

Current Water Technologies Inc.

Management's Discussion and Analysis

November 23, 2021

Management's Discussion and Analysis ("**MD&A**") of the financial condition, results of operation and cash flows for the quarter ended September 30, 2021 ("**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 23, 2021.

The financial statements ("**financial statements**") of Current Water Technologies Inc. were approved for issuance by the Board of Directors on November 23, 2021. 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 quarter ended September 30, 2021 are against results for the year ended December 31, 2020. 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, 2021	For Audited Year ended December 31, 2020	For Audited Year ended December 31, 2019
Total Revenues	\$1,019,691	\$1,412,199	\$2,403,577
Net loss/income	(\$1,008,788)	(307,822)	19,967
Net loss per share – basic and diluted	≈ (\$0.005)	(\$0.02)	\$0.00
Total assets	\$1,874,814	\$1,335,720	\$1,146,715

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

	3 rd Quarter Sep 30, 2021	2 nd Quarter June 30, 2021	1 st Quarter Mar 31, 2021	4 th Quarter Dec 31, 2020	3 rd Quarter Sep 30, 2020	2 nd Quarter June 30, 2020	1 st Quarter Mar 31, 2020	4 th Quarter Dec 31, 2019
Total Revenues	\$160,171	\$552,327	\$307,193	\$321,446	\$419,336	\$463,512	\$207,905	\$337,297
Net income (loss)	(\$644,273)	(\$163,856)	(\$364,515)	(\$203,402)	(\$35,709)	\$90,585	(\$164,126)	(\$170,547)
Net income (loss) per share – basic and diluted	≈ (\$0.003)	≈ \$0.003	≈ \$0.002	≈ (\$0.001)	≈ (\$0.001)	≈ \$0.001	≈ \$0.001	≈ (\$0.00)

Current Water's revenue of \$160,171 decreased for the quarter ended September 30, 2021 as compared to \$419,336 for the same period in 2020. This decrease was due to the timing in the number of projects for both Current Water and Pumptronics. COVID-19 continued to have an impact on sales and project completion through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders as well as material and component availability.

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 quarter was \$480,417, or approximately (\$0.003) per share, as compared to a net loss of \$35,709, or approximately \$0.001 per share, in the prior year. Direct expenses include project materials, office salaries, labour, general overhead, professional consulting, travel, and a percentage of general and administrative costs. Direct expenses increased from \$305,156 in 2020 to \$425,331 in 2021 due to the addition of members to the Company's sales and consulting team, and to materials and components required for project manufacturing. General and administrative expenses include marketing, research and development, and accounting and auditor fees, as well as officer fees and public company expenses; these increased from \$91,209 for 2020 to \$160,387 in 2021 due to added administration, research and development, and marketing activities.

Cash flow from operations for the quarter ended September 30, 2021 was negative \$978,689 compared to negative \$417,120 in 2020. The expense for share-based payments was \$70,862 in 2021 as compared to \$65,503 in 2020.

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

COVID 19 - The outbreak of the novel strain of coronavirus, specifically identified as "COVID 19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID 19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

As a result of government recommended protective measures for businesses and the general public and in order to address the potential risks to staff, Current Water suspended operations during April – May 2020. The Company reopened in May and remains vigilant in protecting its staff, clients and suppliers through the use of recommended PPE, strict distancing rules and good hygiene practices.

October 15, 2020, the Company announced that it has engaged the services of Proconsul Capital Ltd. ("Proconsul") for Investor Relation Services. Under the terms of the engagement, Proconsul will be retained on a month-by-month basis at \$5,000 (plus applicable taxes) per month with the provision that either party, at its sole discretion, may cancel this agreement by giving thirty (30) days written notice. The Board of Directors of the Company will grant to Proconsul 500,000 incentive stock options to acquire common shares at an exercise price of CAD 5 cents. The options will be vested at six month intervals over a period of eighteen months with an exercise termination date of two years from the date of grant.

The Company also granted 6,750,000 incentive stock options, almost half of which are to replace expired options, issued as of October 15th, 2020 with 3,850,000 options going to 4 Directors and 1 Officer. The options are exercisable at a price of \$0.05. The term of the options is for a period 10 years from the date of grant.

February 02, 2021, the Company provided a corporate update.

Despite logistical challenges introduced by the COVID pandemic the Company's Pumptronics Division has experienced and continues to experience robust commercial sales. The current fabrication pipeline for pump stations includes sales exceeding \$1,200,000.

CWTI has added three new staff to its sales team to target specific commercial, agricultural and municipal sectors nationally.

CWTI is aggressively pursuing the commercial success of its patented AmmEL and ESD water treatment systems. In 2020, the Company conducted testing programs for several domestic and international clients, and expects commercial contracts to be forthcoming in 2021.

April 14, 2021, the Company provided a corporate update.

Current Water has an increasing sales pipeline. During the first quarter, the Company received a record of 47 requests for quotations for sales of pumping stations, of various designs and capacities, and for municipal and industrial water treatment systems.

The company completed the fabrication of two custom-automated pumping systems, an Agriculture Irrigation Pumping Station for Manitoba (early March) and a Municipal Storm Water Irrigation Pumping Station for Alberta (end of March). Fabrication of a third major pumping station to be completed and shipped by the middle of May.

In response to our recent sales and marketing activities, CWTI received orders for new pumping stations totaling \$170,000.

