

**Micron Waste Technologies Inc.  
(Formerly Finore Mining Inc.)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the years ended December 31, 2018 and 2017**

**Dated April 26, 2019**

**MICRON WASTE TECHNOLOGIES INC.  
(FORMERLY FINORE MINING INC.)  
Management's Discussion and Analysis**

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This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Micron Waste Technologies Inc., formerly Finore Mining Inc., ("Micron" or the "Company"), its operations, financial performance, current and future business environment and opportunities and risks. This MD&A is intended to supplement and complement the audited consolidated financial statements and notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for the year ended December 31, 2018 (the "financial statements").

This MD&A is prepared as of April 26, 2019. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

For the purpose of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

**CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION**

Certain statements in this MD&A that are not based on historical facts constitute forward-looking information. Forward-looking information is not a promise or guarantee of future performance but is only a prediction that relates to future events, conditions or circumstances or the Company's future results, performance, achievements or developments and is subject to substantial known and unknown risks, assumptions, uncertainties and other factors that could cause the Company's actual results, performance, achievements or developments in its business or industry to differ materially from those expressed, anticipated or implied by such forward-looking information. The forward-looking statements in this MD&A are based on certain factors and assumptions regarding expected growth, results of operations, performance and business prospects and opportunities. Specifically, management has assumed that the Company's performance will meet management's internal projections. While management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. Readers are advised to consider such forward-looking statements in light of the risks factors and uncertainties set forth below.

The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable law. Further information concerning risks and uncertainties associated with these forward-looking statements and the Company's business may be found in the Company's other public filings which are available on the Canadian Securities Administrators' website at [www.sedar.com](http://www.sedar.com) and the Company's website at [www.micronwaste.com](http://www.micronwaste.com).

**Conflicts of Interest**

Certain directors and officers of the Company are, or may become, directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

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**DESCRIPTION OF THE COMPANY'S BUSINESS**

Micron Waste Technologies Inc., formerly Finore Mining Inc., (the "Company", "Micron" or "Finore"), was incorporated on November 29, 2006 pursuant to the *Business Corporations Act*, British Columbia. The Company's principal business activity has been the exploration of exploration and evaluation assets. On September 26, 2011, the Company changed its name from Otterburn Ventures Inc. to Finore Mining Inc. and the Company's common shares began trading on the Canadian National Stock Exchange, now known as Canadian Securities Exchange ("CSE") under the new symbol of "FIN." Effective January 1, 2014, the Company ceased trading on the OTC market.

The head office, principal address and registered office of the Company are located at Suite 915, 700 West Pender Street, Vancouver, B.C., V6C 1G8.

On June 2, 2017, Finore and a private British Columbia company named Micron Waste Technologies Inc. ("Privateco") entered into an Amalgamation Agreement ("Agreement"). Privateco was incorporated on July 20, 2015 as "Effluent Water Technologies Inc." under the *Business Corporations Act*, British Columbia. On November 15, 2016, it changed its name to "Micron Waste Technologies Inc.". The Agreement was structured as a three-cornered amalgamation whereby Privateco was amalgamated with a newly incorporated British Columbia subsidiary of Finore ("Subco"), forming Amalco. The amalgamation resulted in all the issued and outstanding shares of Privateco and Subco being exchanged for common shares of the Company

The amalgamation transaction (the "Transaction") was completed on October 19, 2017 (the "Transaction Date"). Upon completion of the Transaction, Finore completed a consolidation of the Finore Shares (the "Consolidation") on the basis of one post-consolidated Finore Share (the "Resulting Issuer Share", "New Micron Share") for every two pre-consolidation Finore Shares and changed its name from "Finore Mining Inc." to "Micron Waste Technologies Inc." The shareholders of Privateco received one New Micron Share for each Privateco Share. The Company's common shares began trading on the CSE on October 26, 2017 under the new symbol of "MWM".

On December 5, 2017, Amalco changed its name to Micron Technologies Holding Inc. ("Micron Holding").

Upon the completion of the Consolidation, 62,773,521 of Finore Shares were consolidated into 31,386,765 New Micron Shares. Pursuant to the Transaction, the Company issued to the shareholders of Privateco an aggregate of 28,877,000 New Micron Shares. On October 19, 2017, the Company had 60,263,765 New Micron Shares issued and outstanding, without giving effect to:

- (1) warrants to purchase 27,044,200 Resulting Issuer Shares pursuant to the outstanding common share warrants of Privateco (including 167,200 finders' warrants);
- (2) warrants to purchase 17,404,870 New Micron Shares pursuant to the outstanding common share purchase warrants of the Issuer (the result of consolidating 34,809,739 Finore warrants on the basis of one New Micron warrant for every two pre-consolidation Finore warrants held.)
- (3) options to purchase 500,000 New Micron Shares pursuant to the outstanding stock option of the Finore (the result of consolidating 1,000,000 Finore options on the basis of one New Micron option for every two pre-consolidation Finore options held).

