EVERGEN
Infrastructure Corp.

Management's Discussion and Analysis

For the three and six months ended June 30, 2021 and 2020

EVERGEN
Infrastructure Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIS OF PRESENTATION AND DESCRIPTION OF THE COMPANY

August 30, 2021 - The following Management's Discussion and Analysis ("MD&A") of financial condition and results of operations for EverGen Infrastructure Corp. ("EverGen" or "the Company" which includes references to "we", "our", "us", "its"), is a review of the operations, current financial position and condition for the three month and six month periods ended June 30, 2021 and should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three and six month periods ended June 30, 2021 and the audited consolidated financial statements and related notes as at December 31, 2020 and for the period from incorporation on May 13, 2020 to December 31, 2020.

The consolidated financial statements of EverGen have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), except where indicated otherwise. This MD&A and the unaudited interim consolidated financial statements of EverGen have been prepared by management and approved by the board of directors as of August 30, 2021. Unless otherwise indicated, all dollar amounts presented herein are in thousands of Canadian dollars.

EverGen, headquartered in Vancouver, British Columbia is a sustainable infrastructure platform established to acquire, develop, build, own and operate a portfolio of renewable natural gas ("RNG"), waste to energy, and related infrastructure projects in British Columbia and other regions of North America.

Additional information relating to the Company is available on SEDAR at www.sedar.com. The Company's common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "EVGN".

READER ADVISORIES

This MD&A contains forward-looking statements and introduces financial measures which are not defined under IFRS aimed at helping the reader in making comparisons to metrics similarly disclosed by industry peers. Readers are cautioned that the MD&A should be read in conjunction with the Company's disclosure under "Non-GAAP Measures" and "Forward-Looking Information" included at the end of this MD&A.

COMPANY OVERVIEW AND STRATEGY

EverGen is a sustainable infrastructure platform and currently owns and operates organic waste processing facilities which also provide organic feedstock for the existing owned RNG facilities and further RNG infrastructure projects.

The Company operates three facilities through its wholly subsidiaries: Net Zero Waste Abbotsford Inc. ("NZWA"), Sea to Sky Soils and Composting Inc. ("SSS"), and Fraser Valley Biogas Ltd. ("FVB").

EverGen owns and operates a biogas facility in Abbotsford, British Columbia (through its wholly owned subsidiary FVB) which sells RNG under a long-term contract with FortisBC Energy Inc. ("FortisBC"). FVB is the original producing RNG project in Western Canada. The facility combines anaerobic digestion and biogas upgrading to produce RNG, primarily by converting agricultural waste from local dairy farms.

EverGen owns and operates organic waste conversion facilities in British Columbia (through its wholly owned subsidiaries NZWA and SSS), which primarily process inbound organics, yard waste and biosolids for a contracted tipping fee and produces high-quality organic compost and soils for farmers, gardeners and developers as part of its outbound business. The majority of the revenue currently earned by the composting operations is sourced under long-term contracts with local municipalities. In addition, EverGen's wholly owned subsidiary NZWA entered into a 20-year offtake agreement with FortisBC on April 29, 2021 which underpins the RNG expansion at this facility. From this existing platform, EverGen plans to further develop RNG facilities to provide offtake to FortisBC and other creditworthy buyers under long term contracts.

It is EverGen's purpose to contribute to the circular economy, promoting socially conscious business models for waste recycling while providing superior, sustainable returns for the planet by using its platform of investments and its operational excellence to drive rapid RNG penetration and grid conversion in addition to:

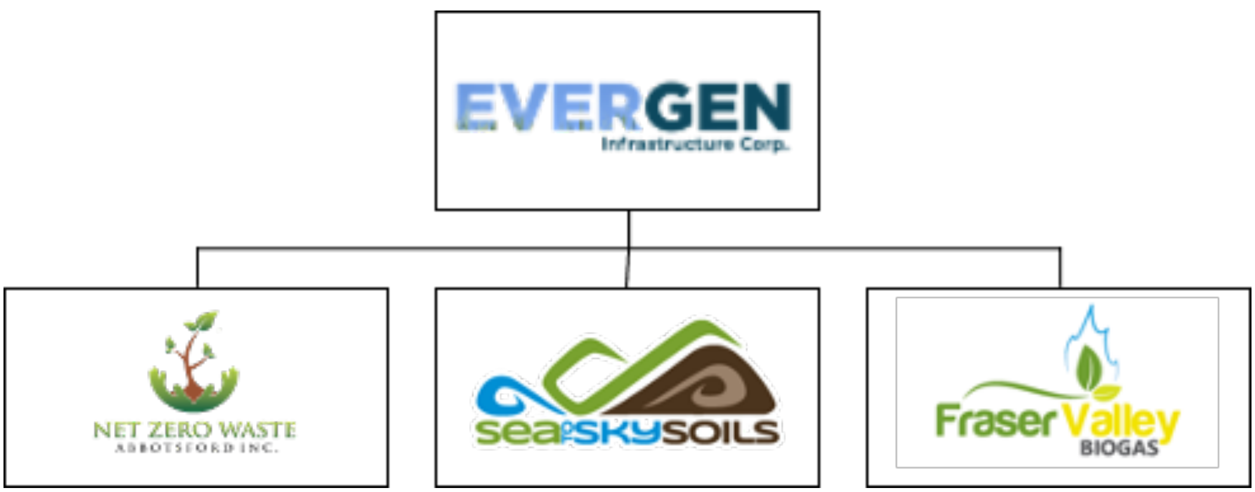
- Progressing the development and construction of existing portfolio of RNG expansion projects;
- Optimization, diversification and expansion of existing organic waste processing capabilities (RNG feedstock);
- Continuing the growth of its project portfolio via strategic acquisitions and consolidation opportunities; and
- Developing strategic partnerships and advancing RNG project pipelines.

