Sparta Capital Ltd.

("Sparta" or "Corporation")

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the Three Month Periods ended December 31, 2018.

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, 2018, and 2017.

Date

This management's discussion and analysis is as of March 1, 2019 and is in respect of the three months periods ended December 31, 2018, and 2017.

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

Rapid economic growth along with population growth has put immense stress on the environment. We've heard for a long time and while "being green" used to be something businesses talked about; now they are increasingly discovering that it makes good economic sense to adopt environmental practices. Many companies are also finding that implementing a sustainable code is good for their corporate image. Companies of all sizes can see that pursuing environmental stability is the only way forward.

At Sparta we know that we are tapping into new and emerging markets; that the environmental technology arena is creating a wealth of opportunities for us. At the same time, we are helping existing customers adopt sustainable practices that eliminate waste and lower an organization's costs. As we continue to self-scrutinize and audit, we find new opportunities to innovate new products and services. For instance, Sparta recently announced that it is helping rid the world of plastics and creating something of significant value at the same time; turning those plastics into environment-friendly synthetic fuels. The world is finally waking up to the plastic crisis. In fact, awareness is snowballing and Sparta is prepared to be part of the solution.

Big companies like Coca Cola, Apple, and McDonald's may have taken the lead on environmental practices, but the reality is that business operators of all sizes are starting to understand that they have to lower their carbon footprint if they want to be competitive. According to Forbes, a 2017 communications study showed that over 60 percent of Americans look to businesses to take social and environmental change seriously. At the same time, 78 percent indicated that they would buy a product or service based on a company's stand on such issues.

Sparta generates revenue by capturing, converting and processing customer's existing waste and transforming it into new forms of consumable products. As such, Sparta continues to focus on growth; strengthening the company through reinvestment in future opportunities, with a special emphasis on those opportunities that help rid the world of waste plastics.

Here's the past year in review:

- In the fall of 2018, the Corporation entered into an agreement with Pi. Eco Canada Ltd. to begin a joint venture to transform unsortable waste plastics into synthetic fuel, with a goal of building a facility in the Greater Toronto Area capable of re-directing 18,000 tons per year of plastic from landfills. Discussions are ongoing to obtain project financing to manufacture the plastic to fuel (PTF) technology, with an expectation of securing the same in 2019. In anticipation of this, the venture parties are simultaneously working to secure additional long-term availability of plastic feedstock, and to enter into a land lease for the development of the facility where the PTF equipment will be operated. Further, the benefits presented by the Joint Venture are two-fold: (i) transforming un-sortable plastic into a valuable commodity and (ii) creating a reliable source of alternative energy. A primary goal of this exciting direction for Sparta is the further exploration of the newest generation of plastic to fuel (PTF) technologies and how Sparta can complement and support the existing mechanical recycling infrastructure for plastics.

- Throughout 2018, Sparta continued to promote it's ReECO Tech brand, which includes electronic waste recylcing (e-waste) and environment-friendly excavation. The e-waste division added new clients in FY'18 and is processing as much as 250,000 pounds of material at the Toronto recycling facility most months. While the previous year (2017) was spent training people, ReECO Tech Conversions crews spent a great deal of 2018 working on new projects as a Tier 1 supplier in eco-conscious directonal drilling services, specifically related to expansion of fibre-optic information systems. One project alone has seen ReECO crews develop over 1,000 fibre optic access points in an enviromentally safe manner.

While plastic conversion will be the prime focus, Sparta will continue to operate several of its existing businesses, through adaptable product and service offerings that not only address a wide range of issues, but also provide additional sources of waste plastic. The demand for sustainable options and Sparta's ability to offer multiple sectors a variety of green services and products means that the *Capture, Convert & Optimize* mentality is becoming a more realistic option for existing customers, potential customers, as well as investors.

Under the Sparta Group™ brand, Sparta still has three existing divisions, while expanding into the flagship-fourth; i.e. plastic conversion. The existing divisions include:

- **Illumineris -** the collective term for a group focused on capturing *"lost"* or *"wasted"* energy. Illumineris provides a complimentary suite of technologies to assist its commercial and industrial clients to save significant amounts of energy from their existing power systems with zero cost outlay. This includes; peak power mitigation systems through energy storage technology – eliminating black-out and brown-out conditions while significantly reducing global adjustment charges; Power-factor and harmonic mitigation that brings plant voltages and currents back in sync while cleaning the electronic power systems – reducing costs through efficiencies and maintenance; LED lighting retrofits – cutting consumption by 60% – 80%; photoluminescent safety products that provide required safety lighting systems with zero energy costs; and IoT (Internet of Things) monitoring systems that can measure, monitor and optimize various energy systems in commercial and manufacturing facilities; all intended to help reduce power losses and corresponding costs.

- **ReECO Tech** - is the collective term for a group of conversion technology companies that collect waste materials with a focus on converting such waste streams into new usable forms while helping develop environmentally sustainable economies. ReECO Tech's services provide a viable option for helping manufacturers reduce waste, save resources, save money and lower their carbon footprint. This includes; ReECO Tech Conversion Technologies Ltd. ("ReECO Tech Conversions") - originally a biomass conversion company, focused on sequestering $C0_2$ emissions through waste diversion and converting biomass waste into consumables. It has since expanded into the environment-friendly excavation arena, structured to secure long term contracts to help transform communications networks while monetizing the retrieved clean-soil waste into many new usable products; ReECO Tech Electronic Conversions Ltd. ("ReECO Tech Electronics") - an electronics recycling company focusing on recycling and upcycling of old electronic components resulting from our ever-increasing rate of change in electronic technology. This addition has expanded the ReECO Tech division into the electronic-waste sector.

- **SuperNova Performance Technologies Ltd.** ("SuperNova") - is focused on green initiatives, especially related to combustion and the transportation sector. SuperNova, opens up new opportunities and initiatives and will look to explore new ventures including, but not limited to, efficient products capable of powering novel generation systems. SuperNova holds various previously tested technologies, such as the Hydrogen Power Lizard™, the Tri-PATH™ (hydrogen enhanced, exhaust gas re-compression system) and the TreeFrog Transportation Optimization Systems™ with plans for future commercialization.

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 three-month period ending, December 31, 2018, the Corporation has incurred a net loss from operations of $265,569 (2017 – $599,536) and has a working capital deficit of $2,337,918 (September 30, 2018 - $7,991,492).

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.

These conditions raise significant doubt about the Corporation’s ability to continue as a going concern. 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 could be material.

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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

It has been another productive quarter for The Corporation. With the continued expansion of ReECO Tech (including electronics conversion, expanded telecom installation and now the recently announced joint venture with Pi.ECO Canada), combined with the reinforcment of Illumineris and looking for new opportunities for SuperNova, the future looks very positive.

Over the course of the past year, Sparta served a wide market, which included: providing energy efficient lighting solutions to multiple business operators; eliminating tonnes of electronic waste from the waste stream; conducting comprehensive energy audits for companies of varying sizes; expanding ReECO Tech equipment fleet while investing heavily in its people with advanced training - specifically as it relates to environment-friendly communications services; and shifting the company’s focus to help rid the World of unsortable waste plastics; starting with a joint venture agreement to convert a 50 tonne/day waste stream of dirty plastic into some 36,000 litres of clean synthetic liquid fuel.

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 innovative technologies suitable to the Corporation’s established distribution network and executive team. Announcements about any new Sparta products and ventures will be made following the Corporation’s comprehensive due diligence processes.

Selected Annual 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:

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	2018	2017	2016
	$	$	$
Total Assets	8,457,280	2,466,677	1,279,806
Total Non-Current Financial Liabilities	53,404	-	-
Revenues	11,331,170	6,964,447	4,543,667
Net loss, attributable to:			
Shareholders	(957,236)	(1,760,934)	(71,130)
Non controlling interests	(1,224,093)	(205,304)	(64,938)
Total	(2,181,329)	(1,966,238)	(136,068)
Basic and diluted net loss per share	(0.004)	(0.013)	(0.001)
Weighted average number outstanding	161,295,890	152,013,082	142,244,425

For the three months ended December 31, 2018, 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 30, 2018	Q4 September 30, 2018	Q3 June 30, 2018	Q2 March 31, 2018	Q1 December 31, 2017	Q4 September30, 2017	Q3 June 30, 2017	Q2 March 31, 2017
Net Income (Loss)	(54,133)	(879,407)	(434,864)	(267,522)	(599,536)	(1,862,885)	213,801	(193,587)
Earnings (Loss) per Share	(0.004)	(0.013)	0.003	(0.002)	(0.004)	(0.012)	0.001	(0.001)
Total Assets	3,320,612	8,457,318	9,267,832	3,865,481	3,794,964	2,466,677	2,002,195	1,731,129
Total Liabilities	5,141,539	10,289,074	10,828,943	5,215,047	4,890,918	3,455,787	1,713,919	1,456,981

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 for the three month periods ended December 31, 2018

Overall for the three month periods ended December 31, 2018 and 2017 respectively the Corporation had a loss from operations of $265,569 and $599,536 and net loss and comprehensive loss of $54,133 and $599,536.

Expenses

The total expenses for the three month periods ended December 31 decreased to $3,322,267 during 2018, a decrease of $152,294 representing a 4% decrease from the $3,474,561 in 2017. The following is an explanation of expense changes for the three month period ended December 31, 2018 compared to December 31, 2017:

Salaries and benefits increased to $1,189,501 in Q1 2018 from $956,442 in 2017 as a result of restructuring in ReECO Tech Conversions, which included a shift from subcontractors to employees.

Product costs decreased to $417,759 in 2018 from $834,704 in 2017 as a result of a reduction in product purchases in Illumineris.

Repairs and maintenance increased to $226,364 in 2018 from $131,689 in 2017 as a result of the acquisition additional equipment used primarily in the excavation operations.

Equipment rentals decreased to $175,366 in 2018 from $318,302 in 2017. This was attributed to reclassification.

Automotive decreased to $13,685 in 2018 from $74,088 in 2017 mainly due to reclassification.

Interest and bank charges increased to $94,801 in 2018 from $19,024 in 2017 mainly because of the property mortgage inside ReECO Tech Property Conversions.

Occupancy increased to $118,800 in 2018 from $76,563 in 2017 mainly because of operations of an entire period in ReECO Tech Electronics.

Insurance increased to $53,980 in 2018 from $30,525 in 2017 mainly because of increased operations.

Cash Flows

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

	Q1 2018	**Q1 2017**
Cash used in operating activities	($2,118)	($274,152)
Cash provided by financing activities	$131,471	$242,253
Cash used in investing activities	($104,565)	($104,565)
Decrease in cash	($131,445)	($136,464)

Liquidity

The Corporation had a cash balance at December 31, 2018 of $646,700 (September 30, 2018 – $515,255).

At December 31, 2018 the Corporation had a working capital deficit of $2,337,918 (September 30, 2018 – $7,991,482). 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 December 31, 2018, the Corporation had notes payable of $808,847, obligations under capital lease of $75,105, and other loans of $1,288,107.

Contractual Obligations

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.

	Premises	Equipment	Total
2019	$ 352,818	$ 81,654	$ 434,471
2020	356,873	81,654	438,527
2021	356,873	53,379	410,252
2022	356,873	29,638	386,511
2023	356,873	-	356,873
	$1,780,310	$ 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

As at December 31, 2018, included in loans receivable is $56,555 (September 30, 2018 - $46,633) related to advances made to SETA Group, a company controlled by a Director of the Corporation.

Key management compensation

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

As at September 30,	**2018**	**2017**
Consulting fees	-	74,283
Stock-based compensation	-	-
	-	**74,283**

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:

	December 31, 2018	September 30, 2018
Financial Assets		
Cash and cash equivalents	646,700	515,255
Accounts receivable	1,412,783	1,433,338
Financial Liabilities		
Accounts payable and accrued liabilities	2,969,570	2,818,045
Loans	2,171,969	7,468,229

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 December 31, 2018.

The number of issued and outstanding common shares as at December 31, 2018 was 181,165,090 and 182,265,090 as of the date of this MD&A.

As at December 31, 2018 and as at the date of this MD&A the Corporation had 10,273,000 options outstanding with a range of exercise prices of $0.05 to $0.10 and a weighted average remaining contractual life of 3.32 years.

As at December 31, 2018, the Corporation had nil warrants outstanding. As of the date of this MD&A the Corporation has 1,177,000 warrants issued Jan 28, 2019 outstanding with an exercise price range of $0.11 per warrant and remaining average contractual life of 5 years.

Contributed surplus totalled $1,345,752 at December 31, 2018. 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, 2018.

IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. IFRS 9 is expected to be published in three parts. The first part, Phase 1 – classification and measurement of financial instruments sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Phase 1 simplifies the measurement of financial assets by classifying all financial assets as those being recorded at amortized cost or being recorded at fair value. The effective date is for periods beginning on or after January 1, 2018, earlier adoption is allowed. Except for certain additional disclosures, the adoption of this standard is not expected to have an impact on the Corporation's financial statements

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 December 31, 2018 shareholders' deficit was $1,820,927 (September 30, 2018 - $1,831,794) and loans and borrowings were at $2,171,969 (September 30, 2018 - $7,468,229). 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:

Credit Risk

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 $1,059,218 (September 30, 2018 $444,476) of accounts receivable from four customers (September 30, 2018 – one), which represents 75 % (September 30, 2018 - $27%) of total accounts receivable

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 working capital requirements. The Corporation had a cash balance at December 31, 2018 of $646,700 (September 30, 2018 – $515,255) and a working capital deficit of $2,337,918 (September 30, 2018 – $7,991,492).

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

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Corporation is exposed to currency risk on its U.S. dollar denominated bank accounts. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

Outlook

The Sparta team has been working to meet the demands of a changing business landscape; a landscape that demands solutions to cope with soaring energy costs and climate change. For many businesses, addressing energy costs is a matter of survival and for consumers addressing environmental hazards is a must. Sparta has been carefully building a suite of products and services to address these demands and will continue to seek out new opportunities to add to this list of environmental technologies. The Sparta commitment will always be to measure, prevent, limit, minimize or correct environmental damage and in doing so, help companies become more sustainable and more competitive. By applying this expertise to the massive stores of plastic the company presently has under management, Sparta feels confident that they can have a significant impact on helping rid the World of waste plastics; giving the dormant carbon-chains one more useful life on their journey back to Earth.