MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2019

Introduction

This Management Discussion and Analysis has been prepared to provide material updates and analysis of the business operations, financial condition, financial performance, cash flows, liquidity, and capital resources of Enviroleach Technologies Inc. ("Enviroleach" or the "Company").

The information provided herein should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2019 and the Annual MD&A for the year ended December 31, 2018.

The statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Enviroleach technologies is listed on the Canadian Securities Exchange under the symbol "ETI" and began trading on March 30, 2018. In addition to the listing on the CSE the company also started trading on the OTC-QB as "EVLLF" and the Frankfurt Stock Exchange as "7N2" during the year.

The company has developed a unique, cyanide free, cost-effective and environmentally friendly alternative to the toxic methods currently used in the hydrometallurgical extraction of precious metals for the mining and Electronic Waste (E-Waste) sectors.

Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars. The effective date of this report is April 29, 2020.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. See "Forward-Looking Information and Statements" herein.

Information related to the Company is available for view on SEDAR at www.sedar.com and more information is also available on the Company's website at www.enviroleach.com .

Corporate Overview

Using the proprietary formula and process, Enviroleach extracts precious metals from the host material in a safe, environmentally friendly and sustainable fashion. The company's primary target industry sectors are the gold mining sector for the treatment of ores, concentrates, and tailings and the E-waste management sector for the treatment of electronic waste streams.

The EnviroLeach Process is similar to a conventional process employing a cyanide circuit but is non-toxic and less complicated. It involves the dissolution of the precious metals into the aqueous solution followed by extraction using conventional methods such as electrowinning, carbon absorption or precipitation. The operation is simple and does not require complex process circuits, intensive gas monitoring or detoxification systems.

The Enviroleach Process is aimed at industry participants seeking an effective and non-toxic alternative to cyanide and acid-based solutions. The characteristics of the Enviroleach product creates very strong differentiation in the marketplace and provides unique positioning. The pending and awarded patents combined with the customization required for site optimization create significant barriers for competitors to overcome. The EnviroLeach Process is safe, eco-friendly, and provides comparable leach kinetics to that of cyanide or acid-based lixiviants on most ores, concentrates and E-Waste.

In March 2017, the Company completed a transaction to purchase the technology rights which are the basis of the Enviroleach intellectual property and Enviroleach Process. The rights to the technology for the concentration and extraction of valuable metals and minerals was acquired for a total purchase price of $7,889,909 in two separate agreements.

The first agreement was signed on December 13, 2016 in a transaction between Iberian Minerals Corp. ("Iberian"), Mohave County Mining LLP ("Mohave"), and Steve Scott ("Scott"). Under this agreement, the Company is required to make payments to Mohave and Scott in order to affect the transfer of rights as required by an earlier agreement between them and Iberian. The total payments required to be made to Mohave and Scott are as follows:

2,000,000 Enviroleach shares	$ 100,000	(a)
Promissory note payable	$ 328,000	(b)
Advance royalty payable	$1,101,909	(c)
Total acquisition price	$1,529,909	

(a) Shares were issued in March 2018
(b) The balance represents US $250,000
(c) The balance represents the amortized cost of a non-interest-bearing note of US $1,000,000 and calculated based the timing of payments using an annual interest rate of 5.0%, compounded monthly and a term of 39 months.

The advance royalty payable is based on a payment of 10% of the "Net Profit Available for Distribution" paid quarterly to a maximum of US $1,000,000, with a minimum monthly payment of US $5,000. The minimum monthly amount is payable irrespective of whether profits are realized.

The full rights to the technology were acquired for another $6,360,000 in a separate agreement with Mineworx Technologies Inc. ("Mineworx") (formerly Iberian), signed December 19, 2016. The consideration was as follows:

a) The issue of 28,000,000 of the Company's common shares valued at $4,760,000 or $0.17 per share, and
b) Promissory note of $1,600,000, bearing interest of 5.0% per annum compounded monthly and fully repayable within 24 months of issuance.

This transaction was approved by the Mineworx shareholders on March 14, 2017 and the Court of Queens Bench on March 15, 2017. The transaction was finalized on March 21, 2017.

Per the terms of the promissory note, $1,350,000 of the principal amount was repaid. As at the date of this MD&A there remains $250,000 in principal payable under the promissory note.

Overall Performance

During the year ended December 31, 2019 the Company substantially completed construction of an E-Waste processing facility located in Vancouver, British Columbia area. The E-Waste facility is jointly owned between the Company (80%) and Mineworx (20%). The facility has a design capacity to process up to 7,200 tonnes of printed circuit boards and other E-Waste per year.

As of December 31, 2019, 75.1 tonnes of mineral rich concentrates had been produced and sold by the Vancouver facility.

The Vancouver facility obtained E-Waste industry certification R2/RIOS in December 2019. This certification allows Enviroleach to source and process E-Waste from a group of suppliers committed to responsible recycling.

The Company determined that sufficient work had been completed to recognize that proceeds that were previously classified as an advance from a customer were no longer a liability.

During fiscal 2019 the Company worked with several mining clients conducting tests at both the Company's and client's facilities. Two projects have advanced to the pilot plant phase resulting in the production of gold for clients using the Enviroleach Process.

The Company's lab and research facility continued to provide testing services to potential mining customers to determine the feasibility of using the Company's technology in their operations. Research focussed on modifications to the base chemistry to allow for the recovery of additional precious metals. A portion of the research was funded by the National Research Council of Canada under the Industrial Research Assistance Program (IRAP).

During the year ended December 31, 2019, the Company received $4,894,500 and issued 9,850,000 common shares from the exercise of 9,425,000 share purchase warrants and 425,000 share purchase options.

Selected Annual Financial Information

	December 31, 2019	December 31, 2018	December 31, 2017
Revenues from continuing operations	$370,753	$ -	$ -
Loss attributed to shaeholders	(8,723,922)	(5,178,341)	(4,071,921)
Loss per share - basic and diluted	(0.13)	(0.09)	(0.10)
Total assets	13,626,008	17,255,020	11,097,584
Total liabilities	2,244,558	5,210,300	5,453,792
Working capital (deficiency)	1,587,857	1,921,249	(975,070)

Summary of Quarterly Results

The following financial data is selected information for the Company for the eight most recently completed financial quarters:

	Dec 31, 2019	Sept 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	Jun 30, 2018	Mar 31, 2018
Total revenue ($,000)	Nil	89	150	131	Nil	Nil	Nil	Nil
loss for the period ($,000)	(3,599)	(1,249)	(1,279)	(2,597)	(1,622)	(963)	(1,393)	(1,200)
Loss per share	(0.06)	(0.02)	(0.02)	(0.04)	(0.01)	(0.02)	(0.02)	(0.10)

Financial results

For the year ending year ended December 31, 2019, the Company incurred a loss attributed to shareholders of $8,723,922 ($0.13 loss per share) and 5,178,341 ($0.09 loss per share) in 2018.

The Company recognized revenue of $370,753 in 2019 (2018 - $nil). The revenue consisted of $269,918 from the sale of metals created during commissioning the Vancouver facility and $100,835 for pilot plant work for mining companies.

During the year ended December 31, 2019, Cost of Sales were $600,109 (2018 - $nil) comprised of $138,136 for fees related to the transportation and external processing of the materials shipping from the Vancouver facility, $259,205 of costs associated with the Vancouver facility overheads and $202,768 for the cost of the E-Waste feedstock.

The Company had a negative gross margin of $229,356 (2018 - $nil) on operations during the year. The losses are the result of initial start up inefficiencies and the purchase of feedstock at higher than anticipated prices while the Company develops its E-Waste supply chain.

Project development spending was $1,081,778 (2018 - $1,237,316). This spending related to development work improving the efficiency of the Vancouver E-Waste facility.

Research and development costs were $673,814 (2018 - $562,515) during the year ended December 31, 2019. Costs included overheads, labour, materials, and supplies related to the research lab. The increase from 2018 relates to increased activity and personnel. These costs were offset by government grants of $111,587 the Company received which are reported in Other Income.

During the year ended December 31, 2019, general and administration costs were $3,001,401 (2018 - $2,431,411). These costs included:

Compensation of management and employee of $1,807,974 (2018 - $1,343,921) was higher in 2019 due to the increased activity at the E-Waste facility requiring the support of additional management and operational personnel;

Office and General costs were $178,560 (2018 - $207,336). Costs decreased as 2018 included one-time costs associated with opening a new office space;

Public listing costs of $391,206 (2018 - $130,713), which increased as result of adding an additional director and increased director fees;

Travel of $280,647 (2018 - $336,801) and professional fees of $131,309 (2018 - $216,321) were both lower as 2018 included increased marketing activities associated with a private placement; and

Consulting costs of $90,862 (2018 - $76,394) were higher as the Company incurred increased costs to achieve the R2/RIOS certification for the Vancouver facility.

For the year ended December 31, 2019, stock-based payments were $2,686,003 (2018 - $388,361) with 3,875,00 (2018 – 325,000) new options granted during the period at a weight average price of $1.02 (2018 – $1.48). The Black-Scholes valuation method was utilized to determine the expensed amount.

Interest fees of $93,951 (2018 - $80,755) relate to the interest associated to the promissory note and advance royalties incurred acquiring the technology and equipment lease payments. The increase in fees is a result of the increased value of the leased amounts. Interest Income of $98,306 (2018 - $14,479) is from the cash balances held by the Company.

Amortization costs of $1,564,450 (2018 - $972,547) increased due to commencing depreciation of the Vancouver E-Waste processing facility which added $276,315. Lease costs increased by $285,310, when comparing 2019 to 2018, due to additions and modifications of existing leases. Lease modifications during the year resulted in a gain on disposal of $14,577.

The Company has placed some surplus assets for sale and recognized a loss of $317,585 (2018 - $nil) when these assets were marked to fair value.

The Company determined that sufficient work had been completed to recognize that proceeds that were previously classified as an advance from a customer were no longer a liability. These proceeds were offset against inventories related to these proceeds creating a loss of $129,208 (2018 - $Nil)

There was a foreign exchange gain of $52,872 (2018 – loss $271,713) relating to changes in the exchange rate for transactions and balances denominated in USD.

The E-waste joint venture reported a loss of $3,881,403 and the 20% Mineworx minority interest of $776,281 (2018 - $664,864) was recorded as a gain in the Company statements.

Quarterly results

In the quarter ending December 31, 2019, the Company incurred a loss of $3,636,517 (2018 - $1,621,622), $(0.03) per share. There was no revenue or gross margin recognized in the quarter ending December 31, 2019 (2108 - $Nil)

Project development costs were $567,084 (2018 - $367,435) spending related to process improvements and other activities at the E-Waste processing facility.

Research and development costs were $100,364 (2018 - $165,146) which includes overheads, labour, materials, and supplies related to the research lab. The decrease from 2018 relates decreased spending on materials and supplies in the quarter. Costs were offset by government grants of $16,769 the Company received which are reported in Other Income.

The general and administration expenses were $880,157 (2018 - $808,626) and included:

> $610,542 (2018 - $663,893) for management and employees with the decrease attributable to the rationalization of staffing from the initial levels when operations first began;
>
> Consulting fees of $30,778 (2018 – $6,328) which increased on account of the costs incurred to obtain the R2/RIOS certification;
>
> Professional fees, audit, and legal costs, $19,638 (2018 - $67,142) decreased as patent related costs were capitalized as an intangible asset during the period;
>
> Travel, $78,431 (2018 - $91,676), is reduced due to the decreased travel in support of business development during the quarter;
>
> Public listing costs, $127,473 (2018 - $36,662), are primarily related to regulatory and director's costs. The number of directors and the fees paid to the directors increased when compared to 2018; and
>
> Office and general costs, $66,431 (2018 - $85,232), were lower as 2018 costs include spending on one-time items to start-up the office at the Vancouver facility.

$30,271 (2018 - $25,617) in interest expense included amounts related to the amortization of the minimum monthly royalty, interest on the outstanding balance of the promissory note payable to Mineworx and the costs for leased assets. An increase in value of leased assets resulted in an increase in the interest expense.

Stock-based payments were $1,384,767 (2018 - $Nil), this is for 1,400,000 (2018 – Nil) new options that were granted during the period at an exercise price of $1.45 (2018 – $Nil). The Black-Scholes valuation method was utilized to determine the expensed amount.

The gain on foreign exchange was $56,754 (2018 - loss of $220,779) relating to USD transactions and revaluation of USD liabilities in the three months ending December 31, 2019.

Amortization costs, $498,364 (2018 - $281,980), increased due to commencing depreciation of the Vancouver E-Waste processing facility, $138,157 (2018 – nil) and an increase of $22,494 in costs related to leases due to additions and modifications of existing leases when comparing 2019 to 2018.

The Company determined that sufficient work had been completed to recognize that proceeds that were previously classified as an advance from a customer were no longer a liability. These proceeds were offset against inventories related to these proceeds creating a loss of $129,208 (2018 - $Nil)

The Company placed some surplus assets for sale and recorded a loss of $317,585 (2018 - $nil) when these assets were marked to fair value.

The E-waste joint venture reported a loss of $1,501,776 (2018 - $1,384,415), the 20% Mineworx minority interest of $300,355 (2018 - $276,883) was recorded as a gain in the Enviroleach statements.

Liquidity and Capital Resources

At December 31, 2019, the Company's cash position was $688,848 and the working capital was a positive $1,587,857.

During the year ended December 31, 2019, the Company received $4,712,500 through the exercise of 9,425,000 warrants priced at $0.50 each and $182,000 from the exercise of 300,000 stock options priced at $0.25, 25,000 stock options priced at $0.76 and 100,000 stock options priced at $0.88.

At December 31, 2019, the Company recognized related party payable of $330,380 (2018 - $136,520) to Mineworx for expenses incurred by the E-Waste facility joint venture. During the year ended December 31, 2019, Enviroleach received $1,256,430 (2018 - $1,310,158) from Mineworx for the cash investment required by the joint venture.

Inventories decreased by $1,244,061 in 2019 to $444,130 (2018 - $1,688,191) during the year ended December 31, 2019. The reduction resulted from the expensing of costs associated with the recognition of the customer advances as revenue.

Prepaid expenses increased to $854,735 (2018 – 23,778) with addition of spare parts for the Vancouver facility.

The Company made payments of $829,927 (2018 - $419,525) for payment of amounts due from the acquisition of the technology rights during the year ended December 31, 2019.

The Company has begun generating revenue but is still reliant on raising equity to fund working capital, research and development and any expansion or improvements to the E-Waste processing facility. Management currently follows a policy of raising only enough capital to carry out its near-term plans. This policy is meant to minimize dilution of shareholders' positions by raising capital when the stock price is at higher levels.

Equipment

The Company recorded a total of $2,928,113 of additions for property and equipment during the year ending December 31, 2019 (2018 - $3,661,780). The total spend includes $1,046,593 (2018 - $332,688) for Right-to-Use leased assets that are now being recognized as assets as per the adoption of the new IFRS 16 standard.

Capital expenditures included, $1,676,249 to complete the Vancouver facility, $146,309 for the construction of pilot plants for the mining sector and $58,962 for small equipment, office furniture, and computers.

Right to Use assets increased as a result of one new addition for a piece of equipment of $19,279 and the recognition of $1,027,314 relating to modifications to existing facility leases. These additions were partly offset by recognizing disposals of $952,807. These items are non-cash in nature the actual lease payments incurred were $349,188 during the year ending December 31, 2019.

The Company deemed certain assets surplus to the operation and placed them for sale, the fair value of 477,290 of these assets was added to the current assets.

Intangible assets

At December 31, 2019, the value of the technology asset was $5,522,937 (2018 - $6,311,928). The asset is being depreciated over a ten-year life and during the year an amortization expense of $788,990 was recorded. An asset impairment evaluation was conducted at the end of 2019 which concluded, based on projected discounted cash flows, the value is not impaired and does not need to be adjusted.

During the year ended December 31, 2019, the Company received a patent relating to its technology. As a result of the granting of the patent, $100,552 was added to Intangible assets with the valuation reflecting the costs incurred in having the patent issued by the US patent office. The patent asset will be amortized over 17 years, the life of the patent.

Related party balances

The amounts due to officers and directors of the Company are as follows:

	December 31, 2019	December 31, 2018
Included in due to related parties	$ 49,479	$ 1,579
	$ 49,479	$ 1,579

These amounts are for unpaid management fees and expenses. They are unsecured, non-interest bearing and have no fixed terms of repayment.

Capital Commitments

The Company had no commitments for property and equipment expenditures for fiscal 2019. The Company expects that any property and equipment expenditures incurred, based on future needs, will be funded from working capital and/or from operating or capital leases.

Financial risk management

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing account at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to $100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At December 31, 2019, management considers the Company’s exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

As at December 31, 2019, the Company had a cash balance of $688,848 (2018 - $3,917,244) to settle current liabilities of $1,307,026 (2018 - $4,074,237). So far, the Company's primary source of funding has been the issuance of equity securities for cash, through private placements and loans from related and other parties. The Company’s access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest and foreign exchange risk

The company has liabilities of $991,775 (US $763,609) due in USD. In 2018 this balance was $3,416,073 (US $2,504,086).

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At December 31, 2019, the Company was not exposed to significant interest rate risk.

b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Proposed Transactions

At the date of this MD&A, there are no disclosable transactions that the board of directors or senior management are aware of.

Outstanding Share Data

Authorized share capital

Unlimited number of common shares without par value.

Common shares

At December 31, 2019, there were 70,667,000 issued and fully paid common shares.

At April 29, 2020, there were 74,011,001 issued and fully paid common shares.

Stock options

At December 31, 2019, there were 8,720,000 stock options outstanding and exercisable at a weighted average exercise price of $0.64.

At April 29, 2020, there were 9,120,000 stock options outstanding and exercisable at a weighted average exercise price of $0.66

Warrants

At December 31, 2019, there were 7,105,333 warrants outstanding and exercisable at a weighted average exercise price of $2.44.
At April 29, 2020, there were 10,086,001 warrants outstanding and exercisable at a weighted average exercise price of $1.22.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Forward-Looking Information and Statements

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to herein as “forward-looking statements”) within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as “could”, “should”, “can”, “anticipate”, “expect”, “believe”, “will”, “may”, “projected”, “sustain”, “continues”, “strategy”, “potential”, “projects”, “grow”, “take advantage”, “estimate”, “well positioned” or similar words suggesting future outcomes. In particular, this MD&A contains forward-looking statements relating to: the future opportunities for the Company; the business strategy of the Company; and the competitive advantage of the Company.

In addition, forward looking statements regarding the Company are based on certain key expectations and assumptions of the Company concerning anticipated financial performance, business prospects, strategies, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of services, the ability to obtain financing on acceptable terms, the actual results of exploration projects being equivalent to or better than estimated results in technical reports or prior exploration results, and future costs and expenses being based on historical costs and expenses, adjusted for inflation, all of which are subject to change based on market conditions and potential timing delays. Although management of the Company consider these assumptions to be reasonable based on information currently available to them, these assumptions may prove to be incorrect.

By their very nature, forward looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward looking statements, as a number of important factors could cause the actual results to differ materially from the Company’s beliefs, plans, objectives and expectations, including, among other things: general economic and market factors, including business competition, changes in government regulations or in tax laws; the early stage development of the Company and its projects; general political and social uncertainties; commodity prices; the actual results of current exploration and development or operational activities; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the mining industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Company; timing and availability of external financing on acceptable terms; conclusions of economic evaluations; and lack of qualified, skilled labour or loss of key individuals. These factors should not be considered exhaustive. Many of these risk factors are beyond the Company’s control and each contributes to the possibility that the forward-looking statements will not occur or that actual results, performance or achievements may differ materially from those expressed or implied by such statements. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these risks, uncertainties and factors are interdependent and management’s future course of action depends upon the Company’s assessment of all information available at that time.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A and the Company does not undertake and is not obligated to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.