EverGen completed an initial public offering (the "Offering") of 3,080,000 units (the "Offered Units") of the Company at a price of $6.50 per Offered Unit (the "Offering Price"), for aggregate gross proceeds of $20,020. The Company's common shares were listed on the TSX Venture Exchange under the symbol "EVGN" and commenced trading on August 4, 2021.

Each Offered Unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of $10.50 until August 4, 2023.

The Offering was conducted by a syndicate of underwriters.

The Company has also granted the underwriters with an over-allotment option to purchase up to an additional 462,000 Offered Units at the Offering Price, exercisable in whole or in part, at any time on or prior to the date that is 30 days following the closing of the Offering. If the over-allotment option is exercised in full, additional gross proceeds of $3,003 will be raised.



FINANCIAL AND OPERATIONAL HIGHLIGHTS

On December 31, 2020, EverGen acquired NZWA and SSS. The acquired assets and liabilities are reflected in EverGen's total assets and total long-term liabilities as of December 31, 2020 and the results of operations for NZWA and SSS are consolidated in EverGen's consolidated results of operations commencing on January 1, 2021.

Both NZWA and SSS were private companies earning revenue from the receipt of organic waste at their respective facilities, primarily from municipal customers under contracted tipping agreements. The organic waste facilities are designed and permitted to accept most forms of organic waste from residential, commercial and industrial sources.

On April 16, 2021, EverGen acquired all of the issued and outstanding shares of FVB. The acquired assets and liabilities are reflected in EverGen's total assets and total liabilities as at June 30, 2021, and the results of operations for FVB are included in EverGen's consolidated results of operations commencing April 16, 2021. FVB was a private company earning revenue from the receipt of organic waste under a contracted tipping agreement and the sale of RNG to FortisBC under a contracted offtake agreement.

On April 29, 2021, EverGen's wholly owned subsidiary Net Zero Waste Abbotsford Inc. entered into a 20-year offtake agreement with FortisBC. Under the agreement, FortisBC will purchase up to 173,000 gigajoules of RNG annually for injection into its natural gas system, upon completion of an anaerobic digester project at EverGen's existing Net Zero Waste Abbotsford composting and organic processing facility in Abbotsford, British Columbia. Once approved by the British Columbia Utilities Commission and other regulatory agencies, the project would convert municipal and commercial organic waste into energy to meet the needs of approximately 1,900 residential homes.

This MD&A includes a review and analysis of the consolidated operations of EverGen which includes the operations of its wholly-owned subsidiaries, NZWA, SSS for the six month period ended June 30, 2021 as well as the consolidated results of FVB from April 16, 2021, the date of acquisition to June 30, 2021.

As the Company was only incorporated on May 13, 2020, the comparative information presented in this MD&A is limited to the period from EverGen's commencement of operations and incorporation on May 13, 2020 to June 30, 2020. As the Company only generated revenue as of January 1, 2021, the MD&A discussion is focussed on the first half as well as the first two quarters of 2021.

FINANCIAL AND OPERATIONAL HIGHLIGHTS SUMMARY

(Canadian $000's, except per share amounts and as otherwise indicated)	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
FINANCIAL						
Revenue	3,349	-	-	4,934	-	-
Net income (loss)	(175)	-	-	(1,333)	-	-
Net income (loss) per share ($), basic and diluted	($0.02)	($2.73)		($0.14)	($2.73)	-
EBITDA[1]	454	-	-	(506)	-	-
Adjusted EBITDA[1]	1,863	-	-	2,066	-	-
Capital expenditures – net additions to and dispositions of property and equipment	119	-	-	265	-	-
Capital expenditures – acquisitions	11,690	-	-	11,690	-	-
Total assets	64,961	-	-	64,961	-	-
Total long-term liabilities	15,460	-	-	15,460	-	-
Working capital surplus (deficit)[1]	2,310	-	-	2,310	-	-
OPERATING						
Incoming organic feedstock (tonnes)	30,467	-	-	47,631	-	-
Organic compost and soil sales (yards)[2]	37,053		-	44,140		-
RNG (gigajoules)	18,845	-	-	18,845	-	-

(1) *Non-GAAP measure as defined in the Non-GAAP measures of this MD&A.*

(2) *Organic compost and soil sales includes both finished and unfinished product sales and by-products.*

RESULTS OF OPERATIONS

Revenue

(Canadian $000's)	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
Tipping fees	2,238	-	-	3,493	-	-
Organic compost and soil sales	691	-	-	886	-	-
Trucking services	150	-	-	285	-	-
RNG sales	270	-	-	270	-	-
Total	**3,349**	**-**	**-**	**4,934**	**-**	**-**

Revenue is generated primarily through contracted tipping fees charged to municipalities and other customers for the disposal of organic waste at the Company's waste management facilities which use a Gore Cover™ system. EverGen also generate revenues from the sale of high-quality organic compost and soils, and from hauling services associated with delivering organic waste to its SSS facility. The Company's revenue is exposed to fluctuations as a result of the inherent seasonality of organic waste processing and the sale of organic compost and soil with increased seasonal demand in the second quarter.

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EverGen generated $4,934 of revenue in the first half of 2021 as revenue increased to $3,349 or 111 percent in the second quarter of 2021 compared to $1,585 in the first quarter of 2021, primarily due to seasonal demand driving the increase in sales volumes.

