

Micron Waste Technologies Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended December 31, 2019 and 2018

Dated April 27, 2020

MICRON WASTE TECHNOLOGIES INC.

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Micron Waste Technologies 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 the accompanying notes (the "financial statements"), prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for the year ended December 31, 2019.

This MD&A is prepared as of April 27, 2020. 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 and the Company's website at 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., (the "Company" or "Micron"), was incorporated on November 29, 2006 pursuant to the *Business Corporations Act*, British Columbia. The Company's principal business activity has been 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 trade on the Canadian Securities Exchange under the symbol of "MWM".

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.

OPERATIONS REVIEW

Operations

Micron Waste Technologies' main focus has been the development and commercialization of an on-site treatment systems that can turn organic waste into clean water that meets municipal effluent discharge standards. Over the past year, Micron worked with its research and manufacturing partner to improve the operability of the organic waste digester systems, named "Cannavore" for treating cannabis waste, and "Organivore" for treating food waste.

On January 17, 2019, the Company announced that it was awarded a USPTO patent #10,144,044 (dated December 5, 2018) on its innovative bioprocess to treat effluent to meet municipal discharge standards.

On April 8, 2019, the Company announced its intention to commercialize the "Organivore" system for food waste with an expanded collaboration with BC Research Inc.

On April 16, 2019, the Company announced that its research & development facility was officially opened on April 15, 2019. The R&D facility will be focusing on the development of proprietary technologies for new industry verticals.

On May 17, 2019, the Company announced that it has been awarded a US Design Patent No. 29/644,928 for its commercial organic waste digester unit in addition to its Industrial Design Certification issued by the Canadian Intellectual Property Office.

On August 27, 2019, the Company announced that it has received a Health Canada Research License to develop its aerobic waste digester technology for the treatment of cannabis waste. The license, effective for five years commencing August 23, 2019, will be used to further develop the world's first waste treatment system that alters and denatures cannabis waste while recovering reusable water.

On December 23, 2019, the Company announced that it has filed preliminary trademark protection for the Pharmavore™ system, covering the treatment of waste containing drugs, pharmaceuticals, and illicit substances that are seized in transit by law enforcement.

During 2019, the Company completed the prototype development and testing of its Cannavore system at its strategic partner's facility in Cremona, Alberta. The construction of the next generation Cannavore system was being completed and was undergoing factory acceptance testing.

On December 23, 2019, the Company announced that it has suspended the development of the Cannavore™ waste digester system in light of changing market conditions. While Micron has made rapid progress in completing the alpha prototype development and demonstrated its capability to process cannabis waste and clean dischargeable water, a long product development pathway was required to reach commercialization stage. The cannabis industry is not currently funding new technologies and this has resulted in a lower outlook on the commercial viability of the Cannavore™ system.

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Corporate

Mr. Rav Mlait resigned from his positions as Director and CEO of the Company effective January 13, 2019. He was immediately succeeded by the President of the Company, Mr. Alfred Wong, to be the new CEO of the Company as well.

Mr. Cam Battley resigned from his positions as Director of the Company and Chair of the Audit Committee effective December 23, 2019.

Effective December 23, 2019, Mr. Michael Malana, was appointed the Director of the Company and Chair of the Audit Committee.

Mr. Alfred Wong resigned from his positions as President and Chief Executive Officer on January 2, 2020 and would remain with the Company for a transition period until May 1, 2020.

Effective January 2, 2020, Mr. Kal Malhi, the Chairman of the Board, assumed the position of the interim President and Chief Executive Officer of the Company until a permanent replacement is appointed.

RESULTS OF OPERATIONS

Year ended December 31, 2019 and 2018

For the year ended December 31, 2019, the Company recorded a net loss and comprehensive loss of \$5,366,471 compared to a net loss and comprehensive loss of \$3,208,300 for the year ended December 31, 2018.

The increase in net loss was mainly due to increases in impairment losses on development assets and deferred assets, consulting fees/salaries and amortization expenses that were partially offset by decreases in share-based compensation, business development expenses, research expenses, transfer agent and filing fees along with a gain in fair value adjustment on held for trading investments.