The Transaction constituted a reverse takeover by Privateco.

Prior to the Transaction, the Company was primarily engaged in the exploration for, and the development of, mineral properties with gold, copper, nickel, and other minerals.

After the Transaction, the Company carries on the business of Privateco, as a technology company engaged in the development and commercialization of an on-site treatment system that can turn organic waste into clean water that meets municipal effluent discharge standards.

The Company's common shares began trading on the CSE on October 26, 2017 under the new symbol of "MWM"

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**BUSINESS TRANSACTIONS**

**Reverse Takeover**

On June 2, 2017, Finore and Privateco entered into an Amalgamation Agreement (“Agreement”). The Agreement was structured as a three-cornered amalgamation whereby Privateco was amalgamated with a newly incorporated British Columbia subsidiary of Finore (“Subco”), forming Amalco. The amalgamation resulted in all the issued and outstanding shares of Privateco and Subco being exchanged for common shares of the Company.

The Transaction was considered a reverse takeover since the legal acquiree’s former shareholders control the consolidated entity after the completion of this transaction. Consequently, the legal acquiree is the accounting acquirer and the historical results of operations are those of Privateco.

As the acquisition was not considered a business combination, the excess value of consideration paid over the net assets acquired together with the legal costs associated with the reverse takeover are expensed as a transaction expense in the consolidated statement of operations and comprehensive loss in accordance with IFRS 2 *Share-Based Payment*:

Shares of Micron deemed issued	\$ 7,846,691
Transaction cost	73,188
Fair value of Finore warrants	1,548,837
Fair value of Finore options	45,080
<b>Total consideration paid</b>	<b>\$ 9,513,796</b>
Net identifiable assets acquired:	
Cash and cash equivalents	2,786,339
Accounts receivable	2,543
Prepays	18,820
Assets held for sale	196,284
Accounts payable	(62,991)
	<b>\$ 2,940,995</b>
<b>Total Transaction Expense</b>	<b>\$ 6,572,801</b>

The Company used the Black-Scholes option pricing model to determine the fair value of the replacement options and warrants granted with the following weighted average assumptions:

	2017
Expected life in years	1
Volatility	110.00%
Risk free rate	1.46%
Dividend yield	0.00%

Upon the completion of the amalgamation transaction, the directors and officers of the Company are as follows:

Rav Mlait <sup>(1)</sup>	Director, President and Chief Executive Officer
Kulwant (Kal) Malhi	Director and Chairman
Bharat (Bob) Bhushan	Director and Chief Technology Officer
Cam Battley	Director
Dr. Hyder Khoja	Director
Michael Sadhra	Chief Financial Officer

(1) Rav Mlait resigned from the positions of Director, President and Chief Executive Office on Jan 13, 2019 and was succeeded by Alfred Wong who became the new Chief Executive Officer.

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**The Nickel One Transaction – Assets and liabilities held for sale and discontinued operations**

The Company signed a Share Purchase Agreement (the “SPA”) on January 31, 2017 with Nickel One Resources Inc. (“Nickel One”), a public company listed on the TSX Venture Exchange (the “TSX-V”), in connection with the acquisition by Nickel One of all of the issued and outstanding shares of Nortec Minerals Oy (“NMO”). NMO holds a 100% interest in the Lantinen Kollismaa Platinum Group Element-Copper project (the “LK Project”) located in north-central Finland.

Pursuant to the SPA, Nickel One would issue to Finore 5,000,000 common shares in the capital of Nickel One and would issue 2,500,000 common share purchase warrants exercisable to acquire 2,500,000 additional common shares of Nickel One at a price of \$0.12 per share for a period of 24 months from the closing of the SPA.

On October 19, 2017, Privateco acquired Finore and its wholly owned subsidiary, NMO. The NMO subsidiary was classified as an asset held for sale on this date at a fair value of \$196,284.

On March 7, 2018, the transaction with Nickel One was completed. The Company also assessed fair value using fair value less costs to sell and accordingly wrote up the carrying value of asset held for sale from \$196,284 to \$389,150 at December 31, 2017, based on the stock price of Nickel One on the transaction closing date. In addition, NMO owed \$61,725 in liabilities on this date. Since the fair value of consideration received was equal to the fair value of subsidiary disposed, there was no gain or loss on disposition.

