pilot plant and has dismantled the current microwave line to make way for the new line. Operational data and testing from EWI's full-scale pilot plant has led to developments in the process, increasing throughput and reducing energy consumption. It is anticipated that the commercial facility will be installed by June of 2024.

Improve quality of by-products

EWI has improved the quality of products extracted from its tire process and continues to work with end users to develop products that meet their requirements.

File additional patents

Additional patents have been filed for the Hybrid Microwave Process (MHP) in the US, Canada, Europe and China. The feedback from the patent offices has indicated that we may be able to break this application into two separate patents, we will follow our patent lawyer's advice.

Short-term financing

On April 17, 2023, the Company announced that it has agreed with certain investors to raise $1,500,000 in a $0.05 per unit private placement financing. Each unit consists of one common share and one share purchase warrant. The funds are expected to be received in tranches by the end of May 2023. Each warrant expires two years from the closing and has an exercise price of $0.10. (see subsequent events)

Progress towards obtaining long-term financing

Long-term financing for the upgrade to the commercial facility and operational funds is ongoing with our investment bankers. To date we have had discussions with a number of groups who have shown interest, EWI will continue these discussions until the financing goals have been met.

SELECTED ANNUAL FINANCIAL INFORMATION

(Canadian $)	Year ended December 31 2022	Year ended December 31 2021	Year ended December 31 2020
Revenues	-	112,489	113,368
Operating loss	(2,151,058)	(1,956,963)	(1,494,508)
Net loss	(2,291,291)	(1,314,921)	(2,417,204)
Net loss per share - basic and diluted	(0.01)	(0.01)	(0.02)
(Canadian $)	At December 31 2022	At December 31 2021	At December 31 2020
Total assets	2,784,099	2,665,553	1,948,979
Total liabilities	5,161,055	4,002,568	5,746,409
Total shareholders deficiency	(2,376,956)	(1,337,015)	(3,797,430)

During the year ended December 31, 2022, the Company continued to focus its efforts on upgrading its plant in Sault Ste. Marie Ontario to a commercial facility while continuing to focus on commercial opportunities to deploy its reverse polymerization process. Management has successfully raised short-term financing through both equity and debt for working capital purposes and continues to work towards its long-term financing goals.

Revenues from a five-year maintenance contract expired in August 2021, hence there are no revenues in 2022.

Operating loss includes engineering design expenses for technology development, costs of maintaining the plant in Sault Ste Marie, compensation and people costs, office expenses for the Whitby location, professional and consulting fees and public company costs to maintain our listing on the Toronto Venture Stock Exchange.

Net loss includes finance costs, foreign exchange gains or losses as well as non-cash accounting items for gains or losses representing adjustments on liabilities. Without these non-cash items, net loss would be as follows:
2022: $2,381,505
2021: $2,196,287
2020: $1,829,986

Total assets increased primarily due to the addition of asset under construction included in property and equipment representing the capitalized costs for the upgrade of the Sault Ste Marie plant.

GOING CONCERN ASSUMPTION

The financial information contained in this MD&A are derived from the consolidated financial statements which have been prepared on a basis that assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. These financial statements do not reflect any adjustments that may be necessary should the Company be unable to continue as a going concern. The Company incurred a net loss during the year ended December 31, 2022, of $2,291,291 (2021 - $1,314,921) and, as at that date, had working capital deficiency for of $4,034,579 (December 31, 2021 – $2,803,045) and a cumulative deficit of $68,572,139 (December 31, 2021 – $66,312,558).

Recurring sources of revenue have not yet proven to be sufficient as the commercialization of the Company's core technology is at an early stage and the Company has not yet achieved a level of profitability and positive cash flows. While the Company has been successful in raising additional financing and extending the repayment terms for deferred compensation, it will require 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 is considering various alternatives to raise additional financing. There can be no assurances that the Company will be able to secure the necessary financing to enable it to continue as a going concern. The factors noted above indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. If the going concern basis is not appropriate, material adjustments may be necessary to the carrying amounts and/or classification of assets and liabilities.