On December 23, 2019, the Company announced that it has suspended development of its waste digester system for the cannabis industry in light of changing market conditions. While the Company has made rapid progress in completing the alpha prototype development and demonstrated its capability to process cannabis waste and clean dischargeable water, a longer development pathway was required to reach commercialization stage. The cannabis industry is not currently funding new technologies and this resulted in an assessment of the recoverable amount of these development assets.

In estimating the fair value less costs of disposal, management made the following assessments:

- Modifications and customization made to equipment such as the digesters, shredders, electronics and containers were for particular integration and not easily re-useable or sellable;
- Equipment has been used for prototype development testing;
- Equipment is no longer under warranty and is specialized;
- Removal effort and cost to sell would likely exceed value;
- Unless there is a strategic buyer that is specifically looking for this equipment, it would be difficult to obtain anything other than salvage value;
- There is increasing likelihood that the longer it is stored and not used, value goes to salvage value.

At December 31, 2019, the Company wrote down the carrying value of the development assets to its estimated recoverable value of \$45,557 and recognized an impairment loss of \$2,485,491 (2018 - \$146,425).

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The Company's deferred assets were initially comprised of patent pending technology acquired from a director of the Company and the subsequent legal costs associated with the various patent applications that were capitalized by the Company. In light of the likelihood of restarting the cannabis project is very low and the uncertainties pertaining to the viabilities of the Organivore™ and Pharmavore™ projects, the Company wrote down the carrying value of the deferred assets to \$nil and recognized an impairment loss of \$469,802 (2018 - \$nil).

Consulting fees/salaries, which included salaries and payroll expenses paid to employees working in the Company's research and development team at the Company's Innovation Centre and fees paid to consultants of the Company for providing corporate/administrative services as well as for consultation on the Company's current and prospective projects were \$1,513,335 (2018 - \$908,702). The increase was mainly due to salaries and payroll expenses resulting from the addition of full-time employees to a total of seven full-time employees. The increase was also due to additional consultants recruited to assist in business development and in the commercialization of the Company's various technologies

Amortization expense was \$120,269 (2018 - \$25,578). The increase in 2019 was mainly due to additional depreciation expense associated with the leased facility for the Company's Innovation Centre in Delta, BC, as a result of the adoption of new accounting standard IFRS 16 in 2019. IFRS 16 replaced the operating lease expense with a depreciation charge for the lease asset.

Share-based payment for the year ended December 31, 2019 was \$349,493 (2018 - \$808,028). The decrease in share-based payment was mainly due to lower number of stock options granted in 2019 and the additional share-based payment recognized in 2018 for the vesting stock options from the October 25, 2017 grant. For the year ended December 31, 2019, a total of 1,200,000 stock options with a weighted average exercise price of \$0.36 were granted (2018 - 1,895,000 stock options with a weighted average exercise price of \$0.50).

Business development expenses for the year ended December 31, 2019 were \$277,013 (2018 - \$428,132). The higher expenses in the previous year were mainly due to fees paid for developing the Company's brand and marketing the Company's change in focus to waste for the Cannabis industry through various social media and advertising campaigns.

Research expenses for the year ended December 31, 2019 were \$126,208 (2018 - \$249,788). The decrease in 2019 was mainly due to the additional research expenses incurred in 2018 working on a concept unit that was installed at a distribution centre of a Canadian supermarket chain.

Transfer agent and filing expenses of \$55,269 (2018 - \$136,106) were related to expenses paid for transfer agent services, filing fees, and shareholder communication services for compliance activities and reporting of the Company. The decrease was mainly due to additional expenditures in 2018 in connection with issuer trading services fees and shareholder communication expenses incurred in connection with the Company being a publicly traded company after the amalgamation transaction.

The fair value adjustment on held for trading investments was related to the common shares and share purchase warrants received from Nickel One Resources Inc. ("Nickel One") in connection with the sale transaction of the Company's Finnish subsidiary to Nickel One. The sale transaction was completed on March 7, 2018. On May 3, 2019, Nickel One changed its name to Palladium Ore Mining Inc. ("POM") and consolidated its shares on the basis of two pre-consolidation shares for one post-consolidation common share. On a post consolidation basis, the Company held 2,500,000 common shares and 1,250,000 warrants of POM.

