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 December 31, 2015 and the Three Months ended December 31, 2014.

The following discussion and analysis should be read in conjunction with the audited financial statements of the Corporation for the year ended September 30, 2015 and the unaudited condensed interim financial statements of the Corporation for the three months ended December 31, 2015 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 February 29, 2015 and is in respect of the three months ended December 31, 2015. 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 seeks to leverage its expertise in product development, manufacturing, distribution, sales and service across a growing range of complementary technologies designed to achieve reduced emissions and increased operating efficiency of carbon fuel powered equipment and in the process, monetize resulting carbon credits to help children around the globe. In that regard the Corporation continues to identify and evaluate further business growth opportunities.

Last year, the corporation expanded its offering into four distinct 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.

Sparta will continue to seek further opportunities to utilize its distribution network to distribute complementary products and intends, on an ongoing basis, to assess product performance and market acceptance of other products suitable to the Corporation's established distribution network. Announcements of new products added to Sparta's distribution network will be made following the Corporation's comprehensive due diligence processes.

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.

At December 31, 2015 the Corporation incurred a net loss from operations of $105,616 and negative cash flow from operations of $132,976 for the quarter ended December 31, 2015. As at December 31, 2015, the Corporation has a shareholders' deficiency of $169,998.

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

An extensive period of research and analysis, as well as consultation with experts in a number of technology sectors has led to substantial progress over the past year and into the first quarter of 2016. During the first quarter of FY'15 Sparta concentrated on closing the acquisition on Newport

Enviornmental Technologies Ltd; a company that shares the vision of reducing carbon fuel emissions and optimizing efficiencies for customers. The focus in the second quarter of FY’15 shifted to planning and to raising funds so as to help bring the growth plans to fruition. On May 4th the closing of the second tranche of private placement was announced. This put the wheels in motion while surrendering all the outstanding debt assumed in the Newport acquisition. Sparta devoted the third quarter to infrastructure, including the enhancement of marketing, communication and brand management. At the same time, Sparta announced an exclusive licensing agreement as well as the formation of three new divisions to serve different markets. Illumineris Inc. was established to focus on the sale and distribution of photoluminescent safety products, including the internationally recognized and now Ontario mandated, green “running man” exit sign. ReECO Conversion Technologies Ltd. was designed to focus on reducing waste and sequestering CO_2 emissions through the conversion of waste. And Sparta Technologies 4 Mining Ltd. was set-up to meet the needs of an industry that has been grappling with the ill effects of toxic emissions from underground vehicles. In addition, Sparta signed an exclusive licensing agreement with SuperNova Performance Technologies Ltd. (“SuperNova”), for their TreeFrog Transport Optimization™ systems; forming the nucleus of a transportation division.

Once the new divisions were fully established and the company moved into the fourth quarter, it was time to move these subsidiaries in the direction of making profit, while also working behind the scenes on tools to boost the company profile.

As the company moved into the first quarter of FY’16, ReECO Tech continues to cash flow nicely and Illumineris continues to progress steadily to meet company projections. At the same time, the transportation division is positioning to launch a couple of key niche energy efficiency technologies in the on-road and off-road (locomotive) markets.

Brand awareness will soon get a lift from a number of new communication and marketing initiatives, primarily using an expanded social media platform, but also relying on traditional mass communications outreach when appropriate. This program will be headed up by Sparta’s experienced marketing and communications team.

The Corporation continues to expand its environmental interests into important market verticals; each with the underlying mandate of finding technologies that reduce carbon emissions, which can be used to help fund children’s hospitals around the globe.

As previously stated, on October 28th, 2014 Sparta announced that they had entered into a share purchase agreement with the shareholders of Newport Environmental Technologies Ltd. and on November 25th, 2014 Sparta completed the agreement. This is important to restate because Newport includes an experienced team of professionals with strong marketing, sales, legal, financial, engineering and business development skills. Together they bring a host of potential supply agreements in such market verticals as transportation, mining, commercial, industrial, residential and power generation. Combining Newport’s skill sets and experience with Sparta’s longstanding reputation and corporate structure is rapidly expanding Sparta’s offering and in-turn, brand awareness.