DISCUSSION OF RESULTS

(Canadian $)	December 31 2022	December 31 2021
Revenues	**-**	**112,489**
Expenses		
Technology, operating and administration	1,605,846	1,610,304
Stock based compensation	430,559	343,342
Depreciation and amortization	114,653	115,806
Total expenses	**2,151,058**	**2,069,452**
Operating loss	**(2,151,058)**	**(1,956,963)**
Other income (expenses)		
Finance costs	(204,781)	(213,867)
Foreign exchange gain (loss)	(25,666)	(25,458)
Gain on settlement of debt	-	249,848
Loss on modification of term loan	-	(35,563)
Change in fair value of derivative	90,214	667,081
Net loss	**(2,291,291)**	**(1,314,921)**

Revenues

The Company received revenues from a maintenance contract and an extended warranty contract with a client in the US which accounted for revenues in 2021. This contract expired in August 2021, explaining why there are no revenues in 2022.

Expenses

The Company classifies its operating expenses into three functions to reflect how it currently manages its business, technology development, plant operations and general and administration. Technology costs include costs associated with all design and engineering and maintenance activities including compensation and people costs, contractor fees, third party engineering consulting fees, and development costs. Operating costs include all costs associated with the plant in Sault Ste Marie such as utility, insurance, property taxes, repairs and maintenance and plant manager salary. General and administration costs include all head office expenses relating to the location in Whitby, Ontario, people and compensation and people costs, professional fees, consulting fees and public company costs to maintain our listing on the TSXV.

Starting in 2021 while the Company focused its efforts on upgrading the plant in Sault Ste Marie to a commercial production facility, all expenses relating to the upgrade were classified as asset under construction as part of property and equipment on the statement of financial position. These costs include both third party fees and internal engineering salaries allocated to the Sault Ste Marie project. In 2022 a total of $529,762 was capitalized to construction in progress compared to $1,095,029 in 2021. The decrease year over year is due to the suspension of some of the upgrade activities in 2022 to preserve cash resources.

General and Administration costs during the years ended December 31, 2022, and 2021 were as follows:

(Canadian $)	December 31 2022	December 31 2021
General and Administration		
Compensation and people	230,642	240,312
Office and general	113,661	94,758
Professional and consulting fees	273,854	234,650
Public company costs	336,906	256,309
Travel, sales and marketing	32,687	39,850
	987,750	**865,879**

Compensation and people costs are lower in 2022 by $9,670 primarily due to a slightly higher amount being allocated to technology development in 2022 compared to 2021.

Office and general was higher in 2022 by $18,903 as in 2021 the Company received funds for the Canada Emergency Rent Subsidy (CERS) which reduced rent costs.

Professional and consulting fees were higher in 2022 compared to 2021 by $39,204 primarily due to business advisory service fees incurred as well as Ministry of Environment consulting fees, partially offset by lower legal fees in 2022.

Public company costs include legal and other professional fees, investor relations, and listing fees associated with the compliance with the requirements to be a public company on the TSXV. These costs were higher in 2022 compared to 2021 by $80,597 due to higher investment relations costs as management focused on promoting the Company's stock and corporate legal fees associated with financing transactions.

Travel, sales and marketing costs were slightly lower by $7,163 in 2022 due to less travel during the year compared to last year.

Stock-based compensation

$430,559 in 2022 was higher than $343,342 in 2021 due to the full year of expensing the vested portion of 4,270,000 options awarded in the middle of 2021 at a higher price of $0.22 compared to 2,660,000 options awarded at $0.05 in the middle of 2022.

Depreciation and amortization

$114,653 in 2022 was consistent with $115,806 in 2021. Depreciation is on property and equipment while amortization is on the tight of use lease asset. Depreciation is not yet recorded on asset under construction representing the capitalize costs associated with the upgrade of the Sault Ste. Marie plant as it is not yet in use.

Finance costs

$204,781 in 2022 was lower than $213,867 in 2021 primarily due to no interest on a promissory note which was converted in 2021.

Foreign exchange loss

$25,666 in 2022 compared to a $25,458 in 2021 which is constant due to the continued weak Canadian dollar compared to the US dollar which results from holding US cash balances in both 2022 and 2021.