The fair value adjustment on held for trading investments was a gain of \$358,693 (2018 - a loss of \$223,618). The gain in the fair value adjustment for the year ended December 31, 2019 was a result of an increase in post consolidation share price from \$0.04 per share to \$0.185 per share over the twelve-month period. This gain in share price was partially offset by a loss in the value of warrants as the time value of warrants decreases with time.

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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:

	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Total revenue	\$ Nil	\$ Nil	\$ Nil
Comprehensive loss for the year	5,366,471	3,208,300	8,346,410
Basic and diluted loss per share	0.07	0.04	0.33
Working capital (deficiency)	\$ 3,279,292	\$ 6,108,949	\$ 5,089,079
Total assets	3,842,820	8,500,644	5,780,588

Three months ended December 31, 2019 and 2018

In the fourth quarter ended December 31, 2019 (“Q4-2019”), the Company recorded a net loss and comprehensive loss of \$3,183,592 compared to a net loss and comprehensive loss of \$775,694 in the fourth quarter ended December 31, 2018 (“Q4-2018”).

The increase in net and comprehensive loss could be attributed mainly to increases in impairment losses on both the development assets and deferred assets, as well as to increases in professional fees. This increase in net loss and comprehensive loss was partially offset by decreases in research expenses along with a gain in fair value adjustment on held for trading investments

As a result of changing market conditions and lower outlook on the commercial viability of the Cannavore™ waste digester system, in December of 2019, the Company suspended the Cannavore™ project. As modifications / customization made to the equipment (such as digesters, shredder, electronics and containers) were for particular integration of the Cannavore™ system, the Company wrote down the carrying value of the capitalized assets related to the Cannavore™ system to the best estimate of salvage value and recognized in Q4-2019 an impairment loss of \$2,485,491 (Q4-2018 - \$146,425).

In light of the likelihood of restarting the cannabis project is very low and the uncertainties pertaining to the Organivore™ and Pharmavore™ projects, the Company also wrote down the carrying value of the acquisition cost of patented technology along with legal costs associated with the various patent applications that were capitalized to \$nil and recognized in Q4-2019 an impairment loss of deferred assets of \$469,802 (Q4-2018 - \$nil).

Professional fees for Q4-2019 was \$56,948 (Q4-2018 - \$13,115). The higher expenses in Q4-2019 was mainly due to the additional legal expenses incurred in connection with legal dispute on employment matters.

Research expenses for Q4-2019 was \$24,455 (Q4-2018 – \$178,779). The decrease in research expenses was mainly due to the additional research expenses that were recognized in Q4-2018 in connection with a concept unit that was installed at a distribution centre of a Canadian supermarket chain.

In Q4-2019, the fair value adjustment on held for trading investment was a gain of \$312,378 (Q4-2018 – a loss of \$4,556). The gain in the fair value adjustment in Q4-2019 was due to an increase in post consolidation share price of Palladium Ore from \$0.060 per share to \$0.0185 over the three-month period. The loss recognized in Q4-2018 was mainly due to a decrease in the fair value of the share purchase warrants associated with the Palladium Ore shares.

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SUMMARY OF QUARTERLY RESULTS

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

	2019	2019	2019	2019
Quarter Ended	Dec. 31⁽⁷⁾	Sep. 30⁽⁶⁾	Jun. 30⁽⁵⁾	Mar. 31⁽⁴⁾
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss	3,183,592	681,442	1,097,857	403,580
Loss and comprehensive loss per share, basic and diluted	0.040	0.009	0.014	0.005

	2018	2018	2018	2018
Quarter Ended	Dec. 31⁽³⁾	Sep. 30⁽²⁾	Jun. 31⁽¹⁾	Mar. 31
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss	775,694	1,020,509	794,147	617,950
Loss and comprehensive loss per share, basic and diluted	0.010	0.008	0.011	0.009