The reclassified assets as held for sale also meet the criteria for discontinued operations. Accordingly, the results of such operations are presented separately as discontinued operations in the consolidated statements of operations and comprehensive loss and statement of cash flows for the current and comparative periods.

**OPERATIONS REVIEW**

Operations

Micron Waste Technologies is focused on the development and commercialization of an on-site treatment systems that can turn organic waste into clean water that meets municipal effluent discharge standards.

On January 15, 2018, Aurora completed a strategic investment in Micron, taking a 6.38% ownership interest on a non-diluted basis, by acquiring 4,411,765 units, for a total investment of \$1.5 million, as part of a private placement. The full placement consisted of 6,790,000 units for total gross proceeds of \$2.3 million. Each unit consists of one common share and one common share purchase warrant, priced at \$0.50, with an expiry date of 2 years following the closing of the placement.

On February 27, 2018, the Company announced a “Design and Assembly” contract with BC Research Inc. to produce a commercial-grade unit that is targeted for installation at a pilot customer location by Q2 2018. This unit will include new technological enhancements, such as remote operability, real-time data monitoring, and will be optimized to operate in a wide range of outside environmental conditions.

On June 12, 2018, the Company delivered the Cannabis Waste Digester (the Cannavore™) and commenced trial operations at Aurora Cannabis Inc.’s facility in Cremona, Alberta.

On July 9, 2018, the Company was awarded an Industrial Design Certificate of Registration from the Canadian Intellectual Property Office (“CIPO”). The Company received intellectual property protection for innovative features unique to the Organic Waste Digester Unit, which processes both food waste and cannabis plant waste on a commercial scale.

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On September 24, 2018, the Company announced positive results from the optimization of the Cannavore™ cannabis waste processing prototype and commenced optimization for sub-zero operations and remote operating capabilities.

On October 15, 2018, the Company announced a partnership with Quest Resource Management Group LLC ("Quest"), a fully owned subsidiary of Quest Resource Holding Corporation (NASDAQ: QRHC), to market and distribute the Cannavore™ cannabis waste processing systems in the United States.

On December 5, 2018, the Company was awarded a USPTO patent #10,144,044 on its innovative bioprocess to treat effluent to meet municipal discharge standards.

The Company continues to engage in scaling up efforts for mass production, starting with streamlining supply chain procurement and distribution. The Company has several systems in production and expects to commence deliveries beginning in Q2 2019. The Company's food waste digestion system is currently being refurbished with new innovative features developed for the Cannavore™ system. As of March 2019, the Company's research & development facility in Delta, BC has been fully commissioned and will be focusing on the development of proprietary technologies for new industry verticals.

**Business Development**

Beginning in November, the Company commenced to strengthen business development, sales and marketing capabilities, proceeding with immediate engagement of potential clients in multiple industry verticals including, but not limited to: cannabis, food processing, agricultural, and spirits and wineries. The Company continues to develop relationships with distribution and support partners, laying out the groundwork for system deliveries to clients in 2019.

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**RESULTS OF OPERATIONS**

**Year ended December 31, 2018 and 2017**

Loss and comprehensive loss for the year ended December 31, 2018 was \$3,208,300, inclusive of a loss of \$Nil from discontinued operations, compared to net loss of \$8,436,410, inclusive of a \$153,162 gain from discontinued operations for the year ended December 31, 2017. The decrease in net loss was mainly due to the Company not incurring any transaction expense in the year ended December 31, 2018. This decrease in net loss was partially offset by increases in business development expenses, consulting fees/salaries, professional fees, research expenses, transfer agent and filing fees, general and administration expenses, as well as the additional losses on the fair value loss held for trading investments and the on the impairment of development assets. The results are summarized as follows:

Year ended December 31	2018	2017
Continuing operations:		
Amortization	\$ 25,278	\$ 2,751
Business development	428,132	271,259
Consulting fees	908,702	547,603
Office and general	240,467	53,759
Professional fees	138,436	95,955
Research expenses	249,788	78,104
Share-based payment	808,028	916,480
Transfer agent and filing fees	136,106	56,553
Loss from continuing operations	2,934,937	2,022,464
Interest and miscellaneous income	(85,707)	(1,824)
Foreign exchange gain	(10,973)	(3,869)
Transaction expense	-	6,572,801
Impairment of development assets	146,425	-
Fair value loss on held for trading investments	223,618	-
Loss and comprehensive loss from continuing operations	3,208,300	8,589,572
Discontinued operations:		
Change in fair value of assets held for sale	-	(153,162)
Loss and comprehensive loss from discontinued operations	-	(153,162)
<b>Loss and comprehensive loss for the year</b>	<b>\$ 3,208,300</b>	<b>\$ 8,436,410</b>

**Continuing operations**

Transaction expense was \$nil in the year ended December 31, 2018 (2017 - \$6,572,801). The transaction expense incurred in the year ended December 31, 2017 was related to the reverse takeover and was the excess value of consideration paid over the fair value of net assets acquired and the legal expenses directly related to the reverse takeover.

