

EESTOR CORPORATION
INTERIM MANAGEMENT'S DISCUSSION & ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2018
DISCUSSION DATED: AUGUST 29, 2018

Introduction

The following interim Management Discussion & Analysis ("Interim MD&A") of EESor Corporation (the "Company") for the three and nine months ended June 30, 2018 has been prepared to provide material updates to the business, operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis for the fiscal year ended September 30, 2017 ("Annual MD&A"). This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in accordance with section 2.2.1 of Form 51-102F1 of the National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended September 30, 2017 and 2016, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three and nine months ended June 30, 2018, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Information contained herein is prepared by management of the Company and approved by the Board of Directors on August 29, 2018, unless otherwise indicated.

Management is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made in these filings. The audit committee and Board of Directors (the "Board") provide an oversight role with respect to all public financial disclosures by the Company, and have reviewed this Interim MD&A and the accompanying unaudited condensed interim consolidated financial statements.

The Chief Executive Officer (CEO), and the Chief Financial Officer (CFO), in accordance with National Instrument 52-109, have both certified that they have reviewed the unaudited condensed interim consolidated financial statements and this Interim MD&A (the "filings") and that, based on their knowledge having exercised reasonable diligence, that (a) the filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the filings; and (b) the unaudited condensed interim consolidated financial statements together with the other financial information included in the filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the period presented in the filings.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

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Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at www.sedar.com.

Caution Regarding Forward-Looking Statements

Certain statements contained in this Interim MD&A and in certain documents incorporated by reference in this Interim MD&A, constitute forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of (i) this Interim MD&A or (ii) as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company intends to complete additional equity financing, debt borrowing or a combination of both.	The funds are intended to be used towards continued third party testing and ongoing enhancement to the current technology, for licensing discussions, for investor and public relations and for further working capital.	The Company may not be able to complete the desired financing due to market conditions or other factors needed to increase its cash on hand and continue to operate and support the Company.
Management believes that its technology, if proven successful, will allow the Company to successfully license and or collaborate with known commercial capacitor companies that require capacitors that provide high voltage and high capacitance at a substantially lower cost to currently available technologies.	The energy storage technology will be successfully commercially developed and will possess the performance attributes anticipated.	The energy storage technology may not be successfully commercialized for financial, technical or other reasons, or in a manner providing the features and benefits expected or on a timely basis. The technology, even if successfully developed, may not gain market acceptance. Also see “Risks and Uncertainties” section of the Company’s most recently filed AIF.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risks and Uncertainties” section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

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Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. As a result, the Company cannot guarantee that any forward-looking statements will materialize. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

EEStor is a developer of high energy density solid-state capacitor technology utilizing the Company's patented Composition Modified Barium Titanate (CMBT) material. The Company is focused on licensing opportunities for its technology across a broad spectrum of industries and applications.

The Company's success depends on the commercialization of its technology. There is no assurance that EEStor will be successful in the licensing of the technology. Readers are directed to the "Risk Factors" disclosed in the Company's public filings.

The Company holds an approximate 71.3% as-converted equity and voting interest and certain technology rights to a solid-state capacitor and related energy storage technologies currently under development by EEStor Inc. ("EEStor"). The acquisition of the controlling interest in EEStor on January 27, 2014 aligned the businesses of both companies and now allows the Company to benefit from other potential product opportunities that may be available to EEStor.

Operational Highlights

Corporate

On March 16, 2018, the Company completed the first tranche of a non-brokered private placement raising gross proceeds of \$1,216,500 from the sale of 4,055,000 units. Each unit was priced at \$0.30 and consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of \$0.45 and expires on March 16, 2020. In connection with the offering, the Company paid \$21,600 in cash finder's fee and issued 60,000 finder's warrants with the same terms as the warrants issued to subscribers under the offering.

On April 12, 2018, the Company completed the second and final tranche of its non-brokered private placement raising additional gross proceeds of \$822,900 from the sale of 2,743,000 units. Each unit was priced at \$0.30 and consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one additional common share at a price of \$0.45 and expires on April 12, 2020. EEStor paid cash finder's fees of \$14,994 and issued 49,980 finder's warrants having the same terms as the warrants issued to subscribers under the second tranche of the offering.

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On April 16, 2018, the Company granted stock options to directors, officers, employees and consultants of the Company to acquire an aggregate of 1,650,000 common shares under the Company's stock option plan. Each option is exercisable to acquire one common share at a price of \$0.36. All options are subject to vesting restrictions and expire five years from the date of grant.

