

EESTOR CORPORATION
INTERIM MANAGEMENT'S DISCUSSION & ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2017
DISCUSSION DATED: AUGUST 16, 2017

Introduction

The following interim Management Discussion & Analysis (“Interim MD&A”) of EESor Corporation (the “Company”) for the three and nine months ended June 30, 2017 has been prepared to provide material updates to the business, operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis for the fiscal year ended September 30, 2016 (“Annual MD&A”). This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in accordance with section 2.2.1 of Form 51-102F1 of the National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company’s Annual MD&A, audited annual consolidated financial statements for the years ended September 30, 2016 and 2015, together with the notes thereto, and unaudited condensed consolidated interim financial statements for the three and nine months ended June 30, 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company’s unaudited condensed consolidated interim financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Information contained herein is prepared by management of the Company and approved by the Board of Directors on August 16, 2017, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the “Board”), 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; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

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

Caution Regarding Forward-Looking Statements

Certain statements contained in this MD&A and in certain documents incorporated by reference in this MD&A, constitute forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this

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INTERIM MANAGEMENT’S DISCUSSION & ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2017
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MD&A speak only as of the date of (i) this MD&A, or (ii) as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company intends to complete additional equity financing, debt borrowing or a combination of both.	The funds are intended to be used for ongoing development and enhancement of the Company’s current technology, for additional third party testing, and for further working capital.	The Company may not be able to complete the desired financing due to market conditions or other factors needed to increase its cash on hand and continue to operate and support the Company.
Management believes that its technology, if proven successful, will allow the Company to successfully license and or partner with companies that require a capacitor and or energy storage technology, that provides high performance energy storage at a substantially lower cost to currently available technologies.	The capacitor or energy storage technology will be successfully developed, commercially viable to manufacture, and will possess the performance attributes required by the targeted markets.	The capacitor or energy storage technology may not be successfully commercialized for financial, technical or other reasons, or in a manner providing the features and benefits required, or on a timely basis. The technology, even if successfully developed, may not gain market acceptance. Also see “Risks and Uncertainties” section below.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risks and Uncertainties” section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

The Company's mission is to be the provider of leading edge electrical energy storage and related capacitor technologies. The Company operates on the principle and belief that a fundamental breakthrough in energy storage will be the catalyst for positive environmental and economic change globally. The Company's business strategy is focused on licensing opportunities across a broad spectrum of industries and applications, building on its recent technology achievements related to high voltage solid state capacitors. The most recent advancements in the Company's technology have resulted in it focusing its licensing activities on the substantial global electrical grid storage markets.

The Company holds an approximate 71.3% as-converted equity and voting interest and certain technology rights to a solid-state capacitor and related energy storage technologies currently under development by EEStor Inc. ("EEStor"). The acquisition of the controlling interest in EEStor on January 27, 2014 aligned the businesses of both companies and now allows the Company to benefit from other revenue streams that may be available to EEStor.

Operational Highlights

Corporate

(i) On December 5, 2016, the Company entered into a binding letter of intent (the "LOI") with Alchemy Synergy Group, Inc. ("ASG") for the joint development of highly polar silicone-based custom polymers to be used in EEStor's capacitor and electrical energy storage technologies. This agreement with ASG augments and accelerates the ongoing internal development at EEStor of custom polymers designed for high energy density applications.

Under the LOI, ASG will develop sample custom polymers for testing by the Company and, if successfully tested, will license the developed polymers to the Company and assist the Company in sourcing the materials to produce the polymers in commercial quantities. All polymer technologies developed by the parties will be jointly owned and the parties will enter into a technology license agreement to cross-license such technologies. The Company will also have the right to acquire ASG's interest in the developed technologies in certain circumstances. Other than an initial payment of US\$21,000 for consulting services and materials, and the issuance of 100,000 common shares (issued and valued at \$48,000) in the capital of the Company, the consideration payable to ASG by the Company is graduated and based on the achievement of a number of energy density and time-constant milestones. If all milestones are achieved, the Company will be required to make cash payments aggregating US\$106,000 and issue an aggregate of 1,950,000 common shares to ASG under the LOI. Any shares issued will be subject to a 4-month hold period.