In the second quarter of 2021, EverGen generated $2,239 tipping fees from 30,467 tonnes of incoming organic feedstock and $691 from 37,053 yards of organic compost and soil sales

In the first quarter of 2021, EverGen generated $1,255 tipping fees from 17,164 tonnes of incoming organic feedstock and $195 from 7,087 yards of organic compost and soil sales

From April 16, 2021, revenue also includes $270 of FVB's RNG sales under contract with FortisBC.

Cost of goods sold

(Canadian $000's)	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
Cost of goods sold	866	-	-	1,463	-	-

Cost of goods sold is comprised of direct and indirect costs, including handling, labour, fuel charges and hauling costs where required, associated with organic feedstock collection and the preparation and the process of screening, blending and curing the feedstock for conversion into saleable organic compost and soil. The Company's cost of goods sold is exposed to fluctuations as a result of seasonal weather variation and the related fluctuations in volumes processed.

EverGen incurred $1,463 of cost of goods sold in the first half of 2021 as cost of goods sold increased to $866 or by 45 percent in the second quarter of 2021 compared to $597 in the first quarter of 2021. The increase in cost of goods sold relate mainly to variable costs associated with increased sales volumes in the current quarter.

Cost of goods sold of $866 for the second quarter of 2021 includes $440 of labour costs, $110 of fuel charges and $148 of SSS hauling costs.

Cost of goods sold of $597 for the first quarter of 2021 includes $340 of labour costs, $94 of fuel charges and $118 of SSS hauling costs.

From April 16, 2021, cost of goods sold also includes associated costs for newly acquired FVB including $70 of labour costs and $8 of fuel costs.

Gross profit

(Canadian $000's, except percentage)	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
Gross profit	2,483	-	-	3,471	-	-
% of revenue	74	-	-	70	-	-

The Company's 74 percent gross profit margin for the second quarter of 2021 and 70 percent for the first half of 2021 is better compared to the 62 percent gross profit margin of the first quarter of 2021 and the 2020 historical stand-alone gross profit margins of NZWA and SSS of 60 percent and 61 percent, respectively, prior to being acquired by EverGen. This improvement in the gross profit margin is due to operational efficiencies of consolidated EverGen operations as well as the associated costs relating to increased sales volumes being mostly of a variable cost nature.

Operating costs

(Canadian $000's)	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
Operating costs	421	-	-	643	-	-

Operating costs are comprised primarily of repairs and maintenance, licenses and permits and property taxes. Certain operating costs of the Company are exposed to fluctuations as a result of seasonal weather variation and the related fluctuations in volumes processed.

EverGen incurred $643 of operating costs in the first half of 2021 as operating costs increased to $421 or by 90 percent in the second quarter of 2021 compared to $222 in the first quarter of 2021. This compares favourably with a 111 percent increase in revenue in the current quarter.

Operating costs of $421 for the second quarter of 2021 include $118 of repairs and maintenance and $28 of equipment rental.

Operating costs of $222 for the first quarter of 2021 include $71 of repairs and maintenance and $99 of equipment rental with increased volumes being processed in the quarter.

From April 16, 2021, operating costs also includes associated costs for newly acquired FVB with utility costs being a significant component. The current quarter includes $127 in FVB utility costs.

General and administrative expenses

(Canadian $000's)	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
General and administrative expenses	441	-	-	1,687	-	-

General and administrative expenses consist of labour and related benefits costs, professional and consulting fees and other general and administrative expenses.

EverGen incurred $1,687 of general and administrative costs in the first half of 2021 which decreased to $441 or by 65 percent in the second quarter of 2021 compared to $1,246 in the first quarter of 2021. This decrease is mainly due to one-time professional, legal and consulting fees incurred in the first quarter of the year related to the integration of the NZWA and SSS acquisitions, implementation of processes and in preparation of readying EverGen as a reporting issuer and public filer.

Operating profit

(Canadian $000's)	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
Operating profit (loss)	1,621	-	-	1,141	-	-
% of revenue	48	-	-	23	-	-

Operating profit is measured as gross profit, an additional subtotal found in the statement of net income and comprehensive net income, less operating costs and general and administrative expenses and is a non-GAAP measure as defined in the non-GAAP measures section of this MD&A. Management uses this measure to evaluate the efficiency of its operations and considers it to be a key measure of profitability.

EverGen generated a $1,141 operating profit in the first half of 2021 as EverGen turned the $480 operating loss in the first quarter of 2021 into a $1,621 operating profit in the current quarter. This turnaround and the much improved operating profit percentage in the second quarter of 2021 compared to a negative 30 percent operating profit in the first quarter is due to the increased gross profit margin in the current quarter as well as the significant decrease in general and administrative expenses in the current quarter due to the one-time professional, legal and consulting fees incurred in the first quarter of the year related to the integration of the NZWA and SSS acquisitions, implementation of processes and in preparation of readying EverGen as a reporting issuer and public filer.

Depreciation and amortization

(Canadian $000's)	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
Depreciation	234	-	-	438	-	-
Amortization	438	-	-	826	-	-
Total	672	-	-	1,264	-	-

Depreciation is recognized on property and equipment including right-of-use assets related to lease contracts. Amortization is recognized on the intangible assets including brands, and customer contracts and stakeholder relationships.

Depreciation and amortization on the NZWA and SSS assets acquired at December 31, 2020 commenced on January 1, 2021 and the Company recorded $204 and $388 of depreciation and amortization, respectively, for the first quarter of 2021.

From April 16, 2021, depreciation and amortization includes newly acquired FVB including $17 of depreciation and $50 of amortization in the second quarter. If not for the effect of FVB, depreciation and amortization for EverGen quarter over quarter remains very consistent with $234 of depreciation and $438 of amortization in the current quarter.