On May 3, 2018, the Company announced that Bryan Kelly, Production Manager, and Dr. Abhijit Paul, Principal Polymer Scientist, have been promoted to the newly created positions of Vice President Production and Vice President Research and Development, respectively, of EESor.

On August 13, 2018, the Company announced that it intends to pursue a non-brokered private placement of units ("Units") to raise gross proceeds of up to \$1,500,000 (the "Financing"). The Units are offered at a price of \$0.17 per Unit, with each Unit consisting of one common share of the Company and one common share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.34 for a period of 60 months following closing. All securities issued in the Financing are subject to a 4-month hold period in Canada and such longer periods as may be required under other applicable securities laws.

On August 21, 2018, the Company announced that it had completed the first tranche of the Financing raising gross proceeds of \$517,480 from the sale of 3,044,000 units. Subject to regulatory approval, EESor will pay cash finder's fees of \$18,298.80 and issue 107,640 finder's warrants having the same terms as the warrants issued to subscribers in connection with the closing of the first tranche of the Financing. Net proceeds from the Financing are to be used to advance licensing efforts and for working capital and general corporate purposes.

Operations

On January 24, 2018, the Company announced several key technological improvements to its Composition Modified Barium Titanate ("CMBT") based energy storage products that included:

- i. An increase in energy density of its CMBT-polymer dielectric samples to 5.2 watt hours/liter (wh/l);
- ii. A decrease in product costs of 10x;
- iii. Low-cost, long-life thermally stable capacitors expected to significantly impact grid storage, wind, automotive, aircraft, laptop, camera, power backup, memory, UPS, solid-state disc drive and railway wayside market sectors.

The Company announced that it continues to make significant improvements to its high energy, low-cost storage capacitors under development. Since its last technology update on March 27, 2017, EESor has developed several polar polymers for use with its CMBT dielectric powder. Three independent testing firms, Radiant Technologies, Intertek and MRA Labs, have completed testing various aspects of the Company's storage capacitors.

In addition to increasing energy density, the anticipated raw material costs to manufacture EESor's polymer capacitors have dropped by approximately a factor of 10. All materials utilized in the production of EESor's CMBT and subsequent capacitors are globally abundant, available worldwide and environmentally benign.

EESor continues to work on a number of initiatives to unlock further performance improvements in its unique CMBT dielectrics.

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On March 1, 2018, the Company announced completion of independent third-party testing to characterize layers of dielectric materials (electric insulator) made from its CMBT ceramic powder using specialized glass as the binder. Testing by Intertek, MRA Labs and Radiant Technologies have shown EEStor's glass-CMBT to be a relaxor dielectric with a relative permittivity over 30,000. Highlights from the testing are:

- Glass - CMBT layers are non-toxic, lead-free relaxor dielectric
- Relative permittivity over 30,000 at low voltage and over 10,000 at above 1 volt per micron
- Relaxor dielectric implies high return on energy stored
- Glass - CMBT layers feature low loss with both high self-discharge time constants and low dissipation factor
- Glass - CMBT layers result in well-balanced, high performance, low cost, non-toxic, general and high voltage capacitor dielectric material

On March 12, 2018, the Company announced completion of its Phase 8 independent third-party testing to characterize layers of dielectric materials (electric insulator) made from its CMBT ceramic powder using specialized glass as the binder. CMBT-glass sintered part 344 was sliced into several layers and each layer was sent for separate testing by Intertek (344-2B), Radiant Technologies (344-1) and MRA Laboratories (344-3).

Breakdown Voltage

The results of Intertek's testing found that EEStor's CMBT-glass dielectric sample 344-2B, which was thinned down to 32 microns, had an energy density of 1.4 watt-hours per liter and a leakage current of 1.8 nano-amperes at 85.94 volts per micron, which is 92% of the breakdown strength. From these measured results, Intertek calculated an insulation resistance of 1.5 tera-ohms and a relative permittivity (k) of 154 at 2750 volts (a field of 85.94 volts per micron). X7R dielectrics are the most commonly used type of commercial Multi Layer Ceramic Capacitors (MLCC). Layer 344-2B demonstrated energy density slightly higher both at the 35 volts per micron operating voltage, and at 80 volts per micron, near breakdown voltages of 90 volts per micron for the X7R and 93.75 for 344-2B.

