Sparta Capital Ltd.

("Sparta" or "Corporation")

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the Three Months ended June 30, 2017 and the Three Months ended June 30, 2016.

The following discussion and analysis should be read in conjunction with the audited financial statements of the Corporation for the year ended September 30, 2016 and the unaudited condensed interim financial statements of the Corporation for the three and nine months ended June 30, 2017 prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar figures included therein and in the following discussion and analyses are quoted in Canadian dollars, which is the Corporation's functional and reporting currency.

Date

This management's discussion and analysis is dated Aug 29, 2017 and is in respect of the three and nine months ended June 30, 2017. The discussion in this management's discussion and analysis focuses on this period.

Forward Looking Statements and Risks

Certain statements included in this discussion may constitute forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Corporation, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include changes in government regulations, general economic conditions and business conditions, ability to raise debt or equity financing as required to fund operations, ability to convert long term investments into cash through the sale of all or part of investments, foreign currency exposure, supplier constraints, transportation constraints, emissions standards, fuel prices, product quality and safety, alternative and competing products, protection of intellectual property, the findings resultant to due diligence programs, the results of product certification testing, the ability to attract and retain employees, sales agents and service personnel in Canada and in international markets, the actions of current and future competitors, future claims or litigation, the speculative nature of product research and development, and other factors that may affect demand for the Corporation's products and services and the ability of the Corporation to implement its business strategy and/or generate profit.

The words "may", "would", "could", "will", "likely", "estimate", "believe", "expect", "plan", "forecast", "is to be", "intend", "anticipate" and similar expressions are intended to identify forward-looking statements. Although Sparta has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Sparta does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

Overview

The Corporation's common shares are listed and posted for trading on the NEX board of the TSX Venture Exchange under the symbol “SAY.H”.

The Corporation has been set up to leverage its expertise in green product development, product conversion, manufacturing, distribution, sales and service to accommodate multiple markets. Everything Sparta does is designed to achieve reduced emissions and increased operating efficiency for customers. All customers then have the opportunity to monetize resulting carbon credits to help children around the globe through an initiative called, Clean Air For Kids. Currently, the company has the ability to reduce energy inefficiencies through comprehensive energy auditing, as well as offer green technology products and services. Sparta is also taking conversion to it’s most scientific level and taking what is old and transforming it into something valuable, thus creating a whole new revenue stream. With our constantly changing world, the Corporation will always be evaluating technologies, which can lead to further business growth.

The international response to climate change began after the Rio Summit in 1992 and has only grown exponentially in recent years. Today more companies are realizing that in order to thrive, they need to employ sustainable practices. The Corporation is positioned to help companies improve processes, pursue growth, as well as add value to their business. What sets Sparta apart from other companies in the environmental space, is that it is set up to serve not one type of business, but any type of business. This creates immense opportunity from a revenue perspective. From a marketing point of view it opens up multiple avenues for business engagement. Essentially, it makes Sparta much more palatable.

Sparta’s offering includes four different environmentally centered market verticals: Energy saving solutions, energy conversion and construction, transportation, and mining. So far this has been accomplished through the formation of majority controlled corporations and/or exclusive licensing agreements.

To date, Sparta has acquired Newport Environmental Technologies, a company that focuses on reducing carbon fuel emissions, and has established Illumineris Inc., to provide energy auditing, as well as distribution of photoluminescent safety products. They also set up ReECO Tech Conversion Technologies, to reduce waste and focus on sequestering CO_2 emissions through waste conversion. Sparta Technologies 4 Mining Ltd. was also established to address the detrimental impacts of emissions from underground vehicles. The company is in the final throws of acquiring SuperNova Performance Technologies, a business that shares Sparta’s mission of reducing greenhouse gas emissions. Sparta is also entering into discussions that could lead to the development of fully sustainable communities in Canada and a green spa in Ontario.

Going Concern

These financial statements have been prepared on a going concern basis, which assumes that the Corporation will realize its assets and discharge its liabilities in the normal course of business.