During the year ended December 31, 2018, the Company incurred share-based payments (a non-cash item) in the amount of \$808,028 (2017 - \$916,480) relating to the granting of 1,895,000 stock options with a weighted average

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exercise price of \$0.50 per share. For the year ended December 31, 2017, 3,825,000 stock options were granted with a lower weighted average exercise price of \$0.30 per share.

During the year ended December 31, 2017, the Company granted on October 25, 2017, 3,825,000 stock options to directors, officers and consultants of the Company with a weighted average exercise price of \$0.30 per share, which can be exercised for a period of up to five years. Of the stock options granted, 2,458,334 options were vested immediately. A total of 1,366,666 were subject to vesting with 933,334 vesting six months after the grant date and remaining 433,332 vesting six months thereafter. At December 31, 2018, all of these options were vested and under the graded vesting method, another \$249,570 was recognized as share-based payment for the twelve-month period for these options granted on October 25, 2017.

During the year ended December 31, 2018, the Company granted on April 25, 2018, 405,000 stock options to employees and consultants of the Company with an exercise price of \$0.30 per share, which can be exercised for a period of five years. The stock options vested immediately. Total fair value of these options granted on April 25, 2018 was \$150,784 which was recognized as share-based payment for the twelve-month period.

On July 6, 2018, the Company granted another 865,000 stock options to various directors, officers, employees and consultants of the Company with an exercise price of \$0.55 per share. The options expire on July 6, 2023. Of the stock options granted, 795,000 were vested immediately. A total of 70,000 were subject to vesting with 35,000 vesting three months after the grant date and remaining 35,000 vesting three months thereafter. At December 31, 2018, 35,000 options remained unvested. Under the graded vesting method, the total fair value of these options granted on July 6, 2018 was \$373,253 which was also recognized as share-based payment for the twelve-month period.

On December 20, 2018, the Company granted another 625,000 stock options to employees and consultants of the Company with an exercise price of \$0.55 per share. The options expire on December 20, 2020. Of the stock options granted, 325,000 were vested immediately. A total of 300,000 were subject to vesting with 150,000 vesting six months after the grant date and remaining 150,000 vesting six months thereafter. At December 31, 2018, 300,000 options were unvested. Under the graded vesting method, the total fair value of these options granted on December 20, 2018 was \$34,421 which was also recognized as share-based payment for the twelve-month period.

Business development expenses for the year ended December 31, 2018 were \$428,132 (2017 - \$271,259). The increase in 2018 was due to fees paid for developing the Company's brand, maintaining the current projects and marketing the Company through various advertising campaigns.

Consulting fees/salaries, which included fees paid to consultants for consultation on the Company's current and prospective projects and salaries paid to employees working in the Company's research and development team, were \$908,702 (2017 - \$547,603). The increase in 2018 was a result of an increase in corporate development and operational activities of the Company. During the twelve-month period ended December 31, 2018, a total of six full-time employees were added to the Company's research and development team.

For the year ended December 31, 2018, the Company incurred office and general expenses of \$240,467 (2017 - \$53,759) related to expenses paid for administration and support such as rents for the corporate office and the operational centre that houses the Company's research and development team, insurance, website hosting and maintenance fees, business fees and licenses, and bank charges. The increase in 2018 was primarily due to additional rent, utilities, and fitout expenses incurred for leasing a warehouse to conduct the research and development activities in. The increase could also be attributed to overall increase in corporate development and operational activities of the Company.

Research expenses for the year ended December 31, 2018 were \$249,788 (2017 - \$78,104). The increase in 2018 was mainly due to the Company's in-house research and development team working on a concept unit that was installed at a distribution centre of a Canadian supermarket chain.



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Transfer agent and filing expenses of \$136,106 (2017 - \$56,553) related to expenses paid for transfer agent services, filing fees, and shareholder communication services for compliance activities and reporting of the Company. The increase was mainly due to additional expenditures in connection with the Company being a publicly traded company after the amalgamation transaction.

Professional fees of \$138,436 (2017 - \$95,955) included expenses relating to the Company’s financial recording and reporting activities, and legal expenses in connection with legal advice and guidance for the operations of the Company and its compliance. The increase in 2018 was primarily due to increase in the general operational, management and compliance activities of the Company.