In February the Corporation announced the formation of a mining division called, Sparta Technologies 4 Mining Ltd. With emphasis being placed on the development of an emission free underground vehicle propulsion system, this mining division is presently looking to align itself with a complimentary consortium of developers to include a similar propulsion system for above ground vocational vehicles. Whether above or below ground the new equipment will offer operators and our communities-at-large, a cleaner environment while optimizing performance and efficiency.

In March the Corporation signed a licensing agreement with SuperNova for their unique TreeFrog Transport Optimization™ systems. The systems offer carbon-reducing technologies for the transportation sector, at the same time emissions are rising. Greenhouse Gas emissions from transportation have increased by about 16% since 1990. This is largely due to increased demand for travel and limited gains in fuel efficiency.

After signing the licensing agreement with SuperNova, Sparta took the time to study a number of dynamic companies and technologies. Their efforts culminated in the formation of Illumineris Inc., a Canadian controlled corporation with majority interest held by the Corporation. This Toronto based company, established in June, is focused on meeting an important niche in the construction industry. Illumineris offers a specialized technology that inadvertently reduces carbon fuel consumption by illuminating important safety routes without the use of electricity. Created by Jessup Manufacturing of McHenry IL, the Illumineris GloBrite® products are approved by every North American Building and Fire Code. The GloBrite® photoluminescent products act like a light battery, accumulating light, storing it, and then using it, if and when the lights to a building go out; thus reducing the consumption of carbon based electricity. Illumineris distributes a photoluminescent version of the international running man exit sign, which is quickly becoming the exit sign of choice around the world and has recently been mandated throughout Canada.

The same month (June), the Corporation announced the formation of an exciting new biomass conversion division called ReECO Tech Conversion Technologies Ltd. With an aim to help develop environmentally sustainable economies by converting what was once old into consumables that are now of value, Sparta entered this arena at a time when biomass is expecting tremendous growth. Biomass (plant and animal waste) is one of the oldest sources of renewable energy, used by our ancestors who first learned the secret of fire. Re-ECO Tech is able to convert the waste into consumables for such markets as waste-to-energy, fertilizer and pellet production, to name a few. As the capture of feedstock is very scalable, ReECO Tech is starting to capture a significant portion of the rapidly expanding biomass market, while fulfilling its commitment to assist children through the reduction in carbon emissions.

Subsequent to the end of the first quarter, Sparta announced it had submitted a non-binding letter of intent offer ("LOI"), to purchase all or the majority of the issued and outstanding common shares of SuperNova. If the offer is accepted, the intent is to use SuperNova to spearhead Sparta's transportation division.

With their expanded team, Sparta will continue to seek further opportunities 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 Company 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, 2015 and September 30, 2014 prepared in accordance with IFRS:

	2015	**2014**	**2013**
	$	$	$
Total Assets	243,602	24,587	75,662
Revenues	10,340	-	-
Net and comprehensive loss for the period	(502,484)	(138,218)	(660,541)
Basic and diluted net loss per share for the period	(0.004)	(0.002)	(0.013)
	Common Shares	Common Shares	Common Shares
Weighted average number outstanding	123,156,814	62,530,140	52,287,695

For the three month period ended December 31, 2015, 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:

	Q1 December 31, 2015	Q4 September 30, 2015	Q3 June 30, 2015	Q2 March 31, 2015	Q1 December 31, 2014	Q4 September 30, 2014	Q3 June 30, 2014	Q2 March 31, 2014
Net (Loss)	(105,616)	(141,830)	(164,124)	(160,737)	(35,793)	(40,354)	(13,290)	(38,361)
(Loss) Per Share	(0.000)	(0.000)	(0.001)	(0.001)	(0.000)	(0.000)	(0.000)	(0.001)
Total Assets	167,374	243,602	384,314	666,758	355,150	24,587	52,151	52,267
Total Liabilities	336,372	315,484	314,365	703,685	736,284	371,930	359,138	345,964

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

Variances in net comprehensive 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 December 31, 2015 the Corporation had a net and comprehensive loss of $105,616 compared to a net and comprehensive loss of $35,793 in 2014.

Revenue

Sales revenue of $22,714 was generated during the three months ended December 31, 2015 compared to $nil in three months ended December 31, 2014.

Expenses

The total expenses increased to $115,677 during the three months ended December 31, 2015, an increase of $79,884 representing a 223% increase from the $35,793 in the same period in 2014, due to the following:

Consulting fees increased to $18,000 during the three months ended December 31, 2015, an increase of $9,000 representing a 100% increase from the $9,000 incurred in the same period in 2014 due to increased services being provided due to increased activity.