- (1) 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.
- (2) 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.
- (3) 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.
- (4) The decreased loss and comprehensive loss for the quarter ended March 31, 2019 as compared with the quarter ended December 31, 2018 was mainly due to the Company not incurring any impairment loss of development assets, gain on fair value adjustments on held for trading investments and a decrease in research expenses in the current quarter ended March 31, 2019. During the quarter ended December 31, 2018, the Company impaired \$146,425 related to development assets capitalized in FY 2017. The decrease in research expenses was mainly due to the reallocation of development costs, also during the quarter ended December 31, 2018, 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.
- (5) The increased loss and comprehensive loss for the quarter ended June 30, 2019 as compared with the quarter ended March 31, 2019 was mainly due to increases in share-based payment, loss on held for trading investments, consulting/salaries expenses and business development expenses. The increase in share-based payment was attributed to the option grant on April 8, 2019 of 1,200,000 stock options to various officers and consultants of the Company. The increase in loss on held for trading investments was due to further decline in market value of the Palladium Ore shares. The increase in consulting/salaries was due to the addition of a new consultant to assist the Company in the commercialization of the Company's various technologies. The increase in business development expenses was due to additional expenses associated with the ribbon cutting ceremony at the Company's Innovation Centre official opening in April 2019.
- (6) The decreased loss and comprehensive loss for the quarter ended September 30, 2019 as compared with the quarter ended June 30, 2019 was mainly due to decreases in share-based payment, business development expenses, consulting/salaries expenses and transfer agent and filing fees. The decrease in share-based payment was mainly due to the share-based payment associated with the stock options grant on April 8, 2019 of 1,200,000 stock options to various officers and consultants of the Company whereas there was no options grant in the quarter ended September 30, 2019. The decrease in business development expenses was mainly due to additional expenses associated with the ribbon cutting ceremony at the Company's Innovation Centre official opening in April 2019. The decrease in consulting/salaries expenses could be attributed to the termination of employment of two employees. The decrease in transfer agent and filing fees was due to the additional expenditures associated with the preparation of the annual general meeting that were mainly incurred in the quarter ended June 30, 2019.
- (7) The increased loss and comprehensive loss for the quarter ended December 31, 2019 as compared with the quarter ended September 30, 2019 was mainly due to impairment losses recognized for development assets and deferred assets as a result of the suspension of the the Cannavore™ project and the uncertainties pertaining to the viabilities of the Organivore™ and Pharmavore™ projects.

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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, 2019 resulted in a net decrease in cash of \$297,042 (2018 - \$1,496,343). As at December 31, 2019, the Company's current assets included cash and cash equivalents of \$2,784,525, prepaid expenses of \$63,375 and receivables of \$115,721. The Company's current liabilities include accounts payable, accrued liabilities and lease liabilities from operations of \$146,829.

	As at December 31, 2019	As at December 31, 2018
Working capital (deficiency) ⁽¹⁾	\$ 3,279,292	\$ 6,108,949
Deficit	\$ 16,699,505	\$ 11,522,054

Working capital declined by \$2,829,657 in 2019. The decrease in working capital was the result of no cash generated from financing activities such as the issuance of common shares. In 2018, cash was generated from a private placement offering as well as from a higher number of exercises of warrants by shareholders.

At present, the Company has no current operating income. In light of changing market conditions, the Company has minimized research and development expenditures pending a review of the Company's strategic path forward. Subsequent to the year ended December 31, 2019, the pandemic caused by COVID-19 has not had a direct effect on the business and affairs of the Company. 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.

Non-GAAP Financial Measure

The Company uses "working capital" to assess liquidity and general financial strength and is calculated as current assets less current liabilities⁽¹⁾. Working capital does not have any standardized meaning prescribed by IFRS and is referred to as a "Non-GAAP Financial Measure." It is unlikely for Non-GAAP Financial Measures to be comparable to similar measures presented by other companies.

(1) Working capital is calculated as current assets (December 31, 2019 - \$3,426,121; December 31, 2018 - \$6,393,038), less current liabilities (December 31, 2019 - \$146,829; December 31, 2018 - \$284,089).

Contingencies

From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to take appropriate action with respect to any such legal actions, including by defending itself against such legal claims as necessary. Other than the claim described below, as of the date of this report, the Company is not aware of any other material or significant claims against the Company.

On October 29, 2019, the Company filed a response to civil claim in defense of a claim brought by a former employee for alleged wrongful dismissal. The Company is defending the claim, and unequivocally that the former employee was given appropriate notice of termination of his contract, and paid all entitlements due and owing to him in accordance with the terms of the employment contract and applicable legislation. Due to the uncertainty of the timing and the amount of estimated future cash outflows relating to this claim, no provision has been recognized as at December 31, 2019.