During the nine months ended June 30, 2017, ASG achieved a defined milestone and pursuant to the LOI, the Company made a payment of US\$25,000 for consulting services and materials and issued 250,000 common shares (valued at \$145,000) in the capital of the Company.

(ii) On December 22, 2016, the Company announced that, as part of its annual compensation review and subject to regulatory approval, it had granted stock options to acquire an aggregate of 1,439,512 common shares to directors and officers of the Company under the Company's stock option plan. Each option is exercisable to acquire one common share at a price of \$0.49. The options are all subject to vesting restrictions and expire five years from the date of grant.

EESTOR CORPORATION
INTERIM MANAGEMENT'S DISCUSSION & ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2017
DISCUSSION DATED: AUGUST 16, 2017

- (iii) On January 3, 2017, 365,000 stock options with varying exercise prices expired unexercised.
- (iv) On January 13, 2017, the Company announced that it had applied to the TSX Venture Exchange for an extension of the expiry date of 1,396,500 outstanding common share purchase warrants to March 15, 2017. Each warrant entitled the holder to purchase one common share of the Company at a price of \$0.58 per share. Acceptance of the TSX Venture Exchange for the extension was subsequently received. These warrants have expired.
- (v) In January 2017, the Company granted stock options to acquire an aggregate of 75,000 common shares to employees of the Company under the Company's stock option plan. Each option is exercisable to acquire one common share at a price ranging from \$0.495 to \$0.53. The options are all subject to vesting restrictions and expire five years from the date of grant.
- (vi) In February 2017, the Company granted stock options to acquire an aggregate of 1,000,000 common shares to a consultant of the Company under the Company's stock option plan. Each option is exercisable to acquire one common share at a price of \$0.50. The options are all subject to vesting restrictions and expire two years from the date of grant in respect of 750,000 options and three years in respect of the remaining 250,000 options.
- (vii) On February 15, 2017, the Company announced that its Board of Directors had adopted an amended and restated stock option plan (the "New Plan") which converts the prior 10% rolling plan into a 20% fixed stock option plan. The purpose of the New Plan is to enhance the Company's ability to attract, retain and compensate employees, officers, consultants and directors by means other than cash incentives.
- (viii) On April 6, 2017, the Company announced that it has granted stock options to acquire an aggregate of 5,499,512 common shares to directors, officers and employees of the Company under the Company's stock option plan. Each option is exercisable to acquire one common share at a price of \$0.57. The options are all subject to vesting restrictions and expire five years from the date of grant.
- (ix) On April 18, 2017, 200,000 stock options with an exercise price of \$1.35 expired unexercised.
- (x) On April 24, 2017, the Company closed a non-brokered private placement for 7,240,000 units for gross proceeds of \$3,620,000. Each unit was priced at \$0.50 and consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one additional common share at a price of \$1.00 for a period of 24 months from the closing date of the offering. No finder's fees were payable in connection with the private placement.
- (xi) In April 2017, the Company made payments of approximately \$780,100 and US\$6,500 for the early retirement of Notes Payable originally issued by the Company in April 2016. These payments included early retirement penalties of \$180,600 and US\$1,500, respectively.
- (xii) During the nine months ended June 30, 2017, a total of 6,131,088 warrants were exercised for gross proceeds to the Company of \$2,276,150, further strengthening the Company's financial position.
- (xiii) On June 30, 2017 3,704,000 share purchase warrants exercisable at \$1.00 per share expired unexercised.

EESTOR CORPORATION
INTERIM MANAGEMENT'S DISCUSSION & ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2017
DISCUSSION DATED: AUGUST 16, 2017

Operations

As the Company successfully raised additional capital through the exercise of warrants and a private placement to support licensing discussions and the further expansion of EESor's high voltage capacitor technology, the Company has increased the deployment of capital in support of these programs while still maintaining a conservative approach to cash conservation.

On January 12, 2017, the Company announced the hiring of a Principal Polymer Scientist to be based at EESor in Cedar Park, Texas to spearhead the Company's internal advanced polymer program and strengthen the Company's scientific leadership team, including collaborating and integrating the efforts of ASG.

On March 13, 2017, the Company announced its Phase 5 testing which included;

- i. An increase of twenty times the time constant from Phase 4 testing; and
- ii. Ongoing environmental and million-cycle charge /discharge cycle testing that confirms no performance degradation or heat buildup.