Salaries and benefits increased to $47,339 from $nil, during the three months ended December 31, 2015, due to the start up of the Illumineris Inc. subsidiary.

Marketing increased to $16,480 from $nil, during the three months ended December 31, 2015, due to the start up of the Illumineris Inc. subsidiary.

Professional fees decreased to $6,250 during the three months ended December 31, 2015, a decrease of $11,640 representing a 65% decrease from the $187,890 incurred in the same time period in 2014. This decrease is primarily a result of a decrease of legal fees during the current period.

Cash Flows

The following is a summary of cash flows for the three months ended December 31:

Cash Flow Activity	2015	2014
	$	$

Cash used in operating activities	(32,976)	(22,104)
Cash provided by investing activities (see Note 1)	-	309,239
Cash provided in financing activities	7,500	27,500

Note 1 – cash provided from investing activities due the acquisition of Newport Environmental technologies Ltd.

Liquidity

The Corporation had cash balance at December 31, 2015 of $70,905 and cash balance of $196,381 at September 30, 2015

At December 31, 2015 the Corporation had a working capital deficiency of $168,998 (September 30, 2015: $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.

Transactions with Related Parties

For the three months ended December 31, 2015, the Corporation incurred consulting fees of $nil (2014-$4,500) with companies controlled by the President.

For the three months ended December 31, 2015, the Corporation incurred consulting fees of $nil (2014-$4,500) with companies controlled by a Director of the Company.

Financial Instruments

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

	December 31, 2015	**September 30, 2015**
	$	$
Financial Assets		
Held for trading financial assets:		
Cash (Bank indebtedness)	70,905	196,381
Accounts receivable	39,655	36,364
Financial Liabilities		
Other financial liabilities :		
Accounts payable and accrued liabilities	323,372	302,484
Loans and borrowings	13,000	13,000

The carrying value of cash, accounts payable and accrued liabilities and loans and borrowings 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 loans and borrowings approximate fair value as the interest rates are consistent with the current market rates.

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, 2015.

The number of issued and outstanding shares is 138,964,140 as at December 31, 2015 and the date of this MD&A.

As at December 31, 2015 and the date of this MD&A the Corporation had 5,375,000 options outstanding with a range of exercise prices of $0.05 to $0.10 and a weighted average remaining contractual life of 3.10 years.

As at December 31, 2015 and the date of this MD&A the Corporation had 14,434,000 warrants outstanding, with an exercise price of $0.05 per warrant and remaining contractual life of 2 months.

Contributed surplus totaled $612,741 at December 31, 2015. 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 December 31, 2015 shareholders' equity was a deficiency of $168,998 (September 30, 2015 – $71,882 deficiency) and loans and borrowings were at $13,000 (September 30, 2015 - $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 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:

Credit Risk

Currently the Company is only exposed to normal credit risk.

Liquidity Risk

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 2015 working capital requirements. The Corporation had a cash balance at December 31, 2015 of $70,905 (September 30, 2015 – $196,381).

At December 31, 2015 the Corporation had a working capital deficiency of $168,998 (September 30, 2015 – $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.

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

Sparta will continue to focus on expanding its product offering across the many market verticals. With each passing day, new and interesting opportunities emerge; whether that be to convert recovered assets into energy or by applying innovative technology to provide the same work for less energy. In either case, using our minds can result in the saving fuel while decreasing our carbon footprint; converting the resulting carbon credits to help children through the Clean Air for Kids™ campaign.

As the company expands, it becomes more and more evident that there are so many glaring inefficiencies that can be addressed by applying Sparta's expertise and the appropriate technological solutions. By applying the key values of being the ability to reduce fuel consumption while reducing harmful emissions in the process. This could mean through the reduction of ventilation air systems in underground mining applications; the reduction of low-temperature heat loss in industrial and commercial applications; through the ability to better automate vocational vehicles in the transportation sector; or by helping to expand the use of high-intensity LED fixtures in commercial, industrial and urban applications. These are just a few examples, but all reduce fuel consumption and in turn reduce emissions, thus leaving behind a better planet.

As has been stated before, the model is simple…"higher quality need not cost the consumer more". The team is strong and well experienced. We look forward to an exciting and profitable future.