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OUTSTANDING SHARE DATA

As at December 31, 2019 and the date of this report, the Company has:

	December 31, 2019	April 27, 2020
Issued and outstanding common shares	79,023,680	79,023,680
Warrants outstanding ⁽¹⁾	31,884,671	25,168,200
Stock options outstanding ⁽²⁾	5,490,000	3,800,000

(1) Subsequent to the year ended December 31, 2019, 6,716,471 warrants expired with a weighted average exercise price of \$0.50 per warrant.

(2) Subsequent to the year ended December 31, 2019:

- a. 1,490,000 stock options with a weighted average exercise price of \$0.34 per option expired following the termination of a director, two employees and two consultants.
- b. 200,000 stock options with a weighted average exercise price of \$0.36 per option were forfeited.

OFF BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

COMMITMENTS

The Company has the following annual commitments:

	2020	2021	2022	2023	2024	Total
Warehouse lease	\$58,135	\$60,777	\$ 60,778	-	-	\$179,690

SEGMENTED INFORMATION

The Company is a Canadian technology company and operates in one reportable operating segment being the development and commercialization of an on-site treatment system that can turn organic waste into clean water that meets municipal effluent discharge standards. All of the Company's assets and expenditures are located and incurred in Canada. Geographic information of the Company's long-term assets are as follows:

	December 31, 2019	December 31, 2018
Canada	\$ 416,699	\$ 2,107,606

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RELATED PARTY TRANSACTIONS

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

Compensation to key management personnel is as follows:

Years ended December 31	2019	2018
Consulting fees – key management personnel ⁽¹⁾	\$ 669,806	\$ 579,000
Share-based compensations	137,946	422,580
	807,752	1,001,580

Other related party compensation is as follows:

Years ended December 31	2019	2018
Consulting fees – other ⁽³⁾	\$ 2,000	\$ 5,700
Rent ⁽²⁾	27,000	24,000
	\$ 29,000	\$ 29,700

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

	December 31, 2019	December 31, 2018
Key management personnel	\$ 15,705	\$ 46,049

- (1) Fees paid to management personnel or companies related to management personnel:
- \$240,000 (2018 - \$240,000) to a company owned by the Chairman and Director;
 - \$120,000 (2018 - \$120,000) to a company owned by the Chief Technology Officer and Director;
 - \$193,806 (2018 - \$87,000) to a company owned by the President / Chief Executive Officer;
 - \$5,000 (2018 - \$60,000) to the former Chief Executive Officer who resigned from his position effective January 13, 2019;
 - \$72,000 (2018 - \$48,000) to a company owned by the Chief Financial Officer;
 - \$27,000 (2018 - \$18,000) to a company owned by a Director;
 - \$12,000 (2018 - \$6,000) to a Director.
- (2) Fees of \$27,000 (2018 - \$24,000) for office rent paid to a company that the Chairman and director of the Company and a senior officer are principals.
- (3) Fees of \$2,000 (2018 - \$5,700) for tax services paid to a partnership which a senior officer is a partner.

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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, 2019 and 2018.

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, 2019 and 2018.

NEW ACCOUNTING PRONOUNCEMENTS

IFRS 16 Leases

The Company adopted IFRS 16 – Leases (“IFRS 16”) effective January 1, 2019. The following is the new accounting policy for leases under IFRS 16.

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company, as lessee, is required to recognize a right-of-use asset (“ROU asset”), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

The Company may elect to not apply IFRS 16 to leases with a term of less than 12 months or to low value assets, which is made on an asset by asset basis.

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. The comparative figures for the 2018 reporting period have not been restated and are accounted for under IAS 17 Leases, and IFRIC 4 *Determining Whether an Arrangement Contains a Lease, as permitted under the specific transitional provisions in the standard*.

The Company applied the exemption not to recognize ROU asset and lease liabilities for leases with less than 12 months of lease term and leases for low-value assets when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

The Company has a lease for its Innovation Center in Delta, British Columbia and is classified as operating leases under IAS 17. Upon transition to IFRS 16, these lease liabilities were measured at the present value of the remaining lease payments and discounted using an incremental borrowing rate of 10% as of January 1, 2019. The effects of adopting IFRS 16 as at January 1, 2019 and for the year ended December 31, 2019 are disclosed in Note 4 of the audited consolidated financial statements for the year ended December 31, 2019.

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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:

	Financial Assets	Loans and Receivables	Other Financial Liabilities
	Fair Value Through Profit or Loss	Measured at Amortized Cost	Measured at Amortized Cost
December 31, 2019			
Cash and cash equivalents	\$ 2,784,525	\$ -	\$ -
Marketable securities	462,500	-	-
Accounts receivable	-	81,333	-
Accounts payable and accrued liabilities	-	-	(74,779)
Lease liabilities	-	-	(230,964)
	\$ 3,247,025	\$ 81,333	\$ (305,743)

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

Marketable securities consisting of warrants have a fair value of \$nil (December 31, 2018 - \$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.

MICRON WASTE TECHNOLOGIES INC.

Management's Discussion and Analysis

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.

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 and cash equivalents and accounts receivable. The Company's accounts receivable is mainly comprised of GST receivable and accrued interest receivable from GIC's held with the bank. GST is not a financial instrument as it does not arise from contractual obligations. The Company limits exposure to 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 minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying 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. All of the Company's financial obligations are due within one year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risks. The Company is not exposed to significant interest rate risk, foreign currency risk and other price risk.

(a) 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. The Company's financial asset exposed to interest rate risk consists of cash and cash equivalents.

(b) Foreign Exchange Rate Risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the CAD (primarily US\$). The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and the US dollar. 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, 2019, a 10% strengthening (weakening) of the Canadian dollar against the US dollar would have increased (decreased) the Company's net loss before taxes by approximately \$647 (2018 - \$5,083).

(c) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company's marketable securities are carried at market value and are therefore directly affected by fluctuations in the market value of the underlying securities.

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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 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, 2019. The Company is not subject to externally imposed capital requirements.

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.

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.

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.

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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.

COVID-19 Pandemic Risk

Subsequent to the year ended December 31, 2019, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. As of date, the COVID-19 pandemic has not had a direct effect on the business and affairs of the Company as the Company has no current operating income. However, there can be no assurance that the Company will not be further impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets which may reduce share prices and financial liquidity and thereby severely limit the financing capital available in the waste technology sector.

SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2019:

- The Company sold all the 2,500,000 common shares of Palladium Ore for net proceeds of \$257,129.95.
- On April 20, 2020, the Company announced the signing of a non-binding letter of intent (the "LOI") with COVID Technologies ("COVID") to acquire all of the outstanding securities of COVID which includes all of the business, operating assets, equipment, and business contracts of COVID. COVID is a privately held British Columbia corporation based in Vancouver, BC dedicated to the manufacture of personal protective equipment in response to the current coronavirus pandemic. The founder and key employee of COVID will join COVID the Company as a member of the senior management upon consolidation of the transaction.

The LOI stipulates that immediately prior to closing, the Company will conduct a share consolidation ("the Consolidation") on the basis of one post-consolidated Micron share for every two pre-consolidated Micron shares resulting in the Company having approximately 39,511,840 shares issued and outstanding. In exchange for the shares of COVID, the Company will issue 16,500,000 post-consolidated Micron common shares at a deemed price of \$0.08 per share and 16,500,000 share purchase warrants exercisable for a price of \$0.10 per share for a period of 5 years from the date of issuance.

The COVID facility is capable of producing key pieces rapidly, with additional products already in planning stages as licenses are acquired. Beginning with 3-ply surgical masks and N95 respirators, COVID will support the immediate needs of the global medical community as the situation with COVID-19 progresses.

Following the execution of the LOI, the Company shall loan to COVID an aggregate sum of \$250,000 to be used as working capital during the negotiation of the Definitive Agreement ("the Agreement), on terms mutually agreed to by both parties.

The Company proposes that the Agreement be entered into within 60 days following the execution of the LOI.

RISKS RELATED TO THE BUSINESS

Regulatory Risks

The activities of the Company will be subject to regulation by governmental authorities. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Change in Laws, Regulations and Guidelines

The Company's operations will be subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of waste products but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to the Company's operations.