For the quarter ended June 30, 2017 the Corporation earned a net income from operations of $213,801 and cash flow used in operations of $304,995. As at June 30, 2017, the Corporation has a shareholders’ equity of $270,276.

In order to meet the Corporation’s future working capital requirements it will be required to attract additional funds through the issue of debt or equity. The Corporation’s management will continue to consider various alternatives to finance the Corporation’s operations and activities within the context of existing market conditions. Additional capital requirements are dependent on uncertain future events, including but not limited to the results of the evaluation of other business growth opportunities, the level of growth in product sales and distribution.

There can be no assurance that capital will be available as necessary to meet these continuing development costs or, if the capital is available, that it will be on terms acceptable to the Corporation. The issuances of additional equity securities by the Corporation may result in significant dilution to the equity interests of its current shareholders. If the Corporation is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected.

Additional capital requirements are dependent on uncertain future events, including but not limited to the results of the evaluation of other business growth opportunities, the level of growth in product sales and distribution. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, and the balance sheet classifications used which could be material.

Further information related to the Corporation is filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be reviewed at www.sedar.com.

Overall Performance

The Corporation has made significant progress over the past year, concentrating on building a profitable foundation, which in-turn has helped fund additional business opportunities.

ReECO Tech has expanded its operations to include electronic waste recycling and green property conversion while Illumineris has expanded its focus to ostensibly turn *lead into gold* through dynamic power-factor mitigation, sub-metering, and through capturing and re-using waste energy with advanced co-generation technology.

In the past year, the company has continued to seek out new opportunities for profitable expansion, while continuing to build a customer base across multiple industries. Examples include; providing energy efficient lighting solutions to operators in a number of industrial verticals; continuing to investigate the viability of unique CNG powered locomotive drive train technology; completing the extensive ISO-9001 approval and starting the ISN approval process for ReECO Tech, which has opened, and will continue to open the door to new, higher profile, contracts; providing portable solar solutions where electrical infrastructure doesn't exist; eliminating more than 100,000 tonnes of fiber waste from the waste stream and converting it into new useable product; developing a solar powered community; investigating conversion technologies to convert carbon-based waste-streams into concentrated energy sources; and providing comprehensive energy audits and smart-building technology for companies desperate to pinpoint energy deficiencies and save money.

Sparta will continue to seek further opportunities and additional complimentary waste-streams to leverage its sales and marketing channels to distribute complementary products while looking to secure appropriate intellectual property to enhance the business interests of its subsidiary companies. As well, the Corporation intends, on an ongoing basis, to assess product performance and market acceptance of other technologies suitable to the Corporation's established distribution network and executive team. Announcements about new Sparta products will be made following the Corporation's comprehensive due diligence processes.

Reporting entity and nature of operations

Sparta Capital Ltd. (the "Corporation" or "Sparta") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on February 24, 1988. The Corporation maintains its head office at 303, 6707 Elbow Drive SW Calgary, Alberta, T2V 0E5 and registered office at Suite 1600, Dome Tower, 333 - 7th Avenue S.W. Calgary, Alberta, T2P 2Z1. The Corporation is publicly listed on the NEX board of the TSX Venture Exchange under the symbol "SAY.H".

The Corporation seeks to leverage its expertise in product development, manufacturing, distribution, sales and service across a range of complementary products.

The Corporation offerings include four different environmentally centered market verticals through the formation of majority controlled corporations and exclusive licensing agreements. The offerings include optimization of energy consumption in the commercial and manufacturing sectors, construction and energy through biomass conversion, energy conservation in mining, and energy savings in transportation.

During the year, the Corporation focused on the expansion of a number of divisions:

- Illumineris has two divisions, the photoluminescent safety products (“Safety”) division and the comprehensive energy audit division called Illumineris Systematics (“Systematics”). The Safety division has a distribution agreement with Jessup Manufacturing of McHenry IL to distribute their specialized photoluminescent exit signs and egress pathway markings to reduce the consumption of carbon based electricity. The Systematics division measures and monitors energy use in commercial buildings and manufacturing facilities and offers turnkey solutions and ongoing support to convert wasted energy into useable power.

- ReECO Tech is a biomass and industrial waste conversion division with a focus on helping develop environmentally sustainable economies by converting biomass waste into consumables such as waste-to-energy products. ReECO Tech’s services provide a viable option for helping manufacturers reduce waste, save resources, save money and lower their carbon footprint. Over the past year, ReECO Tech has continued to expand into new markets while investing significantly in a number of future developments; adding business growth and profitability. This includes the arduous process of obtaining an ISO-9001 certification, making the company eligible to expand its business into additional high-profile projects. ReECO Tech is also well entrenched in the process of obtaining an ISN certification to open additional markets.

- Sparta Technologies 4 Mining Ltd. (“4 Mining”) is a mining division with a focus on the development of an emissions free underground vehicle propulsion system. This mining division is looking to expand its offerings to include a number of above ground vehicle platforms and carbon efficient mining equipment.

Selected Financial Information

The following table is a summary of selected financial information derived from the Corporation's audited financial statements for the years ended September 30, 2016 and September 30, 2015 prepared in accordance with IFRS:

	2016	**2015**	**2014**
	$	$	$
Total Assets	1,279,806	243,602	24,587
Total non-current financial liabilities	-	-	-
Revenues	4,543,667	10,340	-
Net and comprehensive loss for the period	136,068	(502,484)	(138,218)
Basic and diluted net loss per share for the period	(0.001)	(0.004)	(0.002)
	Common Shares	Common Shares	Common Shares
Weighted average number outstanding	144,654,140	138,964,140	62,530,140

For the three month period ended June 30, 2017, the Corporation reported no discontinued operations and declared no cash dividends.

Summary of Quarterly Results

The quarterly financial information for the eight most recently ended quarters are as follows:

	Q3 June 30, 2017	Q2 Mar 31, 2017	Q1 Dec 31, 2016	Q4 Sept 30, 2016	Q3 June 30, 2016	Q2 Mar 31, 2016	Q1 Dec 31, 2015	Q4 Sept 30, 2015
Net Income (Loss)	213,801	(193,578)	(123,597)	(80,059)	376,996	(327,389)	(105,616)	(141,830)
Income (Loss) /Share	0.001	(0.001)	(0.001)	(0.000)	0.002	(0.002)	(0.000)	(0.000)
Total Assets	2,002,195	1,731,129	1,321,058	1,279,806	1,236,116	309,122	167,374	243,602
Total Liabilities	1,731,919	1,455,981	1,079,379	998,756	1,052,007	502,009	336,372	315,484

All periods within the summary of quarterly results have been prepared in accordance with IFRS.

Variances in net comprehensive income (loss) by quarter is not cyclical or seasonal and reflect overall corporate activity and factors, which do not recur each quarter, such as travel, due diligence, professional and regulatory fees.

Results of Operations

Overall for the three months ended June 30, 2017 the Corporation had a net and comprehensive income of $213,801 compared to a net and comprehensive income of $376,996 in 2016.

Revenue

Sales revenue of $1,507,767 was generated during the three months ended June 30, 2017 compared to $2,895,846 in three months ended June 30, 2016.

Expenses

The total expenses increased to $635,982 during the three months ended June 30, 2017, a decrease of $267,240 from the $903,222 in the same period in 2016, due to the following:

Marketing expenses decreased to $80,236 from $121,075, during the three months ended June 30, 2017 compared to the same time period in 2016.

Professional fees decreased to $51,290 during the three months ended June 30, 2017, a decrease of $10,538 from the $61,828 incurred in the same time period in 2016.

Salaries and benefits increased to $291,603 during the three months ended June 30, 2017, an increase of $40,144 from the $251,459 in 2016.

Equipment rental costs decreased to $142,869 in 2017 from $168,862 in 2016.

Cash Flows

The following is a summary of cash flows for the three months ended June 30:

Cash Flow Activity	**2017**	**2016**
	$	$
Cash provided by (used in) operating activities	(304,995)	596,993
Cash used in investing activities	(25,277)	-
Cash provided by financing activities	257,900	-

Liquidity

The Corporation had cash balance at June 30, 2017 of $927,099 and cash balance of $583,457 at September 30, 2016

At June 30, 2017 the Corporation had a working capital of $230,746 (September 30, 2016: $267,296). In order to meet the Corporation's anticipated working capital requirements it will be required to attract additional funds through the issue of debt, equity or other business means to further the development of the Corporation's products and to provide sufficient working capital. The Corporation monitors its working capital position and makes changes or reductions in expenditures to help sustain sufficient liquidity to meet liabilities on a timely basis.

The Corporation regularly explores business opportunities as it seeks to expand its product offerings. Prior to acceptance, each opportunity goes through a due diligence process to ensure it meets the requirements of the Corporation. Potential growth opportunities may be advanced through joint business relationships with third parties including license arrangements, partnerships and joint ventures or may be internally financed through debt or equity issuances as appropriate in the circumstances.

The loan outstanding at June 30, 2017 is $13,000. The outstanding loan bears interest at 12% per annum with monthly interest payments, is unsecured and payable on demand. In the quarter ending June 30, 2017, the Company received an advance from shareholders in the amount of $260,000.

Contractual Obligations

On March 26, 2015 the Corporation entered into an exclusive ten year agent and licensing agreement with SuperNova Performance Technologies Ltd. ("SuperNova") for their TreeFrog Transport Optimization™ systems. The exclusive agreement is such that SuperNova retains all of the intellectual property rights in connection with the product and will share the gross revenues on a pay for performance shared savings model with Sparta. The Corporation agreed to pay a $1,000,000 licensing fee to Supernova out of future sales. This agreement will be superseded upon completion of the recently announced acquisition of Supernova Performance Technologies Ltd.

On June 1, 2015 Illumineris Inc. entered into a distribution agreement with Jessup Manufacturing of McHenry IL. to become a distributor of Jessup Manufacturing products. The sales territory is Canada and the initial term of the agreement is two years, which automatically renews for successive one-year periods. Under the terms of the agreement, Illumineris is limited to distributing Jessup products and will refrain from offering any competing products. In connection with the distribution agreement, Illumineris signed a General Security Agreement, which gives Jessup Manufacturing a charge over any and all assets of Illumineris.

The Corporation leases trailers and office space including occupancy costs which require future annual payments of:

	Office	Equipment	Total
2017	$ 5,000	$ 288,000	$ 293,000
2018		288,000	288,000
2019		216,000	216,000
	$ 5,000	$ 792,000	$ 821,000

Transactions with Related Parties

During the quarter ending June 30, 2017 and 2016 there were no significant transactions with related parties.

Financial Instruments

Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, and loans. Financial instruments are recognized initially at fair value. Subsequent to initial recognition financial instruments are measured in one of the following categories: financial assets and financial liabilities measured at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or other financial liabilities.

The carrying values of the financial assets and liabilities included in the statements of financial position are as follows:

	June 30, 2017	**Sept. 30, 2016**
	$	$
Financial Assets		
Held for trading financial assets:		
Cash (Bank indebtedness)	927,099	583,457
Accounts receivable	731,270	649,265
Financial Liabilities		
Other financial liabilities:		
Accounts payable and accrued liabilities	1,098,899	958,877
Shareholder advance	260,000	-
Loans and borrowings	13,000	13,000

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short period to maturity of the instruments. Cash and cash equivalents are classified as level 1, which means fair value measurements are those derived from quoted prices in active markets. The carrying value of the loans and borrowings approximates their fair value due to the relatively short period to maturity of the instruments.

Shareholders' Equity

Authorized

The authorized share capital of the Corporation consists of an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares, issuable in series. The rights, privileges, restrictions and conditions attached to the preferred shares are to be determined by the Directors of the Corporation at time of issuance. There are no preferred shares issued or outstanding as at December 30, 2016.

The number of issued and outstanding shares is 150,046,140 as at June 30, 2017 and the date of this MD&A.

As at June 30, 2017 and the date of this MD&A the Corporation had 4,525,000 options outstanding with a range of exercise prices of $0.05 to $0.10 and a weighted average remaining contractual life of 2.50 years.

As at June 30, 2017 and the date of this MD&A the Corporation had 3,340,000 warrants outstanding, with an exercise price of $0.05 per warrant and remaining contractual life of 8 months.

Contributed surplus totaled $702,281 at June 30, 2017. The balance comprises the cumulative stock-based compensation expenses charged since February 11, 2004 plus $14,080 resulting from the Corporation repurchasing and subsequently cancelling common shares in 1996.

Capital Management

The Corporation's objectives when managing capital is to safeguard its ability to continue as a going concern provide adequate working capital and maintain cash on hand. The Corporation defines capital as the Corporation's shareholders' equity and loans and borrowings. At June 30, 2017 shareholders' equity was $270,276(September 30, 2016 – $281,050) and loans and borrowings were at $13,000 (September 30, 2016 - $13,000). In the quarter ending June 30, 2017, the Company received an advance from shareholders in the amount of $260,000. The Corporation manages its 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 Corporation may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares or obtain debt financing. The Corporation is not currently subject to any externally imposed capital requirements.

Management anticipates that, based on the amount required to fund expenses associated with the execution of the Corporation's current business plan, taking into account the present working capital deficiency and the Corporation's projected level of future income, the Corporation is expected to require an injection of capital through debt or equity financing to meet its normal operating requirements for the next 12 months. Additional capital requirements are dependent on the extent of future revenues and expenses related to product development, manufacturing, sales and promotion and in consideration of results of the evaluation of other business growth opportunities and associated capital requirements. Additional liquid capital may be sourced from the issuance of share capital, debt financing or from potential government funding in support of development of export markets

Financial Risk Management

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized as follows:

<u>Credit Risk</u>

Credit risk is the risk of financial loss to the Corporation if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's trade receivables.

<u>Liquidity Risk</u>

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation's objective in managing liquidity risk is to maintain sufficient liquidity to meet liabilities when due by holding sufficient cash and cash equivalents to settle current liabilities and meet its anticipated 2017 working capital requirements. The Corporation had a cash balance at June 30, 2017 of $927,099 (September 30, 2016 – $583,457).

At June 30, 2017 the Corporation had a working capital of $230,746 (September 30, 2016 – $267,296). In order to meet the Corporation's anticipated working capital requirements it will be required to attract additional funds through the issue of debt, equity or other business means to further the development of the Corporation's products and to provide sufficient working capital. The Corporation monitors its working capital position and makes changes or reductions in expenditures to help sustain sufficient liquidity to meet liabilities on a timely basis.

Market Risk

a) Interest rate risk

The Corporation has fixed interest-bearing debt and therefore is not exposed to interest rate risk.

b) Foreign currency risk

The Corporation is currently not exposed to significant foreign currency risk since all of its assets and liabilities are denominated in Canadian dollars; however certain nonrecurring operating expenses are denominated in foreign currencies. The Corporation has maintained sufficient resources to make payment denominated in foreign currencies in a timely manner thereby limiting the exposure.

Outlook

Many now surmise that the use of carbon fuels and a warming climate will impact the availability of necessities of life such as energy, fresh water, and food security unless adaptation and mitigation occurs on a large scale. Efforts to cope with climate change, as well as soaring energy costs are determined by access to resources, including information and technology. Sparta has the knowledge base and the technology. The company has been quietly preparing for the demands of customers who want to reduce vulnerability to the hazards associated with current and future climate variability.