Share-based payment expense

(Canadian $000's)	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
Share-based payment expense	332	-	-	745	-	-

Share-based payment expense include various non-cash incentive programs awarded to founders and advisors of EverGen as consideration for services rendered or recognition of incremental fair value of share capital issued.

On December 31, 2020, EverGen adopted a Performance Share Unit Plan ("PSU Plan") and granted 600,000 performance share units ("PSUs") to the directors and officers of the Company. While the number of PSUs outstanding will count towards the maximum number of common shares reserved under the Equity Incentive Plan, no additional PSUs can be granted under the Equity Incentive Plan or the PSU Plan.

On March 18, 2021, the Company adopted the Equity Incentive Plan, which provides for the grant of the following equity-based compensation awards: (i) stock options ("Options"); (ii) restricted share units ("RSUs") and (iii) deferred share units ("DSUs").

The purpose of the Equity Incentive Plan is to advance the interests of the Company by providing an incentive to the directors, officers, employees and certain consultants of the Company, and any of its subsidiaries (including any acquired businesses) and affiliates, if any, to align growth objectives of the Company and participants, to associate a portion of the participants' compensation with the Company's long term performance and to attract to and retain in the employment of the Company or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company through the acquisition of common shares.

In addition, on March 18, 2021, the Company granted (i) 195,000 Options to officers, an employee and consultants of the Company; (ii) 17,500 RSUs to an officer and consultants of the Company; and (iii) 27,500 DSUs to its directors.

The total number of PSUs, Options, RSUs and DSUs that can be granted pursuant to the Equity Incentive Plan is equal to 20 percent of the issued and outstanding Common Shares (on a non-diluted basis) calculated as of the date the Company is listed on the TSX Venture Exchange.

EverGen recorded share-based payment expense of $413 for the first quarter of 2021 related to its Equity Incentive Plan and PSU Plan.

At the end of the second quarter of 2021, the Company granted 100,000 RSUs to an officer of the Company that will only vest at the end of 30 months from the grant date. EverGen recorded share-based payment expense of $332 for the second quarter of 2021 related to its Equity Incentive Plan and PSU Plan. The decrease in the second quarter of 2021 compared to the prior quarter relates mainly to the $193 of DSUs share-based payments expense recognized in full in the first quarter as DSUs vest immediately upon being granted to directors.

Finance costs (income), net

(Canadian $000's)	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
Finance costs (income), net	123	-	-	230	-	-

Finance costs (income), net consist primarily of the interest expense component of lease payments, interest expense recognized on loans payable, interest income on cash balances as well as other financing costs.

Finance costs (income), net of $107 for the first quarter of 2021 are primarily due to the Company's interest expense on lease liabilities and financing costs incurred entering into its credit facility.

Finance costs (income), net of $123 for the second quarter of 2021 are mainly due to interest expense on the credit facility and lease liabilities.

Other expenses (income)

(Canadian $000's)	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
Contingent consideration loss	867	-	-	867	-	-
Transaction costs	(18)			49		
Other income	(14)	-	-	(14)	-	-

In the second quarter of 2021, EverGen recognized an $867 contingent consideration loss in re-measuring the liability at fair value at June 30, 2021 taking into account changes in estimated holdbacks, performance obligations and working capital changes relating to the NZWA and SSS acquisitions.

Transaction costs in 2021 relate mainly to the acquisition of FVB.

Income taxes

(Canadian $000's)	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
Current tax expense (recovery)	85	-	-	3	-	-
Deferred tax expense (recovery)	(251)	-	-	(670)	-	-
Total tax expense (recovery)	**(166)**	**-**	**-**	**(667)**	**-**	**-**

Income taxes consist of current and deferred income taxes.

The total tax recovery of $166 in the second quarter of 2021 is mainly due to applying non-capital losses accumulated to date to reduce taxable income in the current year.

The total tax recovery of $501 in the first quarter of 2021 is mainly due to non-recurring expenses related to the integration of acquisitions, implementation of processes and in preparation of readying EverGen as a reporting issuer and public filer. These expenditures effectively reduce taxable income and create non-capital losses in the quarter that the Company may utilize against future taxable income.

EBITDA and Adjusted EBITDA

(Canadian $000's)	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
EBITDA	**454**	-	-	**(506)**	-	-
Adjusted EBITDA	**1,863**	-	-	**2,066**	-	-

Management considers EBITDA and adjusted EBITDA key metrics in analyzing operational performance and the Company's ability to generate cashflow. EBITDA is measured as net income (loss) before interest, tax, depreciation and amortization ("EBITDA"). Adjusted EBITDA is measured as EBITDA adjusted for share-based payment expense, certain non-cash items and unusual or non-recurring items. EBITDA and adjusted EBITDA are non-GAAP measure as defined in the non-GAAP measures section of this MD&A.

EverGen's EBITDA of $454 in the current quarter is significantly higher compared to the negative EBITDA of $960 in the first quarter of 2021 mainly due to much improved operating profits on increased sales volumes in the current quarter as well as lower general and administrative expenses in the second quarter of 2021 primarily due to non-recurring professional, legal and consulting fees included in general and administrative expenses as described above.

EverGen's adjusted EBITDA of $1,863 in the second quarter of 2021 has been adjusted for $332 of share-based payment expense, $18 transaction costs recovery, $228 of one-time professional, legal and consulting fees included in general and administrative expenses related to the integration of acquisitions, implementation of processes and in preparation of readying EverGen as a reporting issuer and public filer and $867 contingent consideration loss in the current quarter in re-measuring the liability at fair value at June 30, 2021.

EverGen's negative EBITDA of $960 in the first quarter of 2021 is primarily due to non-recurring professional, legal and consulting fees included in general and administrative expenses as described above.