Gain on settlement of debt

Gain on settlement of debt of $249,848 in 2021 includes a gain of $229,536 on the settlement of a promissory note by way of issuance of common shares of the Company in May 2021.In addition, a gain of $20,312 resulted from the Company entering into a debt conversion agreement to settle a portion of the deferred compensation liability.

Loss on modification of term loan

Loss on modification of term loan of $35,563 in 2021 was a noncash item representing the result of accounting for modifications or changes to terms of the NOHFC loan.

Gain on change in fair value of a derivative

The $90,214 gain in 2022 represents the revaluing of the warrants that were attached to the convertible loan on their expiry date May 4, 2022. This compared to a gain of $667,081 in 2021 when the derivative liability was revalued at year end and resulted in a gain due to the decrease in stock price at December 31, 2021 compared to December 31, 2020 in relation to the exercise price and the value conferred on the holder of the warrants.

Net loss

Net loss of ($2,291,291) in 2022 compared to net loss of ($1,314,921) in 2021. Included in 2022 was a non-cash gain of $90,214 compared to three non-cash items in in 2021 including a gain of $667,081 from the change in fair value of derivative liability, $249,848 for a gain on settlement of debt and $35,563 loss on modification of term loan. Without these non-cash items, net loss in 2022 would be ($2,381,505) compared to a loss of ($2,196,287) in 2021 representing a higher loss by $185,218. This increase in loss can be explained by the loss of maintenance revenues of $112,489 in 2022 and higher stock compensation expense in 2022.

LIQUIDITY AND CAPITAL RESOURCES

The Company had $53,792 cash on hand at December 31, 2022.

Working capital

(Canadian $)	December 31 2022	December 31 2021
Current assets	213,205	516,202
Current liabilities	4,247,784	3,319,247
Working capital deficit (1)	(4,034,579)	(2,803,045)
Less: Northern Ontario Heritage Fund term loan classified as current liability	2,460,702	2,362,627
Cash working capital deficit	**(1,573,877)**	**(440,418)**

(1) *this item is not defined under IFRS.*

The working capital deficit was ($4,034,579) at December 31, 2022 compared to the working capital deficit of ($2,803,045) at December 31, 2021. Included in current liabilities is a $2,460,702 in 2022 and $2,362,627 in 2021 term loan payable to the NOHFC for which terms are currently being renegotiated by management and the NOHFC but is classified as short term for financial statement purposes. The Company has a long-standing relationship with the NOHFC and has amended the terms of their agreement with them to better match the cashflows of the Company in the past. Without classifying the NOHFC term loan as a current liability the real cash working capital deficit is ($1,573,877) at the end of 2022 compared to ($440,418) at the end of 2021. This increase in deficit is largely due to higher accounts payable and accrued liabilities as of December 31, 2022, compared to 2021.

Cashflow

(Canadian $)	Year ended December 31 2022	Year ended December 31 2022
Cash used in operating activities	(1,122,139)	(1,612,712)
Cash used in investing activities	(536,197)	(1,110,150)
Cash provided by financing activities	1,414,893	2,400,375
Net decrease cash	**(243,443)**	**(322,486)**

During 2022 the Company used $1,112,139 of cash for operating activities, compared to $1,612,712 in 2021. This decrease in cash used of $490,573 can be explained by the receipt of trade receivables and government remittances as well as higher accounts payables and accrued liabilities at December 31, 2022.

The company used $529,762 in construction in progress costs relating to the plant upgrade in Sault Ste. Marie in 2022 compared to $1,095,029 in 2021 which is included in cash used for investing activities. The decrease in 2022 compared to the prior year is due to the suspension of activities for the preservation of cash.

Financing activities generated $825,000 proceeds from the private placement less $4,208 issue costs, as well as proceeds of $689,239 from the issuance of promissory notes in 2022. These cash inflows were partially offset by a total of $68,069 of mortgage and lease payments generating net $1,414,893 cash from financing in 2022. In 2021, the Company received $1,000,000 proceeds from the investment by Torreco in Ellsin, $1,233,000 proceeds from a private placement less $17,363 issue costs and additional $40,000 proceeds from CEBA loans. $151,930 was received from the exercise of stock options and $50,000 from the exercise of warrants. This was partially offset by a total of $57,192 of mortgage and lease payments generating net cash of $2,400,375 in 2021.

