ENVIRONMENTAL
WASTE INTERNATIONAL

……because the environment matters

MANAGEMENT’S DISCUSSION AND ANALYSIS
FISCAL 2023

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, 2023 and 2022.

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 29, 2024, unless otherwise indicated. These audited consolidated financial statements were approved for issuance by the Board of Directors on April 29, 2024.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at www.sedarplus.ca

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 techniques: 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 and 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, 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 high-quality products from tires. The products can be used to make new tires, and other rubber products completing the circular economy.

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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, other rubber products and new plastic 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. Almost 5.5 million tires are scrapped each day. Approximately 2 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. Virgin (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 (green) 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. 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 the Hybrid Microwave Process. In addition to these patents, the Company has a great deal of technical and management expertise in its engineering team.

MANAGEMENT OBJECTIVES AND RECENT DEVELOPMENTS

Sault Ste. Marie Plant Commercial Upgrade

Our pilot facility in Sault Ste. Marie is being designed to commercially process 20 tonnes of EOL tires /day, producing rCB, syngas, oil and steel. The rCB will be combined with recycled plastic producing plastic black master batch 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. The commissioning of the plant in Sault Ste. Marie is still more than a year away.

By-Product QualityEWI continues to improve the quality of products recovered from its tire process and to work with end users to develop products that meet their requirements.

Patents

Additional patents have been filed for the Hybrid Microwave Process (MHP) in the US, Canada, Europe and China. The initial patent in the US (US Patent Number: 11,920,004 B2) has been granted, it is anticipated that the additional countries will grant the patent in the near future.

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. An agreement for a private placement with proceeds of $670,000 was signed on April 12, 2024. Subsequent investments in conjunction with the round are expected to close in May 2024.

New Chief Executive Officer

On August 18, 2023, Ms. Kelli Harrington was appointed President and CEO of the Company and issued 1,000,000 restricted stock units ("RSUs") under the Company's omnibus incentive plan. The RSUs vest over 3 years in accordance with the plan.

SELECTED ANNUAL FINANCIAL INFORMATION

(Canadian $)	Year ended December 31 2023	Year ended December 31 2022	Year ended December 31 2021
Revenues	-	-	**112,489**
Operating loss	**(1,686,239)**	**(2,151,058)**	**(1,956,963)**
Net loss	**(1,860,727)**	**(2,291,291)**	**(1,314,921)**
Net loss per share - basic and diluted	**(0.01)**	**(0.01)**	**(0.01)**
(Canadian $)	**At December 31 2023**	**At December 31 2022**	**At December 31 2021**
Total assets	**3,056,212**	**2,784,099**	**2,665,553**
Total liabilities	**5,760,982**	**5,161,055**	**4,002,568**
Total shareholders deficit	**(2,704,770)**	**(2,376,956)**	**(1,337,015)**

During 2023, the Company continued 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.

Operating loss includes expenses pertaining to 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 other income, finance costs, foreign exchange gains or losses as well as a non-cash accounting item in 2022 for gain on revaluation of derivative liability of $90,214.

GOING CONCERN ASSUMPTION

The financial information contained in this MD&A are derived from the audited 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, 2023, of $1,860,727 (Year ended December 31, 2022 - $2,291,291) and, as at that date, had working capital deficiency for of $4,643,205 (December 31, 2022 – $4,034,579) and a cumulative deficit of $70,400,079 (December 31, 2022 – $68,572,139).

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 2023	December 31 2022
Revenues	-	-
Expenses		
Technology development	356,082	496,233
Plant operations	94,657	121,863
Selling, makreting and administration	874,389	987,750
Stock based compensation	248,228	430,559
Depreciation and amortization	112,883	114,653
Total expenses	**1,686,239**	**2,151,058**
Operating loss	**(1,686,239)**	**(2,151,058)**
Other income (expenses)		
Other income	82,500	-
Finance costs	(260,467)	(204,781)
Foreign exchange gain (loss)	3,479	(25,666)
Change in fair value of derivative	-	90,214
Net loss	**(1,860,727)**	**(2,291,291)**

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 development 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. Plant operations 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. Selling, marketing 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.