EverGen's adjusted EBITDA of $203 in the first quarter of 2021 has been adjusted for $413 of share-based payment expense, $67 transaction costs and $683 of one-time professional, legal and consulting fees included in general and administrative expenses related to the integration of acquisitions, implementation of processes and in preparation of readying EverGen as a reporting issuer and public filer.

CAPITAL EXPENDITURES

(Canadian $000's)	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
Capital expenditures – additions to property and equipment	122	-	-	268	-	-
Capital expenditures – dispositions of property and equipment	(3)	-	-	(3)	-	-
Capital expenditures – acquisitions	11,690	-	-	11,690	-	-

Capital expenditures include purchases of property and equipment used in operations as well as acquisitions.

During the first quarter of 2021, EverGen incurred capital expenditures of $146 as the Company replaced an engine on the green waste shredder and added other equipment to its facilities, and made other leasehold improvements as part of its SSS facility expansion.

In the second quarter of 2021, EverGen signed a two year lease for its new corporate office adding $110 to its right-of-use assets and did not have any other significant additions to property and equipment, however, EverGen acquired FVB for total consideration of $11,690 consisting of $10,690 cash consideration and 125,000 common shares in EverGen valued at $8.00 per common share n the acquisition date.

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SUPPLEMENTAL QUARTERLY INFORMATION

The table below summarizes EverGen's quarterly financial and operational highlights from incorporation[1]:

(Canadian $000's, except as otherwise indicated)	2021 Jun 30 Q2	2021 Mar 31 Q1	2020 Dec 31 Q4	2020 Sep 30 Q3	2020 Jun 30 Q2[2]
FINANCIAL					
Revenue	3,349	1,585	-	-	-
Net income (loss)	(175)	(1,158)	(2,227)	(5)	-
Net income (loss) per share ($), basic and diluted	(0.02)	(0.13)	(6.69)	(2,142.16)	(2.73)
EBITDA[3]	454	(960)	(2,515)	(6)	-
Adjusted EBITDA[3]	1,863	203	-	-	-
Capital expenditures– additions to property and equipment	119	146	-	-	-
Capital expenditures – acquisitions	11,690[6]	-	34,042[4]	-	-
Total assets	64,961	61,912	50,510	104	-
Working capital surplus (deficit)[3]	2,310	11,579	(2,842)	(6)	-
Total long-term liabilities	15,460	14,347	8,780	100[5]	-
OPERATING					
Incoming organic feedstock (tonnes)	30,647	17,164	-	-	-
Organic compost and soil sales (yards)	37,053	7,087	-	-	-
RNG sales (gigajoules)	18,845	-	-	-	-

(1) *Includes results from the date of incorporation on May 13, 2020.*
(2) *Period from incorporation on May 13, 2020 to June 30, 2020.*
(3) *Non-GAAP measure as defined in the Non-GAAP measures section of this MD&A.*
(4) *Includes the acquisition of NZWA and SSS at December 31, 2020 for cash consideration of $24,498, contingent consideration of $5,655 and 777,777 common shares in EverGen valued at $5.00 per common share on the acquisition date.*
(5) *Includes $100 of convertible notes exchanged for funds advanced by founder shareholders.*
(6) *Includes the acquisition of FVB at April 16, 2021 for cash consideration of $10,690 and 125,000 common shares in EverGen valued at $8.00 per common share on the acquisition date.*

EverGen was incorporated on May 13, 2020.

On December 31, 2020, EverGen acquired NZWA and SSS. The acquired assets and liabilities are reflected in EverGen's total assets and total long-term liabilities as of December 31, 2020 and the results of operations for NZWA and SSS are consolidated in EverGen's consolidated results of operations commencing on January 1, 2021.

On April 16, 2021, EverGen acquired FVB. The acquired assets and liabilities are reflected in EverGen's total assets and total long-term liabilities as at June 30, 2021 and the results of operations for FVB are included in EverGen's consolidated results of operations commencing April 16, 2021.

During the periods from May 13, 2020 to December 31, 2020, EverGen earned no revenue from its operations with activities focused on establishing a sustainable infrastructure platform and for the acquisitions of NZWA and SSS. The Company incurred net losses for the periods from May 13, 2020 to June 30, 2021 primarily due to non-reoccurring general and administrative expenses related to one-time professional fees, transaction costs for the acquisition of NZWA and SSS as well as other planned acquisitions, and share-based payment expenses.

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CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

The following discussion relates to the consolidated position of liquidity and capital of EverGen as at June 30, 2021.

EverGen's business operates to receive inbound organic municipal waste under contracted tipping fees with municipalities, to sell outbound organic compost and soil products to farmers, gardeners and developers, and to provide organic feedstock for the existing owned RNG facilities and further RNG infrastructure projects.

At June 30, 2021, EverGen had cash and cash equivalents of $3,647 (December 31, 2020 - $4,684), restricted cash of $3,187 (December 31, 2020 - $319) and a working capital surplus of $2,310 (December 31, 2020 - $2,842 deficit) which is primarily due to the proceeds from the equity issuance and debt advanced in the first quarter of 2021 offset by the acquisition of FVB in the second quarter of 2021.

The Company actively monitors its capital and operational spending activities to ensure that it can meet its future anticipated obligations incurred from normal ongoing operations, which may require the Company to make adjustments to its capital structure. The Company's capital structure includes working capital, debt financing, lease liabilities and shareholders' equity. Regular reporting of the Company's liquidity and capital resources is provided to EverGen's board of directors. To maintain or adjust its capital structure, the Company may issue additional common shares, repay existing debt, seek additional debt financing or adjust its spending or capital expenditures. There is no assurance that any of these will be on acceptable terms to EverGen.