Lack of Operating History

The Company has only recently started to carry on its business. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. The failure by the Company to meet any of these conditions could have a materially adverse effect on the Company and may force it to reduce, curtail, or discontinue operations. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations. The Company may not successfully address all of the risks and uncertainties or successfully implement its existing and new products and services. If the Company fails to do so, it could materially harm its business and impair the value of its common stock, resulting in a loss to shareholders. Even if the Company accomplishes these objectives, the Company may not generate the anticipated positive cash flows or profits. No assurance can be given that the Company can or will ever be successful in its operations and operate profitably.

Competition

There is potential that the Company will face intense competition from numerous other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. See "*Narrative Description of the Business - Competition*" for further details about the competition faced and to be faced by the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

Growth and Consolidation in the Industry

The Company expects this consolidation and strategic partnering to continue. Acquisitions or other consolidating transactions could have adverse effects on the Company. The Company could lose strategic relationships if its partners are acquired by or enter into agreements with a competitor, causing the Company to lose access to distribution, content and other resources. The relationships between the Company and its strategic partners may deteriorate and cause an adverse effect on the business. The Company could lose customers if competitors or user of competing technology consolidate with the Company's current or potential customers. Furthermore, the Company's current competitors could become larger players in the market or new competitors could form from consolidations. Any of the foregoing events could put the Company at a competitive disadvantage, which could cause the Company to lose customers, revenue, and market share. Consolidation in the industry could also force the Company to divert greater resources to meet new or additional competitive threats, which could harm the Company's operating results.

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Intellectual Property Risks

The Company's ability to compete largely depends on the superiority, uniqueness, and value of its intellectual property and technology, including both internally-developed technology and the ability to acquire patent protection and/or trademark protection. To protect its proprietary rights, the Company will rely on a combination of trademark, copyright, and trade secret laws, trademark and patent applications, confidentiality agreements with its employees and third parties, and protective contractual provisions. Despite these efforts, certain risks may reduce the value of the Company's intellectual property. The Company's applications for trademarks and copyrights relating to its business may not be granted, and if granted, may be challenged or invalidated. There is no guarantee that issued trademarks and registered copyrights will provide the Company with any competitive advantages. The Company's efforts to protect its intellectual property rights may not be effective in preventing misappropriation of its technology and may not prevent the development and design by others of products or technology similar to, competitive with, or superior to those the Company develops. There is a risk that another party may obtain a blocking patent and the Company would need to either obtain a license or design around the patent in order to continue to offer the contested feature or service in its products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company will have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Reliance on Key Inputs

The Company's business will be dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company and the Company. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Company might be unable to find a replacement for such source in a timely manner or at all. If sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Company.

Environmental and Employee Health and Safety Regulations

The Company's operations will be subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

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Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Company's securities will be established or sustained. The market price for the Company's securities could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results and acquisition or disposition of properties, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Payment of Dividends Unlikely

There is no assurance that the Company will pay dividends on its shares in the near future or ever. The Company will likely require all its funds to further the development of its business.

Management of Growth

Any expansion of the Company's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the Company will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that the Company will be able to manage growth successfully. Any ability of the Company to manage growth successfully could have a material adverse effect on the Company's business, financial condition and results of operations.

Reliance on Key Personnel and Consultants

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. The Company attempts to enhance its management and technical expertise by recruiting qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees could have a material adverse impact on the Company's financial condition and results of operation. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components.

Shareholders' Interest may be Diluted in the Future

The Company will require additional funds for its planned activities. If the Company raises additional funding by issuing equity securities, which is highly likely, such financing could substantially dilute the interests of the Company's shareholders. Sales of substantial amounts of shares, or the availability of securities for sale, could adversely affect the prevailing market prices for the Company's shares. A decline in the market prices of the Company's shares could impair the ability of the Company to raise additional capital through the sale of new common shares should the Company desire to do so.

Conflicts of Interest

Certain of the proposed directors and officers of the Company are also 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.

Litigation

The Company may be forced to litigate, enforce, or defend its intellectual property rights, protect its trade secrets, or determine the validity and scope of other parties' proprietary rights. Such litigation would be a drain on the financial and management resources of the Company which may affect the operations and business of the Company. Furthermore, because the content of most of the Company's intellectual property concerns cannabis and other activities that are not legal in some state jurisdictions, the Company may face additional difficulties in depending its intellectual property rights.

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The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Company Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.