Fair value loss on held for trading investments of \$223,618 (2017 - \$Nil) related to the common shares and share purchase warrants received from Nickel One in connection with the sale transaction of the Company’s Finnish subsidiary to Nickel One. There were no held for trading investments in the same period last year.

During the year ended December 31, 2018, the Company impaired \$146,425 (2017 - &Nil) related to development assets capitalized in FY 2017.

**Discontinued operations**

Discontinued operations included the results of operations of the Lantinen Kollismaa Platinum Group Element-Copper project (the “LK Project”) held by the Finnish subsidiary, Nortec Minerals Oy (“NMO”), The mineral property is located in north-central Finland.

On October 19, 2017, Privateco acquired Finore and its wholly owned subsidiary, NMO. The NMO subsidiary was classified as an asset held for sale on this date at a fair value of \$196,284.

On March 7, 2018, the transaction with Nickel One was completed. The Company also assessed fair value using fair value less costs to sell and accordingly wrote up the carrying value of asset held for sale from \$196,284 to \$389,150 at December 31, 2017, based on the stock price of Nickel One on the transaction closing date. In addition, NMO owed \$61,725 in liabilities on this date. Since the fair value of consideration received was equal to the fair value of subsidiary disposed, there was no gain or loss on disposition.

The reclassified assets as held for sale also met the criteria for discontinued operations. Accordingly, the results of such operations were presented separately as discontinued operations in the consolidated statements of operations and comprehensive loss and statement of cash flows for the current and comparative periods

**SELECTED ANNUAL INFORMATION**

The following table sets out selected financial information derived from the Company’s audited financial statements for the most recently completed financial years:

	<b>Year ended December 31, 2018</b>	<b>Year ended December 31, 2017</b>	<b>July 20 to December 31, 2016</b>
Total revenue	\$ Nil	\$ Nil	\$ Nil
Comprehensive loss for the year	3,208,300	8,436,410	272,901
Basic and diluted loss per share	0.04	0.33	0.14
Working capital (deficiency)	\$ 6,108,949	\$ 5,089,079	\$ (356,696)
Total assets	8,500,644	5,780,588	170,286

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**For the three months ended December 31, 2018 and 2017**

Loss and comprehensive loss for the fourth quarter ended December 31, 2018 ("Q4 2018") was \$775,694, inclusive of a loss of \$Nil from discontinued operations, compared to net loss of \$7,833,395, inclusive of a gain of \$153,162 from discontinued operations for the fourth quarter ended December 31, 2017 ("Q4 2017"). The decrease in net loss was mainly due to the Company not incurring any transaction expense, lower share-based payments and business development expenses in the current quarter ended December 31, 2018. This decrease in net loss was partially offset by increases in consulting fees/salaries, professional fees, research expenses, and general and administration expenses, as well as the additional loss on the impairment of development assets. The results are summarized as follows:

Three months ended December 31	2018	2017
Continuing operations:		
Amortization	\$ 12,360	\$ 2,009
Business development	48,323	256,223
Consulting fees	280,966	142,031
Office and general	63,030	17,528
Professional fees	13,115	12,463
Research expenses	178,779	19,069
Share-based payment	44,712	916,480
Transfer agent and filing fees	9,104	53,646
Loss from continuing operations	650,389	1,419,449
Interest income	(24,703)	(1,824)
Foreign exchange (gain)	(973)	(3,869)
Transaction expense	-	6,752,801
Impairment of development assets	146,425	-
Fair value loss on held for trading investments	4,556	-
Loss and comprehensive loss from continuing operations	775,694	7,986,557
Discontinued operations:		
Recovery of impairment loss of assets held for sale	-	(153,162)
Loss and comprehensive loss from discontinued operation	-	(153,162)
<b>Loss and comprehensive loss for the period</b>	<b>\$ 775,694</b>	<b>\$ 7,833,395</b>

**Continuing operations**

Transaction expense in the three-month period ended December 31, 2018 was \$nil (Q4 2017 - \$6,572,801). The transaction expense incurred in Q4 2017 was related to the reverse takeover and was the excess value of consideration paid over the fair value of net assets acquired and the legal expenses directly related to the reverse takeover.

Share-based payment of \$44,712 (Q4 2017 - \$916,480) decreased as compared to the same period in the previous year. This lower share-based payment in Q4 2018 was mostly related to the granting of 625,000 stock options on December 20, 2018 to employees and consultants of the Company with an exercise price of \$0.55 per share and graded vesting terms over one year. The higher share-based payment in Q4 2017 was related to the granting of 3,825,000 stock options to directors, officers and consultants of the Company on October 25, 2017 with a lower weighted average exercise price of \$0.30 per share and graded vesting terms over one year.