On March 27, 2017, the Company announced high-voltage high-permittivity dielectric, completed million cycle testing and initial energy density results with highlights that included;

- i. Breakthrough results on CMBT permittivity at voltage, as confirmed by independent third party testing;
- ii. The achievements of key energy density results achieved with 100 watt-hour/liter as a near-term target; and
- iii. Independent verification of 1 million cycle test results.

The Company has continued to pursue the energy density target announced in its March 27, 2017 press release.

Financial Highlights

Financial Performance

The Company's net loss totaled \$2,412,678 for the three months ended June 30, 2017, with basic and diluted loss per share of \$0.02, of which the share of the loss by the non-controlling interest in EESor was \$400,581. This compares with a net loss of \$686,334 with basic and diluted loss per share of \$0.01 for the three months ended June 30, 2016 of which the share of the loss by the non-controlling interest in EESor was \$6,767. The increase in net loss of \$1,726,344 was principally due to an increase in expenditures related to an increase in non-cash charges associated with both financing costs and stock-based compensation, along with further staffing, and development and testing of the EESor technology.

EESTOR CORPORATION
INTERIM MANAGEMENT'S DISCUSSION & ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2017
DISCUSSION DATED: AUGUST 16, 2017

General and administrative expenses are summarized for the three months ended June 30, 2017 and 2016 as follows:

	Three months ended June 30, 2017 (\$)	Three months ended June 30, 2016 (\$)
Salaries and benefits	331,640	369,260
Stock based compensation	632,338	129,540
Consulting fees	21,512	nil
Insurance	77,038	46,732
Legal, audit, regulatory costs	137,804	48,747
Occupancy costs	55,906	79,251
Other costs	148,255	(38,550)
Interest expense	2,198	9,937
Accretion	nil	21,928
Premium for early retirement of notes payable	159,990	nil
Loss on early retirement of notes payable	410,836	nil
Amortization	2,294	728
Total General and Administrative	1,979,811	667,573

For the three months ended June 30, 2017, stock-based compensation increased by \$502,798 over the prior period due to 5,499,512 stock options granted in the current period compared to 180,000 stock options granted in the 2016 period as well as the timing of vesting of the stock options.

For the three months ended June 30, 2017, the increase of \$89,057 over the comparative period in legal, audit and regulatory costs resulted from the increase in corporate activity during the current period.

For the three months ended June 30, 2017, the increase of \$186,805 over the comparative period in other costs relate to an increase in corporate activity in support of testing and further development of the technology during the current period.

During the three months ended June 30, 2017, premium and loss on early retirement of notes payable were \$159,990 and \$410,836, respectively.

EESTOR CORPORATION
INTERIM MANAGEMENT'S DISCUSSION & ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2017
DISCUSSION DATED: AUGUST 16, 2017

Engineering and development expenses are summarized for the three months ended June 30, 2017 and 2016 as follows:

	Three months ended June 30, 2017 (\$)	Three months ended June 30, 2016 (\$)
Salaries and benefits	306,837	(2,005)
Service and materials	106,515	1,804
Other costs	(87)	(272)
Amortization and depreciation	19,602	19,234
Total Engineering and Development	432,867	18,761

Engineering and development includes all costs related to product research, engineering and development. For the three months ended June 30, 2017, salaries and benefits and service and materials increased by \$308,842 and \$104,711, respectively due to the Company re-commencing full operations in this area necessitating the addition of new employees. In the comparative 2016 period operations had been temporarily halted.

The Company's total assets at June 30, 2017 were \$22,918,587 (September 30, 2016 - \$21,653,864) against total liabilities of \$124,764 (September 30, 2016 - \$755,751). The increase in total assets of \$1,264,723 resulted from proceeds received from the private placement and the exercise of warrants offset by the repayment of notes payable and cash spent on operating expenditures and corporate overheads. The Company has sufficient current assets to pay its existing current liabilities of \$124,764 at June 30, 2017.

Cash Flow

At June 30, 2017, the Company had cash of \$3,062,699 compared to \$1,433,749 of cash at September 30, 2016. The increase in cash of \$1,628,950 resulted from a cash inflow of \$5,969,997 from financing activities offset by outflows in operating activities and investing activities of \$4,262,122 and \$78,925, respectively.

Operating activities were affected by adjustments of depreciation and amortization of \$62,583, stock-based compensation of \$1,197,825, accretion of \$54,089 and loss on early retirement of notes payable of \$410,836. Net change in non-cash working capital balances of \$650,453 resulted from an increase in prepaid expenses and sundry assets of \$161,031 and a decrease in accounts payable and accrued liabilities of \$489,422.

Financing activities generated cash of \$5,969,997 from a private placement for net proceeds of \$3,565,737, the exercise of warrants for proceeds of \$2,276,150, and the use of \$734,600 restricted cash for the repayment of \$606,490 of notes payable.

The Company used \$78,925 for investing activities to purchase \$32,487 of equipment and \$46,438 for the prosecution and maintenance of patents and trademarks.

**EESTOR CORPORATION
INTERIM MANAGEMENT'S DISCUSSION & ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2017
DISCUSSION DATED: AUGUST 16, 2017**

Liquidity and Financial Position

The Company derives no income from operations, as all of its projects since inception have been in the developmental stage. Accordingly, the activities of the Company have been financed by cash raised through private placements of securities and loans. As the Company does not expect to generate cash flows from operations in the near future, it will continue to rely primarily upon the sale of securities to raise capital. As a result, the availability of financing, as and when needed, to fund the Company's activities cannot be assured. See "Risks and Uncertainties" below.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of June 30, 2017, the Company is compliant with TSXV Policy 2.5.

During fiscal 2017, the Company's corporate head office and operational costs are estimated to average less than \$900,000 per quarter. Head office costs include professional fees, salaries, reporting issuer costs, business development costs and general and administrative costs. Operational costs include salaries, services and material cost.

The Company's cash at June 30, 2017 was sufficient to fund its current liabilities of \$124,764 and the estimated remaining operating expenses of \$900,000 (\$900,000 per quarter), for the remainder of fiscal 2017. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or under terms favourable to the Company. See "Risks and Uncertainties" below and "Caution Regarding Forward-Looking Statements" above.

Additional measures have been undertaken or are under consideration to further reduce corporate overhead.

Trends

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. During the quarter, equity markets in Canada showed signs of improvement, with equities increasing significantly during this period. Strong equity markets are favourable conditions for completing a public financing transaction. Apart from these and the risk factors noted under the heading "Risk and Uncertainties", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations. See "Risks and Uncertainties" below.

Transactions with Related Parties

Key Management Personnel Compensation

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including members of the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer.

Key management personnel may also participate in the Company's stock-based compensation plans. The remuneration of key management personnel were as follows:

	Three months ended June 30, 2017 (\$)	Three months ended June 30, 2016 (\$)	Nine months ended June 30, 2017 (\$)	Nine months ended June 30, 2016 (\$)
Wages and salaries	384,077	116,180	721,207	476,875
Stock based compensation	388,870	129,546	729,287	266,309
	772,947	245,726	1,450,494	743,184

As at June 30, 2017, the outstanding compensation for key management personnel, as defined above, was \$nil; for management \$nil (September 30, 2016 - \$249,500) and for directors \$nil (September 30, 2016 - \$18,014).

Change in Accounting Policies

(i) On May 12, 2014, the IASB amended IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets to clarify that a revenue-based approach to calculate depreciation and amortization generally is not appropriate as it does not reflect the consumption of the economic benefits embodied in the related asset. At October 1, 2016, the Company adopted this pronouncement and there was no impact on the unaudited condensed interim consolidated financial statements as a result of this adoption.

(ii) IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality considerations apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. At October 1, 2016, the Company adopted this pronouncement and there was no impact on the unaudited condensed interim consolidated financial statements as a result of this adoption.

Risks and Uncertainties

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Investors in the Company's securities should consider each of the risks identified under the heading "Risks and Uncertainties" in the Company's Annual MD&A for the fiscal year ended September 30, 2016 available on SEDAR at www.sedar.com. In addition to the risks identified therein, additional risks not presently known to the Company may arise from time to time and may cause a material adverse effect on the Company and any investment in the Company. Investors are cautioned not to rely upon any forward-looking statements in this Interim MD&A as such statements are subject to known and unknown risks.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements; and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited condensed consolidated interim financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.