EverGen assesses its ability to meet its on-going obligations using the non-GAAP measures of EBITDA and adjusted EBITDA. These ratios are key measures of liquidity and the management of capital resources.

Credit facilities

On March 17, 2021, EverGen entered into a credit facility arrangement with a Canadian lender, providing for a senior secured term loan up of to $7,000, repayable over a term of three years bearing interest at a rate of Canadian Variable Rate plus 3.0 percent per annum. The credit facility is secured by the assets of the Company and its subsidiaries.

As at June 30, 2021, the credit facility has a loans payable balance of $6,777.

The credit facility agreement is subject to the following covenants:

- Maintain a consolidated working capital ratio equal to or greater than 1.20:1 at all times;
- Maintain a consolidated "fixed charge coverage ratio" as defined in the agreement equal to or greater than 1.20:1 at all times, tested quarterly on a rolling four quarters basis;
- Maintain a consolidated "total funded debt to EBITDA ratio" as defined in the agreement equal to or less than 3.00 at all times, tested quarterly on a rolling four quarters basis; and
- Other operational and financial covenants including but not limited to the Company's ability to pay dividends, incur additional debt, directly or indirectly grant loans or make investments and other such matters.

The Company is in compliance with all covenants as at June 30, 2021.

Share capital

The Company had the following outstanding common shares and equity instruments at June 30, 2021 and December 31, 2020:

As at *(thousands)*	June 30, 2021	December 31, 2020
Common shares [1]	10,287[1]	8,203
Share warrants [2]	911[2]	340
Share rights	-	462
Options	195	-
Performance share units	600	600
Restricted share units	118	-
Deferred share units	28	-
Total outstanding securities	**12,139**	**9,605**

(1) *At June 30, 2021, common shares includes the 1,059,325 Special Warrant Unit Shares classified as equity that converted to common shares of the Company on July 20, 2021, following a deemed exercise on the Automatic Exercise Date.*

(2) *At June 30, 2021, share warrants includes the 529,662 Special Warrant Unit Warrants included in the Special Warrant Financing that converted to warrants of the Company on July 20, 2021, following a deemed exercise on the Automatic Exercise Date.*

On January 12, 2021, EverGen completed a non-brokered private placement of 254,000 common shares at $5.00 per common share for gross proceeds of $1,270.

On January 26, 2021, the Company issued 50,000 common shares with a fair value of $5.00 per common share to an advisor and former shareholder of NZWA as consideration for services rendered in connection with the acquisition of NZWA by EverGen at December 31, 2020. The Company previously recognized $250 of share-based payment expense in connection with the fair value of these services rendered for the period ended December 31, 2020.

On March 18, 2021, the Company issued 13,500 common shares with a fair value of $7.00 per common share for advisor services rendered in connection with the Special Warrant Financing, see share warrants below.

On March 18, 2021, EverGen completed a private placement of 1,059,325 Special Warrants at $8.00 per unit for aggregate gross proceeds of $8,475 (the "Special Warrant Financing").

Each Special Warrant entitles its holder to receive, upon exercise or deemed exercise, one Special Warrant Unit at no additional cost. Each Special Warrant not previously voluntarily exercised by the holder thereof shall be deemed exercised on behalf of, and without any required action on the part of, the holder thereof, for one Special Warrant Unit on the Automatic Exercise Date.

The Automatic Exercise Date is the earlier of (i) the date which is the third business day following the date on which the Company has obtained a receipt for the final, long prospectus of the Company from the British Columbia Securities Commission, as principal regulator, qualifying the distribution of the Special Warrant Units in qualifying jurisdictions and (ii) the first business day following July 19, 2021, the exercise deadline day.

Each Special Warrant Unit is comprised of:

- One Common Share (a "Special Warrant Unit Share") and
- One-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Special Warrant Unit Warrant").

Management determined that the Special Warrants are equity instruments, and EverGen has included the 1,059,325 Special Warrant Unit Shares as part of share capital and included the 529,662 Special Warrant Unit Warrants as part of share warrants.

EverGen determined a fair value of $2.36 per Special Warrant Unit Warrant, and recognized $1,250 of gross proceeds in share warrants and the balance of $7,225 in share capital.

On April 16, 2021, EverGen acquired all of the issued and outstanding shares of Fraser Valley Biogas Ltd., pursuant to a share purchase agreement. The Company paid an aggregate amount of $11,500 comprised of $10,690 cash consideration and issued 125,000 common shares valued at $8.00 per share.

On April 27, 2021, EverGen completed a non-brokered private placement of 111,111 common shares at $9.00 per common share for gross proceeds of $1,000.

On June 22, 2021, the deadline for completing a liquidity event expired and the holders of these 461,699 share rights were issued an additional 461,699 common shares for no additional consideration.

On June 29, 2021, the Company granted 100,000 RSUs to an officer of the Company that will only vest at the end of 30 months from the grant date.

In addition, during the six month period ended June 30, 2021, EverGen completed other private placements of 10,000 common shares at $5.00 per common share for gross proceeds of $50.

On July 20, 2021, following the Automatic Exercise Date, the 1,059,325 Special Warrants were deemed exercised for 1,059,325 Special Warrant Units, each unit comprising one common share and one half a warrant issued with the completion of this deemed exercise. As management previously determined these Special Warrants are equity instruments, EverGen included the 1,059,325 Special Warrant Unit Shares as part of share capital and included the 529,662 Special Warrant Unit Warrants as part of share warrants as of March 18, 2021, the private placement issue date of the Special Warrants.

A summary of EverGen's other equity instruments at June 30, 2021 and December 31, 2020 can be found in note 13 to the unaudited interim consolidated financial statements for the three and six month periods ended June 30, 2021, in note 13 to the audited consolidated financial statements for the period from incorporation on May 13, 2020 to December 31, 2020 and in the Share-based payment expense section above.