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Business development expenses for Q4 2018 was \$48,323 (Q4 2017 - \$256,223). The higher expenses in Q4 2017 was mainly due to several advertising and marketing communications campaigns that were initiated by the Privateco prior to the reverse takeover.

In Q4 2018, the Company incurred transfer agent and filing expenses of \$9,104 (Q4 2017 - \$53,646). The decrease was due to additional expenditures incurred in connection with the Transaction, compliance activities and reporting of the Company in Q4 2017.

Consulting fees / salaries in Q4 2018 was \$280,966 (Q4 2017 - \$142,031). The increase in Q4 2018 was mainly due to salaries and payroll expenses resulting from the addition of two full-time employees to the Company's research and development team as well as additional consulting fees paid to full-time and contract consultants in response to increased activities in corporate development, marketing and sales services.

Research expenses for Q4 2018 was \$178,799 (Q4 2017 - \$19,069). The increase was mainly due to the reallocation of development assets costs that were capitalized for the concept unit installed at a distribution centre of a Canadian supermarket chain to research expenses as the concept unit was no longer installed and used at the distribution centre.

During Q4 2018, the Company impaired \$146,425 (Q4 2017 - &Nil) related to development assets capitalized in FY 2017.

**Discontinued operations**

On October 19, 2017, Privateco acquired Finore and its wholly owned subsidiary, NMO. The NMO subsidiary was classified as held for sale on this date at a fair value of \$196,284. Additional expenditures incurred on the LK Project between the acquisition date and December 31, 2017 were capitalized. The Company also assessed the fair value less costs to sell and accordingly wrote up the carrying value from \$196,284 to \$389,150 at December 31, 2017, recognizing a gain of \$153,162 in Q4 2017. on asset held for sale that was classified as income from discontinued operations

Since the sale transaction with Nickle One was completed on March 7, 2018, there was no impairment loss or recovery in Q4 2018.

**SUMMARY OF QUARTERLY RESULTS**

The following table presents unaudited selected financial information for each of the last eight quarters:

	2018		2018	
<b>Quarter Ended</b>	<b>Dec. 31<sup>(6)</sup></b>	<b>Sep. 30<sup>(5)</sup></b>	<b>Jun. 30<sup>(4)</sup></b>	<b>Mar. 31<sup>(3)</sup></b>
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss	775,694	1,020,509	791,147	617,950
Loss and comprehensive loss per share, basic and diluted	0.010	0.008	0.011	0.009

  

	2017		2017	
<b>Quarter Ended</b>	<b>Dec. 31<sup>(2)</sup></b>	<b>Sep. 30</b>	<b>Jun. 30<sup>(1)</sup></b>	<b>Mar. 31</b>
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss	7,833,395	226,399	249,328	127,288
Loss and comprehensive loss per share, basic and diluted	0.145	0.008	0.011	0.064

(1) The increased loss and comprehensive loss in the quarter ended June 30, 2017 as compared with the quarter ended March 31, 2017 was primarily due to increases in professional and consulting fees. The increase in consulting fees was attributed to an increase in corporate

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development and operational activities of the Company. The increase in professional fees was due to fees associated with the Transaction and share capital related activities.

- (2) The increased loss and comprehensive loss for the quarter ended December 31, 2017 as compared with the quarter ended September 30, 2017 was mainly due to a transaction expense of \$6,572,801 resulting from the reverse takeover in the quarter ended December 31, 2017; share-based payment of \$916,480; and business development expenses of \$256,223.
- (3) The decreased loss and comprehensive loss for the quarter ended March 31, 2018 as compared with the quarter ended December 31, 2017 was primarily due to a transaction expense of \$6,572,801 resulting from the reverse takeover in the quarter ended December 31, 2017 and a decrease in share-based payment in the quarter ended March 31, 2018.
- (4) The increased loss and comprehensive loss for the quarter ended June 30, 2018 as compared with the quarter ended March 31, 2018 was primarily due to increases in share-based payment, loss on held for trading investments and consulting fees/salaries. The increase in loss on held for trading investments was due to further decline in market value of the Nickel One shares the Company received in connection with the sale transaction of the Company's Finnish subsidiary to Nickel One. The increase in consulting fees/salaries was primarily due to the salaries and payroll expenses associated with the addition of new employees to the Company's research and development team.
- (5) The increased loss and comprehensive loss in the quarter ended September 30, 2018 as compared with the quarter ended June 30, 2018 was primarily due to increases in business development fees and share-based payment. The increase in business development fees was attributed to an increased level of marketing activities through various advertising campaigns in the quarter ended September 30, 2018. The increase in share-based payment was attributed to the option grant on July 6, 2018 of additional 865,000 stock options to various directors, officers, employees and consultants of the Company.
- (6) The decreased loss and comprehensive loss for the quarter ended December 31, 2018 as compared with the quarter ended September 30, 2018 was mainly due to decreases in business development expenses and share-based payment. The decrease in business development expenses was due to fees paid for several advertising campaigns in the quarter ended September 30, 2018. The decrease in share-based payment was mainly due to the higher share-based payment associated with the stock options grant on July 6, 2018 which has a term for 5 years and a higher stock price on the date of grant whereas the stock options grant on December 20, 2018 only has a term for 2 years and a lower stock price on the date of grant. These decreases were partially offset by increases in research expense and additional impairment of development assets.