Financing activities

On April 13, 2022, the Company raised $825,000 in a $0.10 per unit private placement financing. Each unit consists of one common share and one share purchase warrant. Each warrant expires two years from the closing and has an exercise price of $0.15. Five members of the EWI Board of Directors and a senior member of management of the Company participated in the purchase of units in the offering. Certain members of the Danish company that is currently working on securing financing for a 100 tonne per day plant in Nyborg, Denmark utilizing EWI technology, also participated in the placement.

On April 27, 2022, Bob MacBean, the CEO, and a director of the Company agreed to extend the repayment date on funds totaling $286,223 owing to him to January 15, 2024. This amount is comprised of accrued salary and business expenses. At December 31, 2022 the total amount owing including accrued interest amounts to $299,888.

In 2022, three directors loaned the Company an aggregate of $689,239 (US$ 508,000) in the form of promissory notes. The promissory notes bear interest at a rate of 10% per annum, and the notes are due on demand.

Capital Resources

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.

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 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 the 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 2022.

Debt

(Canadian $)	December 31 2022	December 31 2021
CEBA loans	110,130	101,072
NOHFC term loan	2,460,702	2,362,627
Promissory note	706,938	-
Mortgage	538,241	515,967
Deferred Compensation	299,888	285,632
Total debt	**4,115,899**	**3,265,298**

Details of all the terms of debt can be found in note 8 to the consolidated financial statements for fiscal 2022. The Company has traditionally financed its operations through private placements as well as debt.

The $2,000,000 term loan with the NOHFC, the Company's largest debtholder, was negotiated in 2009 and is currently being renegotiated to defer terms of repayment for the accrued interest owing as well as blended payments. The term loan is technically in default based on the most recent loan amendment agreement. Management has a long-standing relationship with the NOHFC and Management expects that the NOHFC will continue to collaborate with them to try to better match payment terms with cash inflows from future operations.

During 2022, three directors of the Company loaned funds by way of promissory notes for working capital purposes. Subsequent to year end, the promissory notes were converted into common shares at $0.035 per share except for the funds advanced by one director in the amount of $180,900 ($133,000 US).

Ellsin obtained a $500,000 mortgage on the building in Sault Ste Marie in 2020 for which interest payments only being paid monthly. The mortgage is due July 3, 2025.

The deferred compensation of $299,888 includes accrued salary and expenses owed to the CEO currently due January 15, 2024. Subsequent to year end, the company agreed to postpone the maturity of this debt until January 15, 2025.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

QUARTERLY FINANCIAL INFORMATION

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

(Unaudited)	December 31 2022	September 30 2022	June 30 2022	March 31 2022	December 31 2021	September 30 2021	June 30 2021	March 31 2021
Net loss $	(565,834)	(680,317)	(571,929)	(473,212)	(254,780)	(56,025)	(365,092)	(639,024)
Loss per share $	(0.002)	(0.003)	(0.002)	(0.002)	(0.001)	0.000	(0.001)	(0.002)
Weighted average common shares outstanding (000s)	264,911	258,419	258,419	258,419	258,419	258,046	251,646	247,572

PARTNERSHIPS AND MINORITY INTEREST

Partnership to enter the European Market

On August 25, 2020, the Company announced that it signed an agreement with a European development and investment company, Elysium Nordic (Elysium) to enter a partnership to develop waste tire recycling plants across Europe. That original agreement has now expired, and Elysium's rights are now limited to financing and building a TR100 in Nyborg Denmark with plans to build a second TR100 on the same site.

Some of its principals in the project have participated in the June 30, 2020, April 22, 2021, and the April 13, 2022, private placements.

Torreco investment in Ellsin

An agreement with Torreco, Inc. for an investment of $7,000,000 in Ellsin Environmental, EWI's subsidiary which owns its plant in Sault Ste. Marie, Ontario funded $1 million of this obligation to date, and now owns a minority interest of 10% in Ellsin. Torreco is currently in breach of this agreement by not having advanced the remaining funds. The Company continues to move forward with the upgrade and commercialization of the Sault Ste. Marie plant and is actively seeking alternative financing solutions to fund this plant upgrade which would substantially dilute Torreco's interest.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, the Company engaged in transactions in the normal course of operations with the following related parties.

(Canadian $)	December 31 2022	December 31 2021
Salaries and benefits and consulting fees	309,200	242,050
Share-based compensation	147,832	115,625
Interest on deferred compensation	14,256	18,132
Total Management Personnel	471,288	375,807

Deferred compensation of $299,888 (2021 - $285,632) and $54,019 (December 31, 2021 – $19,765) included in accounts payable as at December 31, 2022 relate to compensation of a key member of management who is also a director.

(Canadian $)	December 31 2022	December 31 2021
Share-based compensation	116,533	93,839
Interest on debt	10,889	23,870
Total Directors	127,422	117,709

In 2022, the Company issued promissory notes totaling $689,239 (US$ 508,000) to three directors of the Company.

FOURTH QUARTER

(Canadian $)	Fourth Quarter 2022	Fourth Quarter 2021
Revenues	**-**	**30,000**
Expenses		
Technology, operating and administration	383,443	114,621
Stock based compensation	69,694	140,262
Depreciation and amortization	28,676	71,021
Total expenses	**481,813**	**325,904**
Operating loss	**(481,813)**	**(295,904)**
Other income (expenses)		
Finance costs	(62,165)	(47,645)
Gain on recognition of interst free loans	-	(6,254)
Foreign exchange gain (loss)	(21,856)	(17)
Change in fair value of derivative	-	95,040
Net loss	**(565,834)**	**(254,780)**

Revenues

In Q4 2021 the Company recorded revenues from engineering design fees which were not recurring.

Expenses

The Company classifies its operating expenses into three functions to reflect how it currently manages its business, technology development, plant operations and general and administration. Technology costs include costs associated with all design and engineering and maintenance activities including compensation and people costs, contractor fees, third party engineering consulting fees, and development costs. Operating costs include all costs associated with the plant in Sault Ste Marie such as utility, insurance, property taxes, repairs and maintenance and plant manager salary. General and administration costs include all head office expenses relating to the location in Whitby, Ontario, people and compensation and people costs, professional fees, consulting fees and public company costs.

In Q4 2022 costs of $383,443 were higher than Q4 2021 costs of $114,621 by $268,822 primarily due to lower capitalization of costs to the Sault Ste Marie upgrade project as activities were deferred to preserve cash resources and higher insurance costs and consulting fees.

Stock-based compensation expense of $69,694 in Q4 2022 was lower than $140,262 in 2021 by $70,568 due to the timing of the expense of higher value options vesting in the last of half of 2021 compared to 2022.

Depreciation and amortization of $28,676 in Q4 2022 was lower than $71,021 in Q4 2021 by $42,345. This is because effective March 22,2021, the Company recorded the Ellsin plant operations as discontinued operations with the assets held for sale and no depreciation recorded in Q2 and Q3 2021. At December 31, 2021, the classification of discontinued operations was reversed and an adjustment was made in Q4, 2021 to record catch up depreciation relating to Q2 and Q3 2021.

Finance costs

Finance costs of $62,165 in Q4 2022 compared to $47,645 in Q4 2021. The increase is primarily due to interest on the promissory notes issued towards the end of fiscal 2022.

Foreign exchange loss

The foreign exchange loss of $21,808 in Q4 2022 was higher than the foreign exchange loss of $17 in Q4 2021 due to holding higher US cash balances in during Q4 2022 compared to Q4 2021.

Change in fair value of derivative

In Q4 2021 the Company recorded a gain of $95,040 on the revaluation of the derivative warrant liability from September 30, 2021 to December 31, 2021. The warrants related to this derivative liability expired in May 2022, and the derivative liability was reduced to $Nil at that time with no further gains or losses on re-valuation recorded in Q4 2022.

Net loss

Net loss of ($565,834) in Q4 2022 compared to net loss of ($254,780) in Q4 2021. Included in Q4 2021 was a non-cash gain of $95,040 from the change in fair value of derivative liability. Without this non-cash item, net loss in Q4 2021 would be ($349,820) compared to ($565,834) in 2022. The higher loss of $216,014 in Q4, 2022 is due to higher operating costs and foreign exchange loss, partially offset by lower stock compensation expense and depreciation and amortization.

