Sparta Capital Ltd.

("Sparta" or "Corporation")

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the Three and Twelve Month Periods ended September 30, 2016.

The following discussion and analysis should be read in conjunction with the audited, consolidated financial statements of the Corporation for the years ended September 30, 2016 and 2015.

Date

This management's discussion and analysis is dated February 8, 2017 and is in respect of the year ended September 30, 2016. The discussion in this management's discussion and analysis focuses on this year.

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, which focuses on product development, manufacturing, distribution, sales and service across a wide and growing range of technologies 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. 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 focusing on sustainability to improve processes, pursue growth, as well as add value to their business as opposed to concentrating on reputation alone. Sparta has positioned itself to serve not one type of business, but any type of business. From a revenue perspective Sparta is not a singular product or service, thus making it unique in the energy arena and more palatable.

Sparta's offering includes four different environmentally centered market verticals: transportation, mining, construction and energy (through biomass conversion). To date, 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 just recently announced that they have entered into a pre-acquisition agreement to take over SuperNova Performance Technologies, a business that shares Sparta's mission of reducing greenhouse gas emissions.

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 year ended September 30, 2016 the Corporation has incurred a net loss from operations of $136,068 (2015 $502.484) and has limited working capital of $267,296 (2015 - $71,882 deficit).

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 in 2016, concentrating on the expansion of Illumineris and working towards new partnerships and acquisitions within their other divisions; especially within their ReECO Tech Conversion Technologies division. These efforts have lead to increased revenues and a substantially larger business venture over last year.

In the past 12 months, the company has continued to seek out new opportunities for expansion, while starting to build a customer base in multiple industries. Examples include; providing energy efficient lighting solutions to operators in one of the world's busiest transportation hubs; investigating the viability of unique CNG powered locomotive drive train technology; providing portable solar solutions for a transportation company in areas where electrical infrastructure doesn't exist; eliminating more than 100,000 tonnes of fibre waste from the waste stream and converting it into new useable product; investigating and investing in 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.

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 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 loss, attributable to:			
Shareholders	(71,130)	(441,445)	(138,218)
Non controlling interests	(64,938)	(61,039)	-
Total	(136,068)	(502,484)	(138,218)
Basic and diluted net loss per share	(0.001)	(0.004)	(0.002)
	Common Shares	Common Shares	Common Shares
Weighted average number outstanding	142,244,425	123,156,814	62,530,140

For the year ended September 30, 2016, 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:

	Q4 September 30, 2016	Q3 June 30, 2016	Q2 March 31, 2016	Q1 December 31, 2015	Q4 September 30, 2015	Q3 June 30, 2015	Q2 March 31, 2015	Q1 December 31, 2014
Net Income (Loss)	(80,059)	376,996	(327,389)	(105,616)	(141,830)	(164,124)	(160,737)	(35,793)
Earning per Share	(0.000)	0.002	(0.002)	(0.000)	(0.000)	(0.001)	(0.001)	(0.000)
Total Assets	1,279,806	1,236,116	309,122	167,374	243,602	384,314	666,758	355,150
Total Liabilities	998,756	1,052,007	502,009	336,372	315,484	314,365	703,685	736,284

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

Variances in net 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 year ended September 30, 2016 the Corporation had a net and comprehensive loss of $136,068 compared to a net and comprehensive loss in 2015 of $502,484.

Expenses

The total expenses increased to $4,667,235 during 2016, an increase of $4,154,411 representing a 810% increase from the $512,824 in 2015.

Consulting fees increased to $521,758 during 2016, an increase of $383,584 representing a 278% increase from the $138,174 incurred in 2015. The increase in consulting fees is a result of an increase in activities.

Professional fees decreased to $71,246 in 2016 from $76,407 due to a slight decrease for professional legal, accounting and audit fees as the acquisitions and private placements over this past year were not as complex as in previous years.

Business development expenses increased to $204,112 in 2016 from $nil in 2015. As ReECO Tech is in the business of converting waste to value, a number of development projects that will yield significant future returns, were initiated.

Stock based compensation decreased to $nil in 2016 from $92,400 in 2015 as there was no stock based compensation granted during FY'2016.

Licenses and fees increased to $27,037 in 2016 from $24,171 in 2015. The slight increase in fees is the result of inflationary increase in rates.

Marketing expenses increased to $128,031 in 2016 from $47,128 in 2015. With the expanded business activities in Illumineris over this past year, marketing expenses and resulting revenues went up accordingly.

Salaries and benefits increased to $418,537 in 2016 from $55,842 in 2015. This is primarily due to the startup of ReECO Tech but also was related to the continued growth in Illumineris Inc.

Transportation costs increased to $2,343,405 in 2016 from $nil in 2015. This was heavily based on the start-up of ReECO Tech and the type of business with which it is involved.

Equipment rental costs increased to $253,070 in 2016 from $nil in 2015. This was primarily based on the start-up of ReECO Tech and the type of business with which it is involved.

Quarterly Operations

Overall for the three months ended September 30, 2016 the Corporation had a net loss of $80,059 compared to a net loss in 2015 of $141,830.

Expenses

During the three months ended September 30, 2016, total expenses increased to $1,687,455 from $146,663 incurred in the same period of 2015, an increase of 1,151%.

Consulting fees increased to $198,397 for the period from the $28,924 incurred in 2015. The increase in the consulting fees for 2016 compared to 2015 is the result of the growth of ReECO Tech and Illumineris.

Cash Flows

The following is a summary of cash flows for the twelve months ended September 30:

Cash Flow Activity	**2016**	**2015**
Cash provided by (used in) operating activities	$101,257	($448,901)
Cash provided by financing activities	$302,000	$645,282
Cash used in investing activities	($16,181)	($ -)
Increase in cash	$387,076	$196,381

In 2016 cash gross proceeds of $302,000 was provided by financing activities related to; $27,500 recovered from 2015 Receivables; $97,500 from a private placement completed in March 2016; and $177,000 for placements completed in October 2016.

Cash of $16,181 was used to purchase heavy equipment, primarily within the ReECO Tech division, during 2016.

Liquidity

The Corporation had a cash balance at September 30, 2016 of $583,457 (2015 – $196,381).

At September 30, 2016 the Corporation had a working capital of $267,296 (2015 - a working capital deficiency of $71,882). 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.

As of September 30, 2016, the Corporation had one loan outstanding, with a private individual for a loan amount of $13,000.

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 superceeded by the recently announced acquisition of Supernova Performance Technologies Ltd.

On June 1, 2015 Illumineris entered into 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		168,000	168,000
	$ 5,000	$ 456,000	$ 461,000

Capital Expenditures

At this time, the Corporation has no material commitments for future capital expenditures.

Off-balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

Transactions with Related Parties

For the year ended September 30, 2016, the Corporation incurred consulting fees of $15,000 (2015-$39,500) with companies controlled by the President.

For the year ended September 30, 2016, the Corporation incurred consulting fees of $97,500 (2015-$nil) with companies controlled by the Chief Executive Officer.

For the year ended September 30, 2016, the Corporation incurred consulting fees of $10,000 (2015-$nil) with companies controlled by the Chief Financial Officer.

For the year ended September 30, 2016, the Corporation incurred consulting fees of $25,000 (2015-$47,500) with a company controlled by a Director of the Company. In addition, as at September 30, 2016, included in the accountes receivable is $45,535 (2015–$nil) related to advances made to a company controlled by the same Director.

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Key management compensation

Key management includes the Corporation's Directors, the CEO, CFO and President.

	September 30, 2016	September 30, 2015
	$	$
Consulting fees	147,500	87,000
Stock based compensation	-	57,750
	147,500	144,750

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:

	September 30, 2016	September 30, 2015
Financial Liabilities		
Other financial liabilities:		
Financial Assets		
Held for trading financial assets:		
Cash and cash equivalents	583,457	196,381
Accounts receivable	649,265	36,364
Financial Liabilities		
Other financial liabilities:		
Accounts payable and accrued liabilities	958,877	302,484
Loans	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 measurement 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 September 30, 2016.

The number of issued and outstanding common shares as at September 30, 2016 was 144,654,140 and 150,046,140 as of the date of this MD&A.

As at September 30, 2016 the Corporation had 5,075,000 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. And as of 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 3.36 years.

As at September 30, 2016 the Corporation had nil warrants outstanding. And as of 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 9 months.

Contributed surplus totalled $700,181 at September 30, 2016. The balance comprises mainly of the cumulative stock-based compensation expenses and warrants not exercised.

Application of new and revised International Financial Reporting Standards

At the date of authorization of these financial statements, the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") has issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended September 30, 2016.

IFRS 9 'Financial Instruments: Classification and Measurement' is a new financial instruments standard that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities. IASB has tentatively decided that the mandatory effective date for adoption of IFRS 9 is January 1, 2018.

In May 2014, the IASB published IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), replacing IAS 11, "Construction Contracts" and IAS 18, "Revenue" and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The standard may be applied retrospectively or using a modified retrospective approach. The Corporation is currently evaluating the impact of adopting IFRS 15 on the financial statements.

The Company has not early-adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

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 September 30, 2016 shareholders' equity was $281,050 and loans and borrowings were at $13,000, as compared to the prior year shareholders' deficiency of $71,882 and loans and borrowings of $13,000. 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 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 counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's trade receivables. The Corporation has $283,769 of accounts receivable from one customer, which represents 45% of the total accounts recivable. However, based on the particular customer's credit history and their payment history, this is not considered a major risk.

<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 2016 working capital requirements. The Corporation had a cash balance at September 30, 2016 of $583,457 (2015 – $196,381) and working capital of $267,296 (2015 – a deficiency of $71,882).

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.

<u>Market Risk</u>

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.