**LIQUIDITY AND CAPITAL RESOURCES**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

The Company's operating, investing and financing activities for the year ended December 31, 2018 resulted in a net decrease in cash of \$1,496,343. As at December 31, 2018, the Company's current assets include cash and cash equivalents of \$3,081,567, prepaid expenses of \$41,501 and receivables of \$166,163. The Company's current liabilities include accounts payable and accrued liabilities from operations of \$284,089.

	As at December 31, 2018	As at December 31, 2017
Working capital (deficiency)	\$ 6,108,949	\$ 5,089,079
Deficit	\$ 11,522,054	\$ 8,768,202

The increase in working capital for the year ended December 31, 2018 from the year before was mainly due to funds received from the private placement subscription in January 2018 and funds received from the exercise of warrants by shareholders throughout the year.

At present, the Company has no current operating income. The Company has financed its operations to date through the issuance of common shares. The Company anticipates significant increase in the following expenditures in the next quarters: development/construction of organic digester units, business development and marketing, investors relations, and facility. For the Company to have sufficient liquidity to fund its ongoing operations and complete development activities, the Company intends to continue financing its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. The Company estimates it will have sufficient capital to continue operations for the upcoming year.

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**OUTSTANDING SHARE DATA**

As at December 31, 2018 and the date of this report, the Company has:

	December 31, 2018	April 26, 2019
Issued and outstanding common shares	77,423,680	78,873,680
Warrants outstanding	33,959,671	32,609,671
Stock options outstanding	5,345,000	5,215,000

**OFF BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet arrangements.

**COMMITMENTS**

The Company has the following annual commitments:

	2019	2020	2021	2022	2023	Total
Warehouse lease	\$58,135	\$58,135	\$ 60,777	\$ 60,778	-	\$237,825

**SEGMENTED INFORMATION**

The Company's mineral interests in Finland ceased to be a reporting operating segment on March 7, 2018 when the Company completed the sale transaction of its mineral interests in Finland to Nickel One. At December 31, 2017, the Finland assets were presented as asset held for sale – see 'The Nickel One Transaction – Assets and liabilities held for sale and discontinued operations' under Business Transactions above. The remaining reportable operating segment is a Canadian technology company engaged in the development and commercialization of an on-site treatment system that can turn organic waste into clean water that meets municipal effluent discharge standards. Geographic information of the Company's long-term assets are as follows:

	December 31, 2018	December 31, 2017
Canada	\$ 2,107,606	\$ 527,787

**RELATED PARTY TRANSACTIONS**

Key management personnel include senior officers and directors of the Company.

Compensation to key management personnel is as follows:

Year ended December 31	2018	2017
Consulting fees – key management personnel <sup>(1)</sup>	\$ 579,000	\$ 469,584
Share-based compensations	422,580	337,595
	1,001,580	807,179

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Other related party compensation is as follows:

Year ended December 31	2018	2017
Accounting fees <sup>(2)</sup>	\$ -	\$ 25,092
Consulting fees – other <sup>(3)</sup>	5,700	6,075
Rent <sup>(4)</sup>	24,000	29,839
	\$ 29,700	\$ 61,006

Accounts payables and accrued liabilities of the Company include the following amounts due to related parties:

	December 31, 2018	December 31, 2017
Key management personnel	\$ 46,049	\$ 15,276
Other related parties	-	-
	\$ 46,049	\$ 15,376