On August 30, 2021, the Company had the following outstanding common shares and equity instruments outstanding:

As at *(thousands)*	August 30, 2021
Common shares	13,367
Share warrants	2,451
Share rights	-
Options	193
Performance share units	600
Restricted share units	118
Deferred share units	28
Total outstanding securities	**16,757**

OUTLOOK

EverGen's ability to continue to grow our business and generate improvements in our financial performance depends on the execution of our strategy to build, own and operate a portfolio of RNG, waste to energy and related sustainable infrastructure projects in British Columbia and other regions in North America including:

- Development and construction of existing portfolio of RNG expansion projects;
- Optimization and expansion of existing organic waste processing facilities and RNG feedstock;
- Securing and optimizing long-term contracts for RNG offtake and feedstock inputs to provide stable low-risk cash flows;
- Acquisition of cash flow generating projects for the early generation of working capital;
- Secure a strong pipeline of municipal feedstock agreements through developed partnerships and vertically integrated operations;
- Diversification of feedstock suppliers to de-risk our inbound revenue streams;

- Integration of talent, systems and processes across our acquired projects to create efficiencies and best in class operations; and
- Continued growth of project portfolio via strategic acquisitions and consolidation opportunities.

The Company is uniquely positioned with the prospect to capture expansion in both compost and RNG markets. The organic compost and soil industry provides opportunities in agriculture, home gardening, landscaping, horticulture and construction due to increasing demand for organic products and growing awareness regarding the disadvantages of chemical fertilizers and pesticides. The RNG industry is set to grow rapidly over the next several decades based on increased availability of various feedstock and increased customer demand for lower carbon energy alternatives.

Executing strategic and accretive acquisitions

EverGen's ability to identify, execute and integrate accretive acquisitions is a key driver of our growth. Given the significant fragmentation that exists in the North American market, our growth and success depends on our ability to realize consolidation opportunities and achieve synergies in cost and margin through the operation and expansion of facilities under a unified business platform. The identification and execution of acquisitions and consolidation opportunities as well as the integration of such into a common operating platform, with shared services and efficiency optimizations, is a key factor to our success. The successful execution of acquisitions opens new markets to EverGen, provides us with additional growth opportunities and drives further procurement and cost synergies across our operations.

Driving cost efficiencies

The Company currently provides high-value services and high-quality products through strategically located projects in British Columbia. These projects provide the foundation of our initial platform to consolidate growth and realize operational and capital efficiencies. In each of our local markets, our strong competitive position is supported by asset management discipline, investment in sustainable infrastructure and collaborative stakeholder relationships. EverGen's continued success depends on our ability to leverage our scalable network and platform to build relationships with municipal, commercial and utility customers, realize operational and capital efficiencies, and extract procurement and cost synergies.

Building collaborations

EverGen's collaboration approach propels growth and extends our execution capabilities across our value chain and supply chain. Key relationships with local developers, First Nations and other stakeholders provide access to projects and leverage our capabilities in sourcing new organic waste streams and extending out our business model to fulfill societal and customer expectations of waste recycling and waste to energy production combined with reduced greenhouse gas emissions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The above strategy is implemented in conjunction with our commitment to deliver on societal trends and expectations of a circular economy and fulfilling ESG values. EverGen was established for the purpose of contributing to a circular economy in waste recycling and waste to energy production through sourcing, operating and developing sustainable infrastructure and fulfilling our ESG values.

EverGen intends to deliver on its ESG values as follows:

- E – The Company recycles and repurposes organic waste products, produces and expects to produce a growing supply of renewable energy and reduces greenhouse gas emissions;
- S – EverGen operates as a community-focused business, receiving and recycling organic waste from local municipalities and businesses and focused on partnering with local First Nations including as hosts for its operations and as workforce participants; and
- G – The Company is committed to strong governance practices in its current operations and in planned growth and development of RNG. EverGen is dedicated to developing a sustainable

business platform through collaboration with stakeholders, communities, First Nations, employees and contractors, customers and investors and through responsible development, disciplined asset management, financial strength and resiliency and the capacity to operate and grow sustainably.

EverGen is proactively engaging with local businesses, such as restaurants and food and beverage producers and distributors, to advance socially conscious commerce, to create mutually beneficial and socially responsible alternatives to traditional waste disposal and in achieving a reduced carbon footprint. These relationships represent a significant area of growth and diversification from EverGen's existing customer base and provide the opportunity for market expansion while fulfilling expectations of directing organic waste for recycling and the production of renewable energy.

BUSINESS RISKS

EverGen's business and financial performance, which includes our results of operations and cash flows, are impacted by a number of risks. For a full understanding of the risks that impact EverGen, the following should be read in conjunction with the Business Risks section of our 2020 annual MD&A. Many of these risks are outside of our control. The risks and uncertainties described below are not the only risks that the Company faces. Additional risks and uncertainties, including those of which management is not currently aware of or which are currently deemed immaterial, may adversely affect the Company. Any of these factors, either alone or taken together, could have a material adverse effect on the Company and could change whether any forward-looking statements are ultimately realized.

These risks cannot be eliminated, however, EverGen's management is committed to proactively monitoring, and where possible, mitigating risk. Issues affecting, or with the potential to affect, the Company's assets, operations and/or reputation, are generally of a strategic nature or are emerging issues that can be identified early and then managed, but occasionally include unforeseen issues that arise unexpectedly and must be managed on an urgent basis. EverGen takes a proactive approach to the identification and management of issues that may affect the Company's assets, operations and/or reputation and has established consistent and clear policies, procedures, guidelines and responsibilities for issue identification, management and mitigation.

