

Current Water Technologies Inc.

Management's Discussion and Analysis

November 29, 2019

Management's Discussion and Analysis ("**MD&A**") of the financial condition, results of operation and cash flows for the period ended September 30, 2019 ("**the period**") should be read in conjunction with the financial statements and accompanying notes for the same period. This discussion covers the most recently completed year and the subsequent period to November 29, 2019.

The financial statements ("**financial statements**") of Current Water Technologies Inc. were approved for issuance by the Board of Directors on November 27, 2019. The financial statements were prepared using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"). All comparisons of results for the period ended September 30, 2019 are against results for the year ended December 31, 2018. All dollar amounts refer to Canadian dollars except where otherwise stated.

Management's Discussion and Analysis contains certain forward-looking statements and information related to Current Water Technologies Inc., which are based on the beliefs of Management as well as assumptions made by and information currently available to Current Water. These statements, which can be identified by the use of forward-looking terminology such as "anticipates," "believes," "estimates," "expects," "may," "will," "should" or the negative thereof or other variations thereon and similar expressions, as they relate to Current Water Technologies Inc. or its management, are intended to identify forward-looking statements.

The forward-looking statements relate to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued research and development and marketing of the patented and proprietary technologies of Current Water Technologies Inc. Such statements reflect the current views of the management of Current Water Technologies Inc. with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of Current Water Technologies Inc. to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

The Company disclaims any obligation to update or revise any forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

Additional information relating to Current Water Technologies Inc. is available on the SEDAR web site at www.sedar.com.

Description of the business

Current Water Technologies Inc. was incorporated on February 15, 1996 under the laws of the Province of Ontario. The company provides innovative patented and proprietary technologies for: 1) the treatment of waste water and drinking water that are contaminated by metals or nutrients (e.g. arsenic, nitrate/ammonia) associated with the mining, metal processing, chemical, agricultural, municipal and waste management sectors; and, 2) the environmentally friendly recovery of nickel and other valuable metals from waste mill sulphide tailings associated with the mining sector.

In January 2018 Current Water Technologies Inc. acquired Pumptronics Incorporated which operates as a division of the Company and functions as an integrated pump station manufacturer specializing in custom design and automation.

Together, Current Water Technologies Inc. and Pumptronics Incorporated ("Current Water" or "the Company" or "the Corporation") can provide increased breadth and depth of technical services and manufacturing capabilities around the world.

Overall performance

Current Water continues to focus on marketing and business development efforts during the current year via establishment of strategic alliances and non-exclusive and exclusive distributorships. The Company is currently marketing its technologies in North America, Asia, Europe, the Middle East, South America and Africa.

Selected financial information

The following table provides selected financial information, which should be read in conjunction with the financial statements and the accompanying notes of the Company.

	For the nine months ended September 30, 2019	For Audited Year ended December 31, 2018	Audited Year ended December 31, 2017*
Total Revenues	2,066,280	\$2,435,027	\$532,439
Net gain	189,470	(\$4,791,072)	(\$1,293,089)
Net loss per share – basic and diluted	≈ \$0.01	(\$0.03)	≈ (\$0.01)
Total assets	\$1,202,883	\$905,587	\$874,323

* Restated: see Note 20 of financial statements.

The following summary of quarterly results was prepared by management for the previous eight quarters.

	3 rd Quarter Sep 30, 2019	2 nd Quarter June 30, 2019	1 st Quarter Mar 31, 2019	4 th Quarter Dec 31, 2018	3 rd Quarter Sept 30, 2018	2 nd Quarter June 30, 2018	1 st Quarter Mar 31, 2018	4 th Quarter Dec 31, 2017
Total Revenues	\$662,791	\$860,833	\$542,656	121,281	672,126	976,477	\$665,143	(\$141,859)
Net gain (loss)	(\$43,804)	\$134,925	\$99,393	(\$3,881,473)	(342,913)	(197,489)	(\$369,197)	(\$916,889)
Net gain (loss) per share – basic and diluted	≈ (\$0.01)	≈ \$0.01	≈ \$0.01	≈ (\$0.01)	≈ (\$0.01)	≈ (\$0.01)	≈ (\$0.01)	≈ (\$0.01)

Current Water's revenue of \$662,791 for the quarter ending September 30, 2019 was slightly less than the revenue for the same period in 2018 due to the timing in the number of projects for both Current Water and Pumptronics.

Project revenue for test units are normally recorded when risks and benefits of ownership are transferred, which is generally upon delivery. Receivables are normally due and payable within 30

days of delivery; however, management, in an effort to gain strategic relationships, may enter into a payment schedule with key customers who have an on-going relationship with Current Water and its technologies.

The net loss for the third quarter was \$43,804 or approximately \$0.001 per share in 2019, compared to a net loss of \$342,913, or approximately \$0.0001 per share in 2018. Direct expenses include project materials, office salaries, labour, general overhead, professional consulting, travel, and a percentage of general and administrative costs. Direct expenses decreased from \$803,061 in 2018 to \$484,812 in 2019. General and administrative expenses include marketing, research and development, and accounting and auditor fees, as well as director fees and public company expenses; these increased from \$168,099 in 2018 to \$205,707 in 2019.

It was determined in the 2018 year end that the fair value of the Pumprtronics intangible assets was nil and as a result, the Company recorded the difference from consideration paid and fair value of net assets acquired on acquisition, \$2,377,800, to the *Consolidated Statements of Loss and Comprehensive Loss* (page 3 of the 2018 Audited Financial Statements).

Cash flow from operations for the nine-month period ended September 30, 2019 was \$17,224, compared to negative \$1,408,310 for the same period in 2018. The expense for share-based payments for the nine-month period was \$16,200, in 2019, compared to \$91,380 in 2018.

There is no certainty that the money spent by Current Water on research and development of its electrochemical water treatment technologies will result in the acquisition of large scale commercial sales. The long-term profitability of Current Water will be related in part to the success of its marketing and business development initiatives, which may be affected by a number of factors that are beyond the control of the Company. The success of the Corporation will largely depend upon the performance of its officers, consultants and employees.

Events

August 31, 2018, The Company announced that it continues to build on our recent large scale on-site demonstration successes in the Abitibi region of Quebec and Western Canada, as well as the new Metal & Diamond Mining Effluent Regulations that included unionized ammonia as a prescribed deleterious substance. CWTI reported that another prominent mining company, this time in northern Ontario, engaged CWTI for the purpose of mini- pilot testing its AmmEL ammonia destruction technology.

September 18, 2018, The Company announced the overwhelming support received from shareholders by management nominees at its annual meeting (the "Meeting") that was held on September 14, 2018. A record high percentage of common shares were represented at the Meeting: 70.58% of its issued and outstanding shares were voted with 58.8% of these votes supporting management.

All eight (8) management nominees for directors were elected with overwhelming support of the shareholders with approximately 63 million shares voted in favour of the management nominees. These included Nizar Kammourie, Zachery Dingsdale, Peter Kennedy, Bertan Atalay, Dr. Gene Shelp, Edward Tsang, Dr. Barry Shelp, and Sunil Ghorawat.

In addition, shareholders approved the appointment of BDO Canada LLP as auditors.

October 24, 2018, the Company announced that Mr. Edward Tsang was appointed as Chief Financial Officer of the Company, on an interim basis, to assume the responsibilities of day-to-day financial operations of the company.

The Company also informed its shareholders that Mr. Bertan Atalay assumed the responsibilities of Senior Advisor to the board to lead the corporate and project finance origination activities of the company with special focus on business development. Associated with his appointment, Mr. Atalay also stepped down from his board membership to focus on the business activities of the company, which are targeted to grow.

November 13, 2018, The Company announced that it had received a consulting contract to evaluate water treatment options for a Canadian gold mining operation owned by a major North American-based mining company.

CWTI anticipates completing the Scope of Work by year-end.

January 31, 2019, the Company announced that it received a \$360,000 payment from Chemsbro Inc. ("Chemsbro") of the Kingdom of Saudi Arabia (KSA). Chemsbro is CWTI's official representative in the Middle East.

CWTI is working closely with Chemsbro to successfully launch its innovative Electro-Static Deionization (ESD) technology in the Kingdom of Saudi Arabia with the installation and commissioning of the ESD 900K unit at a site near Jeddah later this year.

January 29, 2019, the Company issued a Notice of Change of Auditor. Pursuant to the *Business Corporations Act* (Ontario) appointing MNP LLP, Chartered Professional Accountants, as the Company's auditor in place and instead of BDO LLP until the close of the next annual general meeting of the Company.

February 05, 2019, the Company reported that Pumptronics received purchase orders totaling \$330,000 during the month of January, 2019.

April 3, 2019, the Company announced that it will receive funding of up to \$120,000 from the National Research Council of Canada Industrial Research Assistance Program (NRC IRAP).

In May 2018, CWTI participated in a trade mission to Hebei Province in China sponsored by the Canada China Trade Innovation Alliance (CCTIA). Through the support of local government officials, CWTI was able to identify numerous industries in Hebei province interested in partnering with CWTI to perform testing using CWTI's patented water treatment systems. With research and development funding from NRC IRAP, CWTI is constructing a mobile demonstration unit which will be shipped to the partners' sites in Hebei Province, China. Test programs will be designed to demonstrate the efficacy of the system to treat various water streams in order to produce high purity boiler feedwater.

April 4, 2019, the Company reported that Pumptronics received new purchase orders totaling \$178,242 during the month of March, 2019.

June 10, 2019, The Company reported that Pumptronics received new purchase orders totaling \$353,110 between April 1 and June 9, 2019.

June 17, 2019, The Company reported that Pumptronics received new purchase order totaling \$527,635.

October 22, 2019, The Company reported that Pumptronics received new equipment purchase orders totaling \$253,245 and income for services of \$430,194 for the period June 15 – Oct 18.

Senior Officers' compensation

There were no long-term incentive awards made to the Chief Executive Officer or any other officer of the Corporation during the period ended September 30, 2019. None of the Chief Executive Officers, senior officers or directors of the Corporation is indebted to the Corporation. The Chief Financial Officer is entitled to receive \$1,000 quarterly. The Corporate Secretary is entitled to receive \$1,000 quarterly. No fees were paid to Senior Officers in 2019.

Employment contracts

The Directors entered into a written employment agreement with Dr. Gene S. Shelp, President and Chief Executive Officer of the Corporation effective September 29, 2003 and updated on March 24, 2019. The terms of the agreement are in compliance with the requirements of the TSX Venture Exchange. The Corporation has no compensatory plan or arrangement with respect to the Chief Executive Officer that results or will result from the resignation, retirement or any other termination of employment of such officer's employment with the Corporation from a change of control of the Corporation or a change in the Chief Executive Officer's responsibilities following a change of control.

Compensation of directors

Directors of the Corporation, with the exception of the Chairman of the Board, are entitled to receive \$1,250 quarterly, as well as \$500 for each meeting or committee meeting attended in person, \$200 for each meeting attended by electronic communication, and reimbursement of expenses incurred in attending such meetings. The Chairman of the Board is entitled to receive \$5,000 quarterly in cash, as well as the attendance fees and reimbursement of expenses as described for the other directors. The by-laws of the Corporation provide that the remuneration to be paid to directors shall be determined from time to time by the Board of Directors. No fees were paid to Directors in 2019.

Insurance

The Company currently maintains a comprehensive insurance package at a cost of \$55,326.27 for the period ended September 30, 2019, compared to \$51,089 for the same period in 2018. The package includes Commercial General Liability and Pollution Liability with an incident and aggregate limit of \$5,000,000, a Professional Liability with a claim limit of \$2,000,000, and a Directors' and Officers' Liability Policy with a per Claim limit and Aggregate limit of \$2,000,000. The company also carries key man insurance for three executives.

Risks and uncertainties

Current Water faces a number of risk factors and uncertainties due to the nature of the water treatment technologies business in which it is engaged, the limited extent of the Company's assets and the present stage of development. The factors given below, among others, should be considered.

KEY EMPLOYEES

Current Water's future growth and its ability to develop depend on its ability to attract and retain highly qualified personnel. The Company is highly dependent on the principal members of its senior management group and the loss of their services might impede Current Water's business strategy and growth.

CONFLICTS OF INTEREST

Certain members of the Company's directors and officers serve or may agree to serve as directors or officers of other reporting companies or may have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

MARKET CONDITIONS

The principal business of the Company is development and sales of 1) electrochemical wastewater and drinking water treatment technologies, and 2) hydrometallurgical metal recovery technologies. The ability to attract capital to the Company is largely dependent on the efficacy of its technologies. Relaxed enforcement of government water quality standards and regulations, or lower prices for key metals may represent the primary barriers to deployment of the Company's products. If, as a result of the inability to attract investors, financing was not available to meet cash operating costs, the feasibility of continuing operations would be evaluated and if warranted, would be discontinued. Although market conditions cannot be predicted with certainty, the Company monitors those conditions, among other factors and issues, all of which have the potential to affect sales.

GOVERNMENT REGULATIONS

Management anticipates that some of the future demand for the Company's technologies will be generated by the enactment or enforcement of human health and environmental regulations and standards directly affecting water treatment facilities or the management of waste mill sulphide tailings associated with the mining sector. Delays in the introduction of new regulations, or decreased government enforcement action relating to existing regulations, could slow the rate of growth in demand for some of the Company's products within Canada.

COMPETITION AND TECHNOLOGICAL CHANGE

The water treatment marketplace is highly competitive. The ability of the Company to market its current array of products and to introduce new products or enhancements of existing products could require significant additional research and development expenditures. The future success of the Company depends substantially on its ability to develop new or enhanced products that achieve marketplace acceptance. While Current Water has developed unique, proprietary technologies, there is significant competition from various companies that supply long-standing water treatment systems. With respect to Current Water's hydrometallurgical system, there is currently no competition for the recovery of nickel directly from waste mill sulphide tailings, but as the technology is expanded to other applications, competition may be expected.

While there can be no assurance of the ability of Current Water to penetrate target markets and sustain a share of those markets, the Company has no knowledge of existing or upcoming technologies that would render obsolete or significantly displace our products in the near future. However, such risk exists and, if it was to materialize, would have an adverse impact on the future growth of the Company.

Although markets remain highly competitive, Current Water remains committed to meeting client needs by setting leadership standards in the design and delivery of innovative, highly efficient, cost-effective technologies for water treatment or metal recovery.

LICENSES AND PERMITS

The operations of the Company require licenses and permits from various government authorities. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to design, construct and maintain continued operations of its technologies that economically justify the cost.

PATENTS

Although a patent has a statutory presumption of validity, its issuance is not conclusive as to its validity or as to the enforceability of its claims. Moreover, the laws of certain countries may not protect proprietary rights to the same extent, as do the laws of Canada, the United States and the United Kingdom. Accordingly, there can be no assurance that the Company's patents will afford legal protection against competitors, nor can there be any assurance that the patents will not be infringed by others or that others will not obtain patents that the Company would need to license. Furthermore, successful challenges to certain of the Company's patents could materially and adversely affect its competitive and financial condition.

FOREIGN EXCHANGE RATES

Management anticipates that the Company will engage in international operations within the near term and expects to incur costs and expenses in a number of foreign currencies other than the Canadian dollar. The exchange rates covering such currencies can vary substantially. Substantial portions of our expenses will be incurred in United States dollars while our financing is conducted in Canadian dollars. Fluctuations in exchange rates between the U.S. dollar and the Canadian dollar and between the U.S. dollar and certain other currencies give rise to foreign currency exposure, either favourable or unfavourable, which may materially affect and may continue to affect our results of operations and financial condition. The Company does not hedge foreign currencies against our functional currencies.

SHARE PRICE FLUCTUATIONS

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered in the development stages, have experienced fluctuations in price which would not necessarily be related to the Company's operations and asset values. There is no assurance that fluctuation in share price will not continue to occur.

Liquidity and Capital resources

Current Water has no history of profitable operations because its technologies are at the early stage of commercialization. Therefore, the Company is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources, as well as a lack of revenues.

The financial statements for the period ended September 30, 2019 have been prepared on the basis of accounting principles applicable to a going concern. This assumes that Current Water will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Current Water's ability to continue as a going concern in the short term is dependent upon its ability to obtain financing. The Company obtains financing by the issuance of share capital. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing in the near future will result in the delay or the indefinite postponement of further research and development and marketing initiatives.

Current Water's financial statements reflect management's opinion that the going concern assumption is appropriate. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses, and the balance sheet classifications used.

Off-balance sheet arrangements

The Company had no off-balance sheet arrangements.

Related party transactions

Included in general and administrative expenses are fees paid to the six directors of the Company in the amount of \$NIL (2018: \$NIL). These expenses were paid in the normal course of operations and were measured at the exchange amount, which are the amounts agreed to by the related parties.

Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while attempting to maximize the return to shareholders through the optimization of a reasonable debt and equity balance commensurate with current operating requirements. The capital structure consists of debt, cash and cash equivalents and shareholders' equity, excluding accumulated other comprehensive income (loss). The Company raises capital, as necessary, to meet its needs and to take advantage of perceived opportunities, and therefore does not have a numeric target for its capital structure. There were no changes to the Company's approach to capital management during the current year compared to the year ended December 31, 2018. The Company does not have any covenants respecting its capital ratios.

Financial instruments

Current Water's financial instruments predominantly consist of cash, short-term deposits, HST receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation. As at September 30, 2019, cash and cash equivalents were \$102,905 (2018: \$97,687).

Outstanding share data

November 29, 2018 The Company closed a private placement to accredited investors for 3,029,286 units at a price of \$0.07 per unit for gross proceeds of \$212,050. Each Unit is comprised of one Common Share in the capital stock of the Corporation and 0.50 of a Common Share Purchase Warrant exercisable for a period of two (2) years from the date of closing. Should the Investor wish to fully exercise the Warrants, the Investor is entitled to purchase a total of 1,514,643 additional Common Shares at price of \$0.12 per share. The Company paid \$6,160 in commissions on this private placement. All securities issued under, or in connection with, the Offering were subject to a four-month hold period under applicable Canadian securities laws. The value of the shareholder and warrants are estimated using the Black-Scholes option pricing model with the following weighted average assumption used for grants as follows: dividend yield of 0%, expected volatility of 108.36%, risk free interest rate of 1.00% and expected life of 2 years.

Basic income (loss) per share was calculated on the basis of the weighted average number of common shares outstanding for the year. Fully dilutive income (loss) per share has not been disclosed as the exercise of the common share purchase options and warrants outstanding as at December 31, 2018 and 2017 would have anti-dilutive effect.

Current Water's authorized capital stock consists of an unlimited number of common shares and an unlimited number of first preferred shares. The Company has 150,629,538 common shares outstanding as at December 31, 2018. To date the Company has not issued any first preferred shares.

WARRANTS AND OPTIONS

During the third quarter, the Company issued 5,200,000 stock options to employees, directors and consultants. 575,000 options expired during the period. The Company's stock option plan has a total of 19,907,450 options representing the maximum number of options that can be outstanding and exercisable. The Company had outstanding at period end, 12,575,000 options to purchase common shares at an average exercise price of \$0.08.

In determining the share based payments expense for the period, the fair value of the options were estimated using a Black-Scholes option pricing model with the following weighted average assumptions used for grants as follows: dividend yield of 0%, expected volatility of 108%, risk free interest rate of 2.27% (2018:1.83%) and expected life of 2-10 years.

During the period ending September 30, 2019, the Company did not grant any warrants to investors. 2,014,000 warrants expired during the period. As at September 30, 2019, the Company had a total of 11,625,447 warrants outstanding and exercisable with a weighted average exercise price of \$0.23.

Accounting standards, policy changes, and critical accounting estimates

Please refer to note 1 of this financial statement for the period ended September 30, 2019 for our significant accounting policies and critical accounting estimates.

Approval

The Board of Directors and the Audit Committee of the Corporation have approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.