Time Constant

At this high field, a self-discharging time constant of 453 seconds was calculated, which is 492 times the time constant of EEStor's published Phase 6 results at a comparable energy density. Sample 344-2B ultimately broke down at 3000 volts, exhibiting a breakdown strength of 93.75 volts per micron.

Efficiency and Breakdown Strength

Layer 344-1 tested by Radiant Technologies was 460 microns thick. The thin Polarization to Electric Field (P-E) hysteresis loop plots were fundamentally characteristic of relaxor dielectrics. Radiant Technologies also calculated the efficiency of the dielectric on charge/discharge to be 83% at both 4800 volts (10.4 volts per micron) and at 5300 volts (11.5 volts per micron), while the breakdown voltage was 5800 volts (12.6 volts per micron). At these values, the sample tested by Radiant Technologies exhibited 83% efficiency at an electrical field equal to 91% of the breakdown strength and 2 nano-amperes of leakage. With the findings of the breakdown strength of layer 344-2B tested by Intertek, efficiency is expected to be in the same 80% range at 1.4 watt-hours/per/liter.

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Thermal Stability and Life Expectancy

The testing of layer 344-3 by MRA Laboratories further confirmed relaxor dielectric behavior. Specifically, when the frequency of AC voltage was increased from test to test, the maximum permittivity was recorded at higher temperatures. Temperature Coefficient of Capacitance (TCC) testing demonstrated CMBT-glass layers have good thermal stability and Highly Accelerated Life Testing (HALT) revealed a long-expected lifetime of the dielectric.

On April 26, 2018, the Company published a report detailing the comparative advantages of its ceramic-based dielectric capacitor for the aluminum electrolytic capacitor (AEC) market. The report, prepared by EESor and its consultants, directly compared and contrasted its certified solid-state technology against incumbent AEC offerings.

Additionally, the ceramic-based dielectric material offered by EESor is expected to allow the production of capacitors that dramatically extend the 1,000 to 10,000-hour life expectancy typically offered by AECs.

On May 11, 2018, the Company announced it has achieved further improvements with its hybrid glass-CMBT capacitor dielectric material that is shown in independent third-party testing to provide higher permittivity at a significantly reduced cost to existing capacitor technologies.

Ceramic capacitors produced using EESor materials have the same capacitance as commercially available plastic film capacitors, yet are up to 92 percent smaller. A reduction in size translates to a reduction in cost as less raw material is required for manufacturing and ceramic dielectric materials are less expensive than metallized plastic film to produce. Independent testing found that material costs were up to 1,195% more for commercial film capacitors than for the EESor CMBT-glass capacitors.

On May 24, 2018, the Company announced the launch of “The New Alternative - Electrolytic Replacement”, the first in a planned series of informational videos that detail market-specific test results based on EESor’s technology. The video series will provide viewers with information on the benefits of EESor’s capacitor materials and offers expert commentary for engineers, scientists, shareholders and financial analysts. Each instalment will outline the market opportunity, provide market specific use-cases, and highlight key anticipated advantages of EESor’s new technology over incumbent solutions.

On June 13, 2018, the Company announced the publication of a new report detailing the comparative advantages of its ceramic-based dielectric capacitor for the decoupling capacitor market. The report, prepared by EESor and its consultants, directly compared its third party certified solid-state technology against incumbent decoupling capacitors.

Solid state capacitors manufactured using EESor’s higher relative permittivity material are expected, based on independent test results, to require up to 78% less material than incumbent decoupling capacitors, thereby enabling EESor’s technology to potentially disrupt the multi-billion-dollar market by delivering longer life and lower cost capacitors.

EESor’s proprietary ceramic dielectric material demonstrates a significantly higher relative permittivity than dielectrics used in commercially available decoupling capacitors. Y5V dielectrics in general have high capacitance per unit volume and have a wide operating temperature range of +22% –82% capacitance change over the typical capacitor operating temperature range of –30°C to +85°C (-22°F to +185°F). These characteristics make Y5V ideal for decoupling applications within limited temperature ranges.

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Financial Highlights

Financial Performance

The Company's net loss totaled \$1,524,326 for the three months ended June 30, 2018, with basic and diluted loss per share of \$0.01, of which the share of the loss by the non-controlling interest in EESor was \$411,908. This compares with a net loss of \$2,412,678 with basic and diluted loss per share of \$0.02 for the three months ended June 30, 2017, of which the share of the loss by the non-controlling interest in EESor was \$400,581. The decrease in net loss of \$888,352 was principally due to decreased stock-based compensation and bonuses during the period, no costs associated with the retirement of notes payable in 2018 and cost saving initiatives for operating expenditures and corporate overheads.

The Company's total assets at June 30, 2018 were \$20,606,967 (September 30, 2017 - \$21,968,276) against total liabilities of \$397,492 (September 30, 2017 - \$289,416). The decrease in total assets of \$1,361,309 resulted primarily from cash spent on operating expenditures and corporate overheads offset by net proceeds from the private placements. The Company has sufficient current assets to pay its existing current liabilities of \$397,492 at June 30, 2018.

General and administrative expenses are summarized for the three months ended June 30, 2018 and 2017 as follows:

	Three months ended June 30, 2018 (\$)	Three months ended June 30, 2017 (\$)
Salaries and benefits	187,074	331,640
Stock based compensation	300,627	632,338
Consulting fees	81,370	21,512
Insurance	77,693	77,038
Legal, audit, regulatory costs	203,786	137,804
Occupancy costs	77,647	55,906
Other costs	85,931	150,453
Premium for early retirement of notes payable	nil	159,990
Loss on early retirement of notes payable	nil	410,836
Amortization	nil	2,294
Total General and Administrative	1,014,128	1,979,811

For the three months ended June 30, 2018, salaries and benefits decreased by \$144,566 over the prior period. During the three months ended June 30, 2017, the Company paid bonuses to certain officers, however there were no bonuses paid in the 2018 comparative period.

For the three months ended June 30, 2018, stock-based compensation decreased by \$331,711 over the prior period. Stock-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.

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For the three months ended June 30, 2018, consulting fees increased by \$59,858 over the comparative period as a result of an increase in consulting services during the current period.

During the three months ended June 30, 2017, premium and loss on early retirement of notes payable were \$159,990 and \$410,836, respectively. No such costs were incurred in the comparable period in 2018.

Engineering and development expenses are summarized for the three months ended June 30, 2018 and 2017 as follows:

	Three months ended June 30, 2018 (\$)	Three months ended June 30, 2017 (\$)
Salaries and benefits	349,330	306,837
Service and materials	133,758	106,515
Other costs	(70)	(87)
Amortization and depreciation	27,180	19,602
Total Engineering and Development	510,198	432,867

Engineering and development includes all costs related to product research, engineering and development. For the three months ended June 30, 2018, service and materials increased by \$27,243 due to increased operational activities at the plant to advance research and development. Salaries and benefits increased by \$42,493 due to increased operational activities at the plant and the addition of an employee.

Cash Flow

At June 30, 2018, the Company had cash of \$599,149 compared to \$2,019,420 of cash at September 30, 2017. The decrease in cash of \$1,420,271 resulted from outflows in operating activities and investing activities of \$3,316,228 and \$104,254, respectively, offset by inflows from financing activities of \$2,000,211.

Operating activities were affected by adjustments of depreciation and amortization of \$79,683, stock-based compensation of \$623,381, impairment of asset of \$2,736, gain on sale of equipment of \$11,124 and loss on disposal of asset held for sale of \$7,510. Net change in non-cash working capital balances of \$74,563 resulted from an increase in prepaid expenses and sundry assets of \$33,513 and an increase in accounts payable and accrued liabilities of \$108,076.

The Company used \$104,254 for investing activities to purchase \$74,383 of equipment, \$55,985 for the prosecution and maintenance of patents and trademarks and received \$11,124 and \$14,990 from the sale of equipment and an asset held for sale, respectively.

The Company received \$2,000,211 from financing activities by raising \$1,962,711 from the private placement of units, net of issuance costs and \$37,500 for warrants exercised.

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Liquidity and Financial Position

The Company is an early-stage development corporation and accordingly has not generated revenues from its technology. The Company has incurred significant accumulated deficit as at June 30, 2018 of \$67,582,569 (September 30, 2017 – deficit of \$64,614,569). The ability of the Company to continue operations is dependent upon obtaining sufficient funding to sustain operations through the development stage, successfully bring its technologies to market and achieve profitable operations. The Company manages its capital, which consists of cash provided from financing, with the primary objective being safeguarding sufficient working capital to sustain operations. The Board has not established capital benchmarks or other targets.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of June 30, 2018, the Company is not compliant with TSXV Policy 2.5 but is currently in the process of raising additional funds through equity financing.