Acquisitions risk

EverGen's ability to make strategic acquisitions depends on our capacity to identify desirable acquisition targets, negotiate advantageous transactions despite competition for such opportunities, fund such acquisitions on terms favorable to EverGen, obtain regulatory approvals and realize the expected benefits of such transactions. The Company proactively manages its rate of growth through strategic and timely acquisitions, the development of key management capabilities and the engagement of advisors as considered appropriate.

Acquisitions and other investments made in conjunction with our expansion to RNG production and renewable energy infrastructure may not increase our results of operations in the timeframe anticipated or at all. EverGen may face difficulties in operating in new or expanded markets and to provide new revenue sources. The Company may face acquisition integration challenges such as the failure to operate within budget, failure to implement the planned operational efficiencies or such efforts may not yield the intended results. EverGen may not be able to achieve or maintain the cost savings planned through optimization efforts and synergies.

The integration of acquisitions by EverGen could increase our exposure to the risk of inadvertent noncompliance with laws and regulations. Liabilities associated with acquisitions, including known liabilities and ones that may exist only because of past operations of an acquired business, may provide to be more difficult or costly to address than originally anticipated.

Future acquisitions may require significant resources including financial means, which may not result in adequate returns for EverGen's shareholders.

Customer contracts risk

The majority of revenues earned by EverGen are derived from long-term material contracts with municipalities located in proximity to the Company's waste processing facilities. During the six months ended June 30, 2021, the Company had 6 municipal customers who represented 59 percent of revenue. These revenue contracts represent a significant portion of the current revenues reported by the Company. Management does not consider there to be a concentration of risk associated with any one customer.

The Company's wholly-owned subsidiary, SSS, responded to a request for proposal, specifically No. 20-016, related to organics management at the City of Vancouver's North Shore Transfer Station for a material contract for both tipping and trucking of organic waste from Metro Vancouver. The request for proposal was a competitive process launched to recontract for those contracts expiring June 30, 2021, which are currently held by SSS at the Company's facility near Whistler, British Columbia. These contracts accounted for 26 percent of EverGen's revenue for the six month period ended June 30, 2021 (year ended December 31, 2020, these contracts accounted for 70 percent of SSS's revenue). On April 16, 2021, the Company was notified that this material contract was awarded to another bidder subject to final review and execution by the commissioner of the Metro Vancouver Regional District – Zero Waste Committee. Management expects to replace this material contract with revenue from other municipal, commercial or residential sources, the specific timing of which is uncertain.

Contractual provisions are in place to safeguard EverGen in the event that this contract was not renewed or otherwise offset by new contracts. Under compensation provisions in EverGen's purchase agreement with the previous shareholders of SSS, this request for proposal outcome may prompt (i) the release to EverGen of $2,000 of performance driven holdbacks paid to the escrow agent in trust in the first quarter of 2021 and (ii) the release of encumbrances on the $319 of restricted cash held in restricted term deposits, the $368 of restricted cash held in cash as well as the $78 of collateralized accounts receivable at June 30, 2021, respectively, that are also subject to holdback performance obligations and escrow arrangements.

The North Shore Transfer Station represents two of the 21 municipalities, less than 10 percent, included under the administration of Metro Vancouver. The remaining municipalities provide EverGen the opportunity for additional municipal contracts.

EverGen is also working in collaboration with local businesses and leading consumer driven businesses to advance the circular economy under new business models targeted at organic waste recycling. These collaborations are part of EverGen's diversification and extension strategies. These new business models aim to expand and capture additional sources of organic waste for recycling by motivating and fulfilling consumer-driven expectations of organic waste recycling. Accordingly, EverGen's business model contains a significant expansion of organic waste sourcing from new participants and capture of additional value beyond EverGen's current sources of revenue.

Trading risk

On August 4, 2021, EverGen completed its initial public offering. The Company's common shares were listed on the TSX Venture Exchange under the symbol "EVGN" and commenced trading on August 4, 2021.

There is no guarantee of a return on investment in the common shares of EverGen and investors may lose their entire investment. The Company is unlikely to pay dividends for an extended period of time.

Equity securities are subject to trading and volatility risks which combined with various global financial conditions including the increased volatility of financial markets may reduce the price of the common shares of the Company and dilution from additional equity offerings may negatively impact holders of common shares. The sale of common shares by existing shareholders may adversely impact the share price.

A purchaser of shares under the initial public offering may purchase shares at a substantial premium to the current book value of the common shares. The failure of securities and industry analysts to publish research or to publish inaccurate or unfavourable research about the Company's business may have a significant adverse impact on the price and trading volume of EverGen's common shares.

FINANCIAL RISKS

EverGen defines financial risk as the risk of loss or lost opportunity resulting from financial management and market conditions that could have a positive or negative impact on the Company's cash flows.

Credit risk

Credit risk is the risk of loss if purchasers or counterparties default on their financial obligations. The maximum exposure of EverGen to credit risk at June 30, 2021 is limited to cash and cash equivalents and accounts receivable. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions and through the performance of credit checks for new customers. The Company considers its credit risk with respect to accounts receivable to be limited to the value of the provision for allowance for expected credit losses which has been recognized.

EverGen's customers are primarily municipal governments. At June 30, 2021, the Company has 7 customers who represent 67 percent of EverGen's accounts receivable (December 31, 2020 – two customers represented 31 percent of account receivable). At June 30, 2021, the Company has $78 of collateralized accounts receivable (December 31, 2020 - $447).

Liquidity risk

Liquidity risk is the risk that EverGen will not be able to meet its financial liabilities as they come due. The Company monitors its liquidity requirements by anticipating operating, investing and financing activities and ