This "Management's Discussion and Analysis" ("MD&A") has been prepared as of August 27, 2020, and should be read in conjunction with the interim condensed consolidated financial statements of Environmental Waste International Inc. (the "Company", "EWI") for the six months ended June 30, 2020 and 2019. 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.

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 has built a full-scale Pilot Plant Tire System which breaks the molecular bonds in tires and other rubber products, reducing them to their base components of carbon black, steel and hydrocarbon vapors. An off-gas system processes the vapors to recover the oil, and then scrubs the remaining gas for use as fuel in the power generation system that runs the plant. The valuable carbon black, oil and steel are collected and sold into many product streams. After successfully running for five years as a research and development pilot facility the Plant is currently undergoing an environmental review by the Ontario Ministry of Environment, which is expected to result 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.

Currently, the Company is focused on the commercialization of its technology for the recycling and recapture of used tires and other rubber waste. The Company's 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 provides a significant percentage of the power required to run the plant. The oil and steel are sold as commodities.

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

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

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

The focus of the Company for 2020 is to:

- Complete the process of obtaining permanent environmental permits
- Secure long-term financing
- Arrange for financing for the upgrade of the Company's full-scale plant in Sault Ste. Marie
- Conclude commercial sales of EWI's technology in the form of plant sales to third parties
- File Additional patents
- Renew the third year of a five-year 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 R P 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 is currently working on a number of plant sales with both public and private entities in Canada, Australia, the UK, Nepal, India, Denmark and Italy. The Company is also evaluating a number of potential partners in China.

Owned and Operated Plants

Most rubber manufacturers have a significant issue with their production waste. In many cases, landfill or incineration 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 six months ended June 30, 2020, and up to the date of this MD&A:

Operating Highlights during the period

Partnership to enter European Market

The company continues to improve its technology and progress in marketing activities. Subsequent to June 30, 2020, on August 25, 2020 the Company announced that it signed an agreement with a Danish development and investment Company, Windspace A/S ("Windspace") to enter a partnership in the European market. With this agreement, EWS and WindSpace are entering into a partnership to develop waste tire recycling plants across Europe. The first project will be "Elysium Nordic", a TR100 recycling plant in Nyborg, Denmark which utilizes EWS' Reverse Polymerization™ technology. EWS has developed a proprietary system for processing rubber tires, producing reclaimed carbon black (rCB), steel, syn gas and oil (the "Output Products"). A TR100 processes about 100 metric tons of tires per day. Commercialization of EWS' Reverse Polymerization™ technology represents a momentous breakthrough in dealing with one of the world's most stubborn waste problems in an environmentally friendly manner.

Subject to certain conditions, exclusions and performance criteria, EWS grants WindSpace exclusive rights to its technology across Europe. In exchange for these exclusive rights, WindSpace is required to meet certain performance criteria including the timely purchase and construction of a TR100 for the Elysium Nordic project. WindSpace must order and build additional plants within the initial five years of the partnership in order to retain their exclusive rights to the EWS technology in Europe. If WindSpace contracts to build the plants necessary to remain EWS's exclusive European partner, the revenue to EWS should exceed $100 million. However, consummation of any purchases by WindSpace from the Company are contingent upon completion of financing and final documentation. In addition to the sale of the TR100s, EWS will benefit from ongoing licensing revenue tied to the volume of Output Products once a plant is commissioned. Windspace and certain of their principals have made an investment in EWS common stock

Hiring of Chief Financial Officer

On March 3, 2020 the Company announced the appointment of Jeffrey Stoss as Chief Financial Officer. Jeff brings experience in accounting and finance having worked with and advised many public companies over the years in Canada and the United States. Mr. Stoss brings more than 17 years of finance experience to his role at the Company, with a particular speciality in high-growth environments. He is the co-founder and Chief Operating Officer of the outsourced finance services firm, Positive Venture Group Inc. He has previously served as CFO for publicly traded companies and technology start-ups. Mr. Stoss has professional accountant designations in both Canada and the United States.

COVID-19

Towards the end of the first quarter, 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. There was an impact on maintenance revenues during the first half of 2020 due to travel restrictions between the US and Canadian border and not being able to service maintenance revenues in the US.

Annual General Meeting

On June 30, 2020 the Company held its Annual General Meeting. Shareholders of the Company approved all matters voted on at the meeting. The Company also granted an aggregate of 3,905,000 stock options to certain officers directors and consultants. All options are exercisable at $0.05 and vest over three years with an expiry date of June 30, 2025.

Financial Highlights during the period

Results for six months ended June 30, 2020

During the six months ended June 30, 2020 the Company reported net income of $32,787 compared with a net loss of $718,329 during the six months ended June 30, 2019. Included the results in 2020 is a non-cash accounting gain for the change in valuation of a derivative liability of $1,003,290. Without this non cash gain, the real operating loss in the first six months of the year of 2020 is $970,503 compared to $718,329 in 2019.

The Company's working capital (deficiency) at June 30, 2020 was $(1,038,939) compared to $(1,854,983) at December 31 2019. These working capital calculations include the derivative liability of $1,020,503 (December 31, 2019 – $2,023,793) as a current liability. Without this non cash derivative liability, the Company reports working capital (deficiency) at June 30, 2020 of ($18,436) compared to $168,810 at December 31, 2019. Management focused on restructuring the balance sheet in 2019, and renegotiated and amended debt terms to better suit the cash needs of the Company which accounts for the significant improvement in working capital.

During the 6 months ended June 30, 2020, the Company used $465,663 of cash for operating activities, as compared to $ 516,571 for the first half of 2019. The decrease in cash used is explained by lower payment of accounts payable in 2020 compared to 2019.

The Company raised gross proceeds of $400,000 through a private placement that closed on June 30, 2020. 6,153,846 common shares were issued at $0.065. As part of the financing, 6,153,846 warrants were issued for each share issued with an exercise price of $0.18 per warrant. In addition, the Company received $80,000 in bank loans from the Government sponsored Canada Emergency Business Account (CEBA) program offered during the COVID-19 pandemic.

New Mortgage

Subsequent to the period, on July 3, 2020 the Company entered into a $500,000 five year mortgage with an arm's length third party, secured by the Company's land and building in Sault Ste. Marie.

Financing

While focusing on sales efforts and refining the final product, Management continues to actively pursue additional funds on an interim and long-term basis. The Company has been successful in the past several years, raising proceeds through private placements and debt. Through fiscal 2011 to 2018 the Company raised $9 million through private placement equity financings and just under $3 million in debt.

The Company has focused on restructuring its balance sheet to better match its cashflows to its business needs. Prior to 2019, Management repaid a second mortgage and accrued interest of $855,300 and the Company made a lump sum payment of accrued interest on their term loan to NOHFC in the amount of $339,762. Debt to investors amounting to $1,156,271 was converted into common shares as were loans from directors totaling $157,701.

In 2019, the Company raised $1,660,000 proceeds through private placements and renegotiated the terms of several loans. In March 2020, the agreement with NOHFC was updated to defer the payment of previously accrued and unpaid interest and all 2020 interest payments until July 2020, and principal payments until June 2021. In June 2020, the Company obtained further approval from the NOHFC to delay the previously accrued and unpaid interest, and new interest from July to September 2020, until October 2020. Payments will resume October 1, 2020 and the maturity dates have been extended by six months.

The Company settled a portion of its $1,710,000 promissory note outstanding at August 31, 2019 by converting $710,000 to common shares of the Company at $0.05 The remaining $1,000,000 principal was deferred to July 15, 2021.

The convertible loan payable which us due in 2022 was increased by $500,000 from $1,350,000 to $1,850,000. In addition, pursuant to a salary deferral agreement between the Company a key member of management who is also a Director, $400,000 of salary and expenses owing was deferred to January 15, 2022.

During the first six months ending June 30, 2020 the Company raised gross proceeds of $400,000 through a private placement, including participation by Windspace, and $80,000 by way of bank loans.

Subsequent to the period, on July 3, 2020 the Company entered into a $500,000 five year mortgage with an arm's length third party, secured by the Company's land and building in Sault Ste. Marie.

The commercialization of the Company's core technology is in process 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 and six months ended June 30, 2020 and 2019:

(unaudited)	**Three months ended and as at June 30, 2020**	Three months ended and as at June 30, 2019	**Six months ended and as at June 30, 2020**	Six months ended and as at June 30, 2019
	$	$	**$**	$
Net income (loss) ***note 1***	**(674,099)**	(381,089)	**32,787**	(718,329)
Income (loss) per share ***note 1***	**(0.003)**	(0.002)	**0.000**	(0.004)
Weighted average number of shares	**214,424,274**	165,827,736	**214,390,461**	165,827,736
Total assets	**2,087,688**	1,410,220	**2,087,688**	1,410,820
Working capital (deficiency)	**(1,038,939)**	(4,864,050)	**(1,038,939)**	(4,864,050)
Shareholders' equity (deficiency)	**(5,014,019)**	(5,410,587)	**(5,014,019)**	(5,410,587)

Note 1: Net income for the three and six months ended June 30, 2020 includes a loss of $222,530 and a gain of $1,003,290 respectively, representing the change in fair value of derivative liability, which is a non cash item. Without this loss in the quarter and gain for the six months, the Company incurred a net loss for the three months ended June 30, 2020 of ($451,569) compared to ($381,089) in 2019, and ($970,503) for the six months ended June 30, 2020 compared to ($718,329) in 2019.

DISCUSSION OF OPERATING RESULTS

The following table summarizes the Company's operating results for the three and six months ended June 30, 2020 and 2019.

(unaudited)	**Three months ended June 30, 2020**	Three months ended June 30, 2019	**Six months ended June 30, 2020**	Six months ended June 30, 2019
	$	$	**$**	$
Revenue	**23,873**	42,001	**65,695**	83,675
Operating, labour and manufacturing expense	**362,058**	278,752	**723,165**	508,120
Stock based compensation expense	**41,301**	22,874	**76,707**	53,864
Depreciation and amortization	**29,211**	28,632	**58,422**	57,263
Foreign exchange loss (gain)	**(49,787)**	1,849	**(28,545)**	3,959
Operating income (loss)	**(358,910)**	(290,106)	**(764,054)**	(539,531)
Finance costs	**92,659**	90,983	**206,449**	178,798
(Gain)/loss on change in fair value of derivative liability	**222,530**	-	**(1,003,290)**	**-**
Net income (loss) and comprehensive income	**(674,099)**	(381,089)	**32,787**	**(718,329)**
Income (loss) per share – basic and diluted	**(0.003)**	(0.002)	**0.000**	**(0.004)**

Three months ended June 30, 2020 and 2019

The Company receives revenues from a maintenance contract and an extended warranty contract with a client in the US. During the three months ended June 30, 2020 revenues of $23,873 were lower than revenues of $42,001 during the same period in 2019. This reduction represents less completed maintenance work in 2020 due to travel restrictions imposed by the government due to the COVID-19 pandemic and not being able to service our client in the US.

Operating loss of $358,910 in the three months ended June 30, 2020 compares to a loss of $290,106 during the same period in 2019. The higher operating loss in Q2 2020 vs Q2 2019 is primarily due to higher operating expenses partially offset by a foreign exchange gain of $49,787 during Q2, 2020.

Net loss of ($674,099) in the three months ended June 30, 2020 compared to ($381,089) in the three months ended June 30, 2019. Included in Q2 2020 was a loss of $222,530 resulting from the change in fair value of derivative liability. Without this non cash gain, net loss in Q2 2020 would be ($451,569) which is higher than the loss of ($381,089) in Q2, 2019, primarily due to higher operating, labour and manufacturing costs.

Operating, labour and manufacturing expenses of $362,058 in the three months ended June 30, 2020 were higher than $278,752 in the same period last year primarily due to technology costs associated with advancing our IP as well as higher professional fees and consulting fees incurred in Q2 2020 compared to Q2 2019.

Stock Compensation expense of $41,301 in Q2 2020 was higher than $22,874 in Q2 2019. This increase is explained by the fact that in 2019, 4,293,750 options were granted that were expensed based on vesting in Q2 2020. This compared to 1,485,000 options granted in 2018 that would have been expensed in Q2 2019.

Depreciation and amortization was $29,211 in Q2, 2020 which is comparable to $28,632 in Q2, 2019. The Company records depreciation on its property plant and equipment, as well as amortization of the right of use lease asset.

Foreign exchange gain of $49,787 in Q2 2020 compared to a loss of $1,849 in Q2 2019. In the second quarter of 2020 the Company realized an FX gain on the conversion of $125,000 US to Canadian at a rate of 1.35, based on the lower Cdn $ value in Q2 2020.

Finance costs in the three months ended June 30, 2020 of $92,659 compared to $90,983 in 2019 due to higher accretion expense on the convertible loan, the inclusion of interest on deferred compensation, slightly offset by lower interest on the NOHFC term loan due to the deferral of payments in Q2.

The change in fair value of derivative liability resulted in a loss of $222,530 recorded in Q2, 2020 based on the inputs to the Monte Carlos Valuation Model. This non-cash loss results from a higher stock price at June 30, 2020 compared to March 31, 2020. In the same period in 2019, there was no material change in value of derivative liability.

Six months ended June 30, 2020 and 2019

The Company receives revenues from a maintenance contract and an extended warranty contract with a client in the US. During the six months ended June 30, 2020 revenues of $65,695 were lower than revenues of $83,675 during the same period in 2019. The decrease is attributed to travel restrictions from COVID-19 and not being able to go to the US to perform maintenance work inQ2 2020.

Net income of $32,787 in the six months ended June 30, 2020 compares to a loss of $718,329 during the same period in 2019. Included in the six months ended June 30, 2020 results is a non cash gain relating to the change in fair value of derivative liability of $1,003,290. Prior to this gain, the Company incurred a net loss for the six months of $970,503 compared to $718,329 in 2019. This increase in loss in the first half of 2020 compared to 2019 is attributable to higher operating and manufacturing expenses, stock compensation expense and finance costs.

Operating, labour and manufacturing expenses of $723,165 in the six months ended June 30, 2020 were higher than $508,120 in the same period last year primarily due to technology costs related to new IP, higher engineering consulting fees and legal expenses in 2020 compared to 2019.

Stock Compensation expense of $76,707 in the first six months of 2020 was higher than $53,864 in 2019 the fact that in 2019 4,293,750 options were granted that were expensed based on vesting in Q2 2020. This compared to 1,485,000 options granted in 2018 that would have been expensed in Q2 2019.

Depreciation and amortization was $58,422 in the six months ended June 30, 2020 which is slightly higher than $57,263 over the same period in 2019. The Company records depreciation on its property plant and equipment, as well as amortization of the right of use lease asset.

Foreign exchange gain during the six months ended June 30, 2020 was $28,545 compared to a loss of $3,959. Included in the gain in Q2 was a gain of approximately $50,000 relating to the conversion of $125,000 US$ to $Cdn.

Finance costs in the six months ended June 30, 2020 were $206,449 compared to $178,798 in 2019. This increase is mainly due to higher accretion expense on convertible debt, the inclusion of interest on deferred compensation in 2020, partially offset by lower interest expense on the term loan from NOHFC due to three months payment and interest relief given in Q2, 2020.

The change in fair value of derivative liability resulted in a gain of $1,003,290 recorded in the first half of 2020 compared to Nil in 2019. This non-cash gain results from a lower stock price at June 30, 2020 compared to December 31, 2019. At June 30, 2020 there was less of a benefit conferred on the debtholder compared to December 31, 2019, and accordingly a reduction in the derivative liability and gain to the Company recognized during the period. In the same period in 2019, there was no material change in value of derivative liability as the stock price was consistent.

The following tables present an analysis of the operating, labor and manufacturing expenses of the Company for the three and six months ended June 30, 2020 and 2019.

(unaudited)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
	$	$	**$**	$
Cost of sales	**99,186**	5,984	**104,740**	10,567
Salaries and benefits	**59,710**	70,829	**141,834**	137,815
General and administrative	**36,535**	44,646	**77,676**	80,536
Marketing, promotion and travel	**2,731**	6,363	**12,998**	12,279
Consulting fees	**88,283**	92,660	**173,132**	134,205
Legal, audit, regulatory	**54,490**	33,424	**163,080**	79,744
Occupancy costs	**21,123**	24,846	**49,705**	52,974
Total	**362,058**	278,752	**723,165**	508,120

Three months ended June 30, 2020 and 2019

Cost of sales include equipment purchases, contractor fees and travel costs associated with the maintenance and warranty contract revenues, as well as technology costs. $99,186 in Q2 2020 included technology costs related to new IP where as $5,984 in Q2 2019 included only travel costs and maintenance costs which were not incurred in Q2 2020 due to travel restrictions from COVID-19.

Salaries and benefits of $59,710 in the three months ended June 30, 2020 were $11,119 lower than $70,829 in the three months ended June 30, 2019. In Q2, 2020 the Company received $17,500 of government grants from the Canada Emergency Wage Subsidy program initiated as a result of the global pandemic, which are recorded as a reduction to payroll expenses. This reduction was partially offset by higher payroll costs due to all employees working full time in Q2 2020 whereas some employees worked only part time in Q2 2019.

General and administrative costs of $36,535 in the three months ended June 30, 2020 were lower than $44,646 in the same period of 2019 primarily due to timing of expenses and lower insurance costs.

Marketing, promotion and travel expenses of $2,731 for the three months ended June 30, 2020 were lower than prior year's second quarter amount of $6,363 due to no travel incurred in Q2 due to the COVID-19 restrictions.

Consulting fees of $88,283 for the three months ended June 30, 2020 were lower than prior year's Q2 amount of $92,660. This reduction in the quarter is due to timing of expenses as these costs are higher in 2020 compared to 2019 on a year to date basis due to higher engineering and environmental consulting fees in 2020.

Legal, audit and regulatory expenses of $54,490 in the second quarter compared to $33,424 in the three months ended June 30, 2019. This increase is due to both higher legal and accounting fees in Q2 2020. Accounting costs include fees for a new Chief Financial Officer. Higher legal fees were incurred in Q2, 2020 due to acquisition of new patents and business matters including the new partnership agreement.

Occupancy costs of $21,123 in the three months ended Jun 30, 2020 are slightly lower than $24,846 in the same period last year. These costs include rent, utilities and property taxes, and the decrease is due to lower gas and electricity costs.

Six months ended June 30, 2020 and 2019

Cost of sales include equipment purchases, contractor fees and travel costs associated with the maintenance and warranty contract revenues and technology costs. $104,740 in the first half of 2020 was higher than $10,567 as 2020 included technology costs related to new IP where as in Q2 2019 included only travel costs and maintenance costs which were not incurred in Q2 2020 due to travel restrictions from COVID-19.

Salaries and benefits of $141,834 in the six months ended June 30, 2020 were slightly higher than $137,815 in the six months ended June 30, 2019. All employees were working full time in 2020 compared to certain employees working part time in 2019; this increase was partially offset by government grants received in Q2 from the Canadian Emergency Wage Subsidy program initiated due to the COVID-19 pandemic.

General and administrative costs of $77,676 in the six months ended June 30, 2020 were lower than $80,536 in the same period of 2019 primarily due to lower insurance costs.

Marketing, promotion and travel expenses of $12,998 for the six months ended June 30, 2020 were comparable to $12,279 in 2019. Travel was minimal in Q2 2020 due to COVID-19 travel restrictions. In 2019 there was minimal travel during Q2 due to cash constraints.

Consulting fees of $173,132 for the six months ended June 30, 2020 were higher than prior year's amount of $134,205. The increase is due to higher third-party engineering costs relating to environmental assessments held in 2020.

Legal, audit and regulatory expenses of $163,080 in the first half of 2020 compared to $79,744 in the six months ended June 30, 2019. This increase is due to both higher legal and accounting fees in 2020. Accounting costs include fees for a new Chief Financial Officer. Higher legal fees in 2020 include costs relating to the acquisition of new patents, and fees for more business matters such as the new partnership agreement signed subsequent to Q2.

Occupancy costs of $49,705 in the six months ended June 30, 2020 are slightly lower than $52,974 in the same period last year. These costs include rent, utilities and property taxes, and the decrease year to date is mainly due to lower utility costs.

QUARTERLY FINANCIAL INFORMATION

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

	2020 (unaudited)		**2019 (unaudited)**				**2018 (unaudited)**	
	June 30	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**	**March 31**	**Dec 31**	**Sept 30**
Net income (loss) ($)	(674,099)	706,886	(1,565,018)	(488,199)	(381,089)	(337,240)	(92,151)	(306,784)
Weighted average # of Shares (000's)	214,424	214,356	214,356	173,293	165,827	165,827	165,827	165,827
Income (loss) per share ($)	(0.003)	0.003	(0.007)	(0.003)	(0.002)	(0.002)	(0.001)	(0.002)

LIQUIDITY AND CAPITAL RESOURCES

In the six months ended June 30, 2020, and up to the date of this MD&A, the Company continued to incur operating losses.

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

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

On June 30, 2020 the Company raised proceeds of $400,000 through a private placement. Subsequent to the quarter end, it entered into a $500,000 5 year mortgage with an arm's length third party, secured by the land and building in Sault Ste Marie.

In 2019 The Company raised $1,660,000 gross proceeds through private placements and renegotiated the terms of several loans. The agreement with NOHFC was amended to defer interest payments until April 2020 and principal payments until June 2021. The Company settled a portion of its promissory note valued at $1,710,000 at August 31, 2019 by converting $710,000 to common shares of the Company at $0.05 The remaining $1,000,000 principal was deferred to July 15, 2021.The convertible loan payable was increased by $500,000 from $1,350,000 to $1,850,000. In addition, pursuant to a salary deferral agreement between the Company and a key member of management who is also a Director, $400,000 of salary and expenses owing was deferred to January 15, 2022.

Cash used in operating activities

The Company had cash of $872,072 at June 30, 2020, compared to $885,591 at December 31, 2019. The Company used $465,663 of cash during the first six months of 2020, and also raised $400,000 gross proceeds from a private placement that closed on June 30 2020 as well as received proceeds from banks loans of $80,000 in the second quarter.

Working capital deficit was ($1,038,939) at June 30, 2020 compared to working capital deficit of ($1,854,983) at December 31, 2019. Without the inclusion of the noncash derivative liability, the Company had a working capital deficit of ($18,436) at June 30, 2020 compared to $168,810 at December 31, 2019. These working capital figures exclude $1,020,503 ($2,023,793 – 2019) derivative liability. The decrease in working capital is primarily due to the higher accounts payable and accrued liabilities at June 30, 2020 compared to December 31, 2019.

For the six months ended June 30, 2020, there was a net cash outflow from operating activities of $465,663 compared to $516,571 in the six months ended June 30, 2019. The lower amount of cash used in operating activities in 2020 can be explained by the higher accounts payable and accrued liabilities at June 30, 2020.

Cash provided by financing activities

For the six months ended June 30, 2020, cash provided by financing activities was $452,144 compared to $578,122 cash provided during the six months ended June 30, 2019. In the six months ended June 30, 2020 the Company raised net proceeds of $394,107 in a private placement and $80,000 from bank loans. In the same period of 2019 the Company raised $475,000 proceeds from a private placement and $126,563 proceeds from advances from a director.

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

PROVISIONS, COMMITMENTS AND CONTINGENCIES

Except as noted below, the Company does not have any material commitments as at June 30, 2020, 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.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off balance sheet transactions.

MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to maintain its ability to continue as a going concern for the benefit of shareholders and other stakeholders by balancing cash conservation and prudent investment in its operations in order to further its business objectives.

The Company includes equity in its definition of capital. Equity is comprised of share capital, contributed surplus, warrant capital and deficit. The Company's approach to raising equity has been to raise sufficient capital to fund operating activities, with an objective of minimizing dilution for shareholders. To secure additional capital to pursue its objectives, the Company may raise additional funds through the issuance of equity. The Company's ability to raise equity capital is a function of many factors, including the state of the capital markets, and there is no assurance that capital will be available to the Company when required or on acceptable terms.

There have been no changes with respect to the overall capital management strategy during the six months ended June 30, 2020.

RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2020, 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 six months ended June 30, 2020 for interest on loans to a director of $93,176 [2019 – $82,108]. At June 30, 2020, $296,121 was included in loans payable [December 31, 2019 - $214,374] relating to unpaid interest on loans from a director. The Company recognized an expense of $12,000 [2019 - $nil] during the six months ended June 30, 2020 for interest on deferred compensation to a key Management person who is also a director.

In addition, the Company recorded compensation expense during the six months ended June 30, 2020 in the amount of $133,100 [2019 – $129,700] and share-based compensation in the amount of $30,573 [2019 – $10,565] to key management personnel.

Accounts payable as at June 30, 2020, includes $141,118 [December 31, 2019 – $129,601] 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 arise 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 below.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

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

Stock Options and Warrants

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

As at June 30, 2020 the Company had 14,133,750 stock options outstanding. On June 30, 2020 the Company granted a total of 3,905,000 stock options to certain officers, directors, employees and consultants with an exercise price of $0.05, vest over three years and have a term of five years. 2,560,000 stock options with an exercise price of $0.10 expired during this period.

On June 30, 2020 pursuant to the 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 value of these warrants of $223,756 has been transferred from share capital to contributed surplus.

In 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. The value of these warrants of $414,814 was transferred from share capital to contributed surplus.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Amendments to IFRS 3 – Business Combinations

The amendments to IFRS 3 are applicable for acquisitions occurring on or after January 1, 2020 and are adopted prospectively. These amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination of an asset acquisition. The amendments to IFRS 3 – Business Combination may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill. The Company does not expect there to be any impact to its consolidated financial statements on the adoption of the amendments to IFRS 3.

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 interim condensed consolidated financial statements and the Company's Board of Directors approved these documents prior to their release.

Management's Report

Management, under the supervision of and with the participation of the Company's CEO and CFO, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined under National Instrument 52-109) and the Company's internal controls over financial reporting (as defined under National Instrument 52-109). Based on that evaluation, management and the CEO and CFO have concluded that, as at December 31 2019, the Company's internal controls were adequate, except those relating to complex accounting issues which will require further strengthening.

Management Responsibility for Financial Reporting

The Company's June 30, 2020 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 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.

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.

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.

SUBSEQUENT EVENTS

New Mortgage

Subsequent to the period, on July 3, 2020 the Company Company entered into a $500,000 five year mortgage with an arm's length third party, secured by the Company's land and building in Sault Ste. Marie. The loan matures on July 3, 2025 and bears interest at a rate of 10% per annum, 6% of which is paid monthly starting August 3, 2020 and 4% which is accrued and paid on maturity along with the principal. The 4% accrued interest can be paid in cash or common shares at the Company's option. A portion of these proceeds were used to pay off the first mortgage of $8,684 outstanding at June 30, 2020.

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 TR100 tire recycling plant in Europe 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 construction of a TR100, 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. The counterparty to this agreement participated in the June 30, 2020 private placement.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the six months ended June 30, 2020 and to date, the Company continued to improve the technology of the TR Series System. EWI has made significant technology enhancements and progress towards commercial operations.

The Company has switched focus from a technology company to a marketing company with the main focus being the commercialization of its TR Series tire recycling project. This project represents an economically viable solution to a large environmental problem. EWI has a sales funnel that includes opportunities to sell plants to third parties that include ongoing royalty payments and maintenance agreements, as well as selling the plant by-products including carbon black, oil, steel and syngas. Subsequent to June 30, 2020, on August 25, 2020 the Company announced that it signed its first agreement entering a partnership to develop waste tire recycling plants across Europe. This partnership represents a significant step forward towards achieving future revenues.

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 August 27, 2020:

	Number
Common shares	220,510,495
Issuable under options	14,133,750
Issuable under warrants	37,000,000
Total	**271,644,245**

Features of the options and warrants are described in Note 9 to the interim condensed consolidated financial statements for the six months ended June 30, 2020.

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.