During fiscal 2018, the Company's corporate head office costs are estimated to average \$250,000 per quarter. Head office costs include professional fees, reporting issuer costs, business development costs and general and administrative costs. The engineering and development costs of the Company are estimated to average \$500,000 per quarter.

As at June 30, 2018, the Company had cash of \$599,149 (\$2,019,420 at September 30, 2017). The Company will need to obtain additional financial resources through operations, additional equity and/or debt financing or by licensing technology for cash proceeds to fund its activities for fiscal 2019 and beyond.

The Company will pursue additional funding through the issuance of additional equity or debt financing. The Company's short-term plans are dependent on its ability to access funding to continue operations and develop its technology. If the Company is unable to obtain funding through the issuance of common shares, warrants or stock options exercised, issuance of debt, proceeds from a licensing arrangement in a timely manner, then these programs and operations in general could be delayed or cease altogether.

Continued uncertainty in the financial and business markets may impact the Company's ability to raise additional financing proceeds and it may impact the terms and conditions related to any financing.

The Company has not obtained profitable operations to date. For the nine months ended June 30, 2018, the Company had a net loss and comprehensive loss of \$4,092,977 (June 30, 2017 - \$5,337,002). Whether and when the Company can attain profitability and positive cash flow is uncertain. These circumstances cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. Management is actively pursuing the development and commercialization of its technologies and is continuously evaluating the availability of additional debt or equity financing to provide adequate cash resources to carry out its business objectives. Nevertheless, there is no assurance that these ongoing initiatives will continue to be successful.

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The Company’s ability to continue as a going concern is dependent upon the Company’s ability to obtain the ongoing support of its investors, obtain profitable operations, generate significant licensing fees and/or raise additional capital. The unaudited condensed interim consolidated financial statements do not reflect adjustments in the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material. See “Risks and Uncertainties” below and “Caution Regarding Forward-Looking Statements” above.

Trends

Management regularly monitors economic conditions and estimates their impact on the Company’s operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. During the year, equity markets in Canada showed signs of improvement, with equities increasing moderately during this period. Positive equity markets are favourable conditions for completing a public financing transaction. Apart from these and the risk factors noted under the heading “Risks and Uncertainties”, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company’s business, financial condition or results of operations. See “Risks and Uncertainties” below.

Transactions with Related Parties

Key Management Personnel Compensation

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including members of the Company’s Board. The Company considers key management to be the members of the Board, the Chief Executive Officer and the Chief Financial Officer.

Key management personnel may also participate in the Company’s stock-based compensation plans. The remuneration of key management personnel were as follows:

	Three months ended June 30, 2018 (\$)	Three months ended June 30, 2017 (\$)	Nine months ended June 30, 2018 (\$)	Nine months ended June 30, 2017 (\$)
Wages and salaries	189,554	384,077	630,885	721,207
Stock based compensation	168,180	388,870	413,406	729,287
	357,734	772,947	1,044,291	1,450,494

As at June 30, 2018, the outstanding compensation for key management personnel, as defined above, was \$nil; for management \$nil (September 30, 2017 - \$7,923) and for directors \$nil (September 30, 2017 - \$7,308).

Change in Accounting Policies

(i) In January 2016, the IASB issued the disclosure initiative amendments to IAS 7, Statement of Cash Flow. The amendment will require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash and non-cash changes. At October 1, 2017, the Company adopted this pronouncement and there was no material impact on the Company's unaudited consolidated interim condensed financial statements.

(ii) The IASB issued amendments to IFRS 2, Share-based Payment. The new requirements could affect the classification and/or measurement of cash settled share-based payments, classification of share-based payments settled net of tax advantage, and share-based payment from cash-settled to equity settled – and potentially the timing and amount of expense recognized for new and outstanding awards. At October 1, 2017, the Company adopted this pronouncement and there was no material impact on the Company's unaudited consolidated interim condensed financial statements.

Risks and Uncertainties

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Investors in the Company's securities should consider each of the risks identified under the heading "Risks and Uncertainties" in the Company's Annual MD&A for the fiscal year ended September 30, 2017 available on SEDAR at www.sedar.com. In addition to the risks identified therein, additional risks not presently known to the Company may arise from time to time and may cause a material adverse effect on the Company and any investment in the Company. Investors are cautioned not to rely upon any forward-looking statements in this Interim MD&A as such statements are subject to known and unknown risks.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements; and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

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- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited condensed interim consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.