The Company has started upgrading the plant in Sault Ste Marie to a commercial production facility. All expenses relating to the upgrade are classified as assets 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. For the year ended December 31, 2023, a total of $393,658 was capitalized to construction in progress compared to $529,762 in fiscal 2022.

Year ended December 31, 2023

Technology development

Technology development 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. In 2023 technology development costs of $356,082 were lower than 2022 costs of $496,233. The decrease of $140,151 is primarily due to lower costs towards the end of the year, as well as lower third-party consulting fees relating to the Sault Ste Marie upgrade project, as activities were deferred to preserve cash.

Plant operations

Plant operations 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. Plant operations costs of $94,657 in 2023 were lower than $121,863 in 2022 by $27,206 due lower insurance costs and lower salary costs in Q4 2023.

Selling, marketing and administration

Selling, marketing and administration costs during 2023, were $874,389 compared to $987,750 in 2022, as outlined in the table below:

(Canadian $)	December 31 2023	December 31 2022
Selling, Marketing and Administration		
Compensation and people	333,351	230,642
Office and general	112,765	113,661
Professional and consulting fees	206,547	273,854
Public company costs	194,229	336,906
Travel, sales and marketing	27,496	32,687
	874,389	**987,750**

Compensation and people costs of $333,351 in 2023 were $102,709 higher than $230,642 in 2022 due to the hiring of a new Chief Executive Officer in August 2023 and an interim CFO role for all of 2023 versus only part of 2022. Office and general costs of $112,765 were consistent with $113,661 in 2022. Professional and consulting fees of $206,547 in 2023 were $67,307 lower than $273,854 in 2022. The primary reason for the decrease is due to lower consulting fees incurred this year with the goal of preserving cash as management focuses on long term financing options. In 2022, the Company spent money on investor relations consultants and financial advisory consultants which were not incurred this year. Public company costs of $194,229 in 2023 were lower than $336,906 in 2022 due to less corporate transactions and legal fees associated with public company matters. Travel, sales and marketing costs of $27,496 in 2023 were $5,191 lower than $32,687 incurred in 2022 as travel was limited in 2023 compared to last year.

Stock-based compensation

$248,228 in 2023 was $182,331 lower than $430,559 in 2022 due to the vesting of options awarded at a lower price in 2022 vesting in 2023 compared to options awarded at a higher price in 2021 vesting in 2022, resulting in lower expense as the expense is recorded on vesting of options.

Depreciation and amortization

$112,883 in 2023, was slightly lower than $114,653 in 2022. Depreciation is on property and equipment while amortization is on the right of use lease asset. Depreciation is not yet recorded on assets under construction representing the capitalized costs associated with the upgrade of the Sault Ste. Marie plant as it is not yet in use.

Other income

Other income of $82,500 represents the favorable settlement in 2023 of a claim relating from a scientific research and development tax credit pertaining to prior years.

Finance costs

$260,467 in 2023 was $55,686 higher than $204,781 in 2022 primarily due to interest on promissory notes issued during the second half of fiscal 2022 and 2023.

Foreign exchange loss

$3,479 gain 2023, compared to $25,666 loss in 2022 which is due to the strengthening of the Canadian dollar compared to the US dollar which results from holding US cash balances in both 2023 and 2022 as well as debt in US dollars.

Gain on change in fair value of a derivative

The $90,214 gain in 2022 represents the revaluing of a derivative liability at May 4, 2022 from December 31, 2021. This derivative liability related to warrants that were attached to a convertible loan, which expired on May 4, 2022.

Net loss

Net loss of ($1,860,727) in 2023 compared to net loss of ($2,291,291) in 2022. The net loss in 2023 is $430,564 lower than in 2022. This lower loss can be explained by lower technology development expenses, plant operations costs and SG&A and lower stock compensation expense as well as the inclusion of $82,500 other income, partially offset by higher financings costs.

LIQUIDITY AND CAPITAL RESOURCES

The Company had $56,267 cash on hand at December 31, 2023.

Working capital

(Canadian $)	December 31 2023	December 31 2022
Current assets	204,543	213,205
Current liabilities	4,847,748	4,247,784
Working capital deficit	(4,643,205)	(4,034,579)
Less: Northern Ontario Heritage Fund term loan classified as current liability	2,562,848	2,460,702
Cash working capital deficit (1)	**(2,080,357)**	**(1,573,877)**

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

The working capital deficit was ($4,643,205) at December 31, 2023 compared to the working capital deficit of ($4,034,579) at December 31, 2022. Included in current liabilities is a $2,562,848 at December 31, 2023 and $2,460,702 at December 31, 2022 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 ($2,080,357) at December 31, 2023, compared to ($1,573,877) at the end of 2022. The increase in the deficit is due to higher accounts payable and promissory notes payable as more advances were made in 2023.

Cashflow

(Canadian $)	Year ended December 31 2023	Year ended December 31 2022
Cash used in operating activities	(879,417)	(1,149,207)
Cash used in investing activities	(393,658)	(536,197)
Cash provided by financing activities	1,275,550	1,441,961
Net increase (decreas) in cash	**2,475**	**(243,442)**

During 2023 the Company used $879,417 of cash for operating activities, compared with $1,149,207 in 2022. The decrease in use of cash is due to the lower operating costs in 2023.

The company used $393,658 for construction in progress costs relating to the plant upgrade in Sault Ste. Marie during 2023, compared to $536,196 in 2022 which is included in cash used for investing activities. The decrease can be explained by the suspension of activities in Q4 2023 for the preservation of cash.

Financing activities generated total proceeds of $1,275,550 during 2023. $662,047 was received from the completion of a private placement, and $683,535 from additional advances under the promissory notes from directors. These cash inflows were partially offset by a total of $70,032 of mortgage and lease payments generating net $1,275,550 cash from financing activities.

Financing activities

During 2023, three directors made additional advances pursuant to a promissory note, and two additional third parties also advanced money to the Company for a total amount of $683,535 proceeds received during the year.

On March 30, 2023, Bob MacBean, the former CEO, and a director of the Company agreed to extend the repayment date on funds owing to him, the deferred compensation, from January to January 15, 2024, to January 15, 2025.

On May 9, 2023, the Company completed a private placement and issued 13,240,943 units for proceeds of $662,047. Each unit included one common share at a price of $0.05 and one warrant with an exercise price of $0.10 expiring May 9, 2025.

On June 30, 2023, one director converted $572,638 of these promissory notes into 16,361,125 common shares of the Company at $0.035 per share.

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'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 2023. The Company has traditionally financed its operations through private placements as well as debt.

Debt

(Canadian $)	December 31 2023	December 31 2022
CEBA loans	120,000	110,130
NOHFC term loan	2,562,848	2,460,702
Promissory notes	879,238	706,938
Mortgage	562,328	538,241
Deferred Compensation	312,644	299,888
Total debt	**4,437,058**	**4,115,899**

Details of all the terms of debt can be found in note 8 to the consolidated financial statements for December 31, 2023.

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 2023	September 30 2023	June 30 2023	March 31 2023	December 31 2022	September 30 2022	June 30 2022	March 31 2022
Net loss $	(356,148)	(471,564)	(525,783)	(507,232)	(565,834)	(680,317)	(571,929)	(473,212)
Loss per share $	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.003)	(0.002)	(0.002)
Weighted average common shares outstanding (000s)	297,699	297,699	274,431	266,668	264,911	258,419	258,419	258,419

FOURTH QUARTER

(Canadian $)	Fourth Quarter 2023	Fourth Quarter 2022
Expenses		
Technology, operating and administration	293,121	383,443
Stock based compensation	76,262	69,694
Depreciation and amortization	28,283	28,676
Total expenses	**397,666**	**481,813**
Operating loss	**(397,666)**	**(481,813)**
Other income (expenses)		
Other income	82,500	-
Finance costs	(57,880)	(62,165)
Foreign exchange gain (loss)	16,898	(21,856)
Net loss	**(356,148)**	**(565,834)**

Expenses

The Company incurs expenses in the areas of technology development, plant operations and general and administration. 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. 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. 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 2023, technology, operating and administration costs were $293,121 compared to $383,443 in Q4 2023, representing a decrease of $90,322. The lower costs in Q4 2023 resulted from no third-party technology development costs in Q4 2023 due to no development activity in Q4 2023, lower consulting fees in Q4 2023, and an insurance credit received in Q4 2023. These savings were partially offset by higher administration salaries due to the hiring of a new CEO at the end of August 2023.

Stock-based compensation expense of $76,262 in Q4 2024 was higher than $69,684 in Q4 2022 by $6,578 due to an adjustment in Q4, 2023. The annual stock compensation expense was lower in 2023 compared to 2022.

Depreciation and amortization of $28,283 in Q4 2023 was consistent with Q4 2022 expense of $28,676. This represents depreciation of property, plant and equipment and amortization of right of uses asset.

Other income

Other income of $82,500 represents the favorable settlement in 2023 of a claim relating to a scientific research and development tax credit pertaining to prior years.

Finance costs

Finance costs of $57,880 in Q4 2023 compared to $62,165 in Q4 2022, or $4,285 lower. The decrease is due to the conversion of promissory notes on June 30, 2023 leading to lower interest in Q4, 2023.

Foreign exchange loss

$16,898 gain Q4 2023, compared to $21,856 loss in Q4 2022 which is due to the strengthening of the Canadian dollar at the end of fiscal 2023 compared to the US dollar which results from holding US cash balances in both 2023 and 2022 as well as debt in US dollars.

Net loss

Net loss of $356,148 in Q4 2023 compared to net loss of $565,834 in Q4 2022. The lower loss of $209,686 is due to the lower technology and plant operating costs, the inclusion of $82,500 other income partially offset by higher foreign exchange loss.

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. On March 28, 2023, Torreco was informed by letter that the agreement between Torreco Inc. and the Company is cancelled.

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 2023, the Company engaged in transactions in the normal course of operations with the following related parties.

(Canadian $)	December 31 2023	December 31 2022
Salaries and benefits and consulting fees	413,969	309,200
Share-based compensation	87,102	147,832
Interest on deferred compensation	12,756	14,256
Total Management Personnel	513,827	471,288

Deferred compensation of $312,644 (December 31, 2022 - $299,888) is owed to a director of the Company. Included in accounts payable and accrued liabilities at December 31, 2023 was $215,198 (December 31, 2022 – $54,019) owing to management personnel.

(Canadian $)	December 31 2023	December 31 2022
Share-based compensation	54,831	116,533
Interest on promissory notes	74,187	10,889
Total Directors	129,018	127,422

In 2022, certain board members loaned the Company an aggregate of $689,239 and an additional $683,535 in 2023 from board members as well as two third parties was advanced by way of promissory notes which are due on demand. Interest accrues at 10% per annum.

On June 30, 2023, a debt settlement agreement with a director of the Company converted $572,638 of promissory notes plus interest to common stock by issuing 16,361,125 common shares at $0.035 per share.

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, 2023 the Company had cash on hand of $2,246 and current liabilities of $4,414,236 of which $2,536,921 represents the term loan outstanding with NOHFC currently being renegotiated to defer payment terms, and $117,453 CEBA loans which can be deferred as well.

SUBSEQUENT EVENTS

Private Placement
On April 12, 2024, the Company completed a private placement to raise $670,000 at $0.02 per common share, which is pending TSXV approval. The funds are expected to be received in tranches by the middle of May.

Expiry of Stock options and Warrants
On January 31, 2024, 356,250 stock options with an exercise price of $0.15 expired.
On April 12, 2024, 8,250,000 warrants with an exercise price of $0.15 expired.

SHARE DATA

	#
Common shares outstanding at April 26, 2024	331,199,582
Securities convertible into comon shares:	
Stock options	16,539,233
Warrants	19,394,789
RSUs	1,000,000
Total Securities	**368,133,604**

Features of the options and warrants are described in Note 10 to the consolidated financial statements for the year ended December 31, 2023, and 2022.

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.

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.

DISCLOSURE 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, 2023, 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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