September 21, 2021 the Company executed a Memorandum of Understanding (MOU) with a consortium of aquaculture companies collectively operating under the newly incorporated Canadian company, Ship Nature's Way Inc. (SNW). A Definitive Collaboration Agreement with Ship Nature's Way will be signed within the next 60 days.

September 29, 2021 the Company announced the development of novel hydrogen and lithium recovery technologies and announced the filing of a provisional patent application for its AmmEL-H₂ system.

The filing of this application with the U.S. Patent and Trademark Office (USPTO) establishes an early effective filing date and allows CWTI to ascribe the phrase "patent pending" to any commercial products, methods, or services contemplated by the subject matter claimed. The patent application, once converted into a U.S. non-provisional, utility application, provides the detailed claims upon which legal protection is afforded upon a grant of a U.S. patent. CWTI also plans to submit individual national stage patent applications in select international jurisdictions.

Subsequent Events

October 06, 2021 the Company received an initial \$73,000 contract from Ship Nature's Way (SNW) to design a novel ammonia treatment unit for the safe transport of marine and fresh water animals (refer to Sept 21, 2021 announcement). This initial contract is an operating trial demonstration, and successful completion will lead to additional commercial contracts.

October 26, 2021, the Company announced Pumphtronics division received new sales totalling \$400,000 in September/October.

Status of Chemsbro ESD unit

The Chemsbro 900K ESD unit remains to be completed due to unexpected cost overruns. The cost of the unit was US\$1,212,400 plus an estimated cost of installation and commissioning of US\$36,250, with an additional US\$208,244 in client requested modifications, bringing the total estimated cost of the unit to US\$1,465,894. To date, Chemsbro has paid \$1,392,544 towards the total estimated cost of the 900K ESD system.

The Company is currently pursuing financing activities to raise additional funds to complete the unit at the earliest possible opportunity.

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 quarter ended September 30, 2021 other than share options granted during the year. 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. \$9,000 in fees was paid to Senior Officers in 2021 (2020: \$5,000). Included in accounts payable as at December 31, 2020 is \$11,000 (2019: \$7,000) payable to an officer of the company related to services.

Employment contracts

There are no compensatory plans or arrangements between the Corporation and a Named Executive Officer with respect to the resignation, retirement or other termination of employment of the Named Executive Officer, a change in control of the Corporation or a change in the Named Executive Officer's responsibilities following a change in control of the Corporation involving an amount, including all periodic payments or installments, exceeding \$150,000. The Directors entered into a written employment agreement with Dr. Gene S. Shelp, 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.

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 2021 (2020: Nil).

Insurance

The Company currently maintains a comprehensive insurance package at a cost of \$70,225 for the quarter ended September 30, 2021, compared to \$74,241 in 2020. 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 quarter ended June 30, 2021 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 four directors of the Company in the amount of \$NIL (2020: \$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 quarter ended September 30, 2021 compared to that of 2020. 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, 2021, cash and cash equivalents were \$697,296 (2020: \$132,533).

Outstanding share data

March 5, 2021 the Company closed the first tranche of a private placement ("Private Placement") by issuing 24,820,000 units at \$0.05 per unit for gross proceeds of \$1,241,000. Each Unit is comprised of one Common Share in the capital stock of the Company and one Share Purchase Warrant ("Warrant"). Each Warrant entitles the holder to purchase one Common Share at an exercise price of \$0.07 per Share, which is exercisable for a period of three (3) years from the date of closing. \$16,975 cash were paid in finder's fees and 339,500 Share Purchase Warrants were issued. All securities issued under, or in connection with, the Offering were subject to a four-month hold period under applicable Canadian securities laws.

March 10, 2021 the Company closed the second tranche of a private placement ("Private Placement") by issuing 7,180,000 units at \$0.05 per unit for gross proceeds of \$359,000. Each Unit is comprised of one Common Share in the capital stock of the Company and one Share Purchase Warrant ("Warrant"). Each Warrant entitles the holder to purchase one Common Share at an exercise price of \$0.07 per Share, which is exercisable for a period of three (3) years from the date of closing. \$21,000 cash, 1,165,500 shares and 2,751,500 in Share Purchase Warrants were issued in finder's fees related to both Tranche 1 (March 5, 2021) and Tranche 2 (March 10, 2021). All securities issued under, or in connection with, the Offering were subject to a four-month hold period under applicable Canadian securities laws.

March 24 and March 29, 2021 warrants were exercised in the respective amounts of \$124,000 and \$50,000. The company issued 3,480,000 common shares at \$0.05 per common share.

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 March 31, 2021 and 2020 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 212,275,038 common shares outstanding as at September 30, 2021.

WARRANTS AND OPTIONS

During the quarter ended September 30, 2021, the Company issued no stock options to employees and consultants. No options expired or were cancelled during the quarter. 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 September 30, 2021 14,975,000 options to purchase common shares at an average exercise price of \$0.06.

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 161.7% to 161.98% (2020: 82.51%), risk free interest rate of .05% (2020: 2%) and expected life of 2 to 10 years (2020: 2-10 years).

During the quarter ending September 30, 2021, no warrants were granted and no warrants expired.

Accounting standards, policy changes, and critical accounting estimates

Please refer to note 3 of this financial statement for the quarter ended September 30, 2021 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.