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.

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 and from its financing activities, including deposits with banks and financial institutions. 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.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold interest bearing liabilities which are subject to changes in interest rates.

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. As at December 31, 2022 the Company had cash on hand of $53,792 and current liabilities of $4,247,784 of which $2,460,702 represents the term loan outstanding with NOHFC currently being renegotiated to defer payment terms, and $110,130 CEBA loans which can be deferred as well. The Company's accounts payable and accrued liabilities are generally due within one year from the date of the statement of financial position.

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 is in the early commercialization stage of its business and is subject to the risks associated with early-stage companies, including uncertainty of revenues, markets and profitability and the need to raise additional funding. The success of EWI ultimately depends on its ability to generate significant revenues to finance operations as opposed to external funding. There can be no assurance that future revenues will be sufficient to generate the funds required to continue operations without external funding.

Future capital requirements

EWI will require additional financing to commercialize its technology and expand operations. It is possible that required future financing will not be available, or if available, will not be available on favorable terms. There can be no assurances that EWI will be able to raise additional capital.

Sales cycle

EWI's sales and delivery systems cycle involves unusually lengthy periods of time that can have a direct effect on profitability through changes in component costs, market conditions, exchange rates, and other costs outside the Company's control.

Protection of intellectual property

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.

Partnerships for development and commercialization of technology

The Company may need to but be unable to obtain partners to support the commercialization of its technology. Equity financing 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.

Limited market for securities

The Company's shares are listed on the TSX Venture stock exchange, however, there can be no assurance that an active and liquid market for the Company's shares will develop or be maintained, and an investor may find it difficult to resell any securities of the company.

Share price volatility

Several 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.

SUBSEQUENT EVENTS

$1,500,000 Private Placement

On April 17, 2023, the Company announced that it has agreed with certain investors to raise $1,500,000 in a $0.05 per unit private placement financing. Each unit consists of one common share and one share purchase warrant. The funds are expected to be received in tranches by the end of May 2023. Each warrant expires two years from the closing and has an exercise price of $0.10.

Debt Settlement

During the period January 1, 2023, to April 14, 2023, one director made additional advances pursuant to a promissory note in the amount of $232,024 (US$172,150).

Effective April 15, 2023, the Company signed an agreement with two of the three directors for the settlement of their promissory notes at that date, in the total amount including interest of $771,500 (US$569,077)in exchange for the issuance of an aggregate of 22,042,859 common shares at a price of $0.035 per share. The shares are subject to a four-month and a day statutory hold period.

The private placement financing and debt settlement is subject to TSX Venture Exchange acceptance of regulatory filings. The funds will be used for upgrading the Company's Sault Ste. Marie facility, repayment of debt and for working capital.

Deferred Compensation

On March 30, 2023, the Company signed an agreement to postpone the maturity date of the deferred compensation payable from January 15, 2024, to January 15, 2025.

SHARE DATA

(Canadian $)	
Common shares outstanding at April 27, 2023	318,711,802
Securities convertible into comon shares:	
Stock options	15,657,150
Warrants	44,403,846
Total Securities	**378,772,798**

Features of the options and warrants are described in Note 11 to the annual consolidated financial statements for the years ended 2022 and 2021.

CAUTION REGARDING 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.

Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company's goal of creating 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.

DISLCOSURE OF INTERNAL CONTROLS

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 and Chief Financial Officer and its Audit Committee to ensure appropriate and timely decisions are made regarding public disclosure. Internal controls over financial reporting have been designed 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.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures and the Company’s internal controls over financial reporting as defined under National Instrument 52-109. Based on that evaluation, management has concluded that at December 31, 2022, the Company’s internal controls were adequate.

The Board of Directors oversees management’s responsibilities for financial reporting and internal control systems through the Audit Committee. This committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors. The Board of Directors of EWI has approved the financial statements and the disclosure contained in the MD&A. A copy of the MD&A will be provided to anyone who requests it.

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