- (1) Fees paid to management personnel or companies related to management personnel:
- \$240,000 (2017 - \$253,810) to a company owned by the Chairman and Director;
  - \$120,000 (2017 - \$120,000) to a company owned by the Chief Technology Officer and Director;
  - \$87,000 (2017 - \$40,000) to a company owned by the President;
  - \$60,000 (2017 - \$12,097) to the Chief Executive Officer;
  - \$48,000 (2017 - \$9,677) to a company owned by the Chief Financial Officer;
  - \$Nil (2017 - \$12,000) to a company owned by the former Chief Financial Officer;
  - \$18,000 (2017 - \$21,000) to a company owned by a Director;
  - \$6,000 (2017 - \$1,000) to a Director.
- (2) Fees of \$Nil (2017 - \$25,092) for bookkeeping and accounting services paid to a company controlled by the former Chief Financial Officer.
- (3) Fees of \$5,700 (2017 - \$6,075) for tax services paid to a partnership which a senior officer is a partner.
- (4) Fees of \$24,000 (2017 - \$29,839) for office rent paid to a company that the Chairman and director of the Company and a senior officer are principals.

**SIGNIFICANT ACCOUNTING POLICIES**

The Company's significant accounting policies are disclosed in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2018 and 2017.

**Significant Accounting Judgments, Estimates and Assumptions**

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of policies, the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period.

Actual outcomes could differ from these estimates, and as such, the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

For a detailed summary of the accounting policies subject to such judgments and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the reported results and financial position – see Note 3 of the Company's audited consolidated financial statements for the years ended December 31, 2018 and 2017.

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**FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company classified its financial instruments as follow:

	<b>Financial Assets</b>	<b>Loans and Receivables</b>	<b>Other Financial Liabilities</b>
	Fair Value Through Profit or Loss	Measured at Amortized Cost	Measured at Amortized Cost
<b>December 31, 2018</b>			
Cash and cash equivalents	\$ 3,081,567	\$ -	\$ -
Short-term investments	3,000,000		
Marketable securities and investments (shares)	100,000		
Accounts receivable	-	49,806	-
Accounts payable and accrued liabilities	-	-	(284,089)
	<b>\$ 6,181,567</b>	<b>\$ 49,806</b>	<b>\$ (284,089)</b>

Marketable securities and investments consisting of warrants have a fair value of \$3,807 which has been determined using Level 3 inputs.

**Fair Value**

The carrying value of receivables and accounts payable and accrued liabilities approximated their fair value due to the short-term nature of these instruments.

**RISKS AND UNCERTAINTIES**

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest risk, liquidity risk, and foreign exchange rate risk.

**(a) Credit Risk**

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding demand deposits in high credit quality banking institutions in Canada. The Company does not have any asset-backed commercial paper included in cash. Management believes that the credit risk with respect to receivables is remote.

**(b) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because of its short-term investment nature.

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**(c) Foreign Exchange Rate Risk**

The Company has certain consulting fees and exploration and evaluation assets that are denominated in US dollars, European Euros and other operating expenses that are mainly in Canadian dollars. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar, the US dollar and the European Euro. The exposure to foreign exchange rate risk is considered low. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

As at December 31, 2018 and 2017, the Company's US dollars and European Euros denominated monetary assets and liabilities are as follows:

	December 31, 2018		December 31, 2017	
<b>Monetary Assets</b>				
Cash	EURO €	-	EURO €	6,938
	USD\$	16,718	USD\$	352,279
Receivables	EURO €	-	EURO €	25,378
<b>Monetary Liabilities</b>				
Account payables and accrued liabilities	USD \$	53,979	USD \$	13
	EURO €	-	EURO €	41,008

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**(d) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

**(e) Management of Capital**

Capital comprises the Company's shareholders equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any revenues or cash flows since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2018. The Company is not subject to externally imposed capital requirements.



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**(f) Uninsurable Risks**

The business of the Company may not be insurable, or the insurance may not be purchased due to high cost. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company.

**(g) Financing and Share Price Fluctuation Risks**

The market price of the Company's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Company's common shares.

**(h) Risks Associated with Acquisitions**

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services or products that the Company believes are strategic. The Company currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service or product into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services or products might require the Company to obtain additional equity or debt financing, which might not be available on terms favourable to the Company, or at all, and such financing, if available, might be dilutive.

**(i) Economic Environment**

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Company's future sales and profitability.

**SUBSEQUENT EVENTS**

Subsequent to the year ended December 31, 2018:

- 100,000 stock options were exercised with a weighted average exercise price of \$0.30 per option for gross proceeds of \$30,000.
- 1,350,000 warrants were exercised with a weighted average exercise price of \$0.20 per warrant for gross proceeds of \$270,000.
- 30,000 stock options expired with a weighted average exercise price of \$0.51 per option following the resignation of an employee.
- 1,200,000 stock options were granted to an employee and consultants of the Company with an exercise price of \$0.36 per option with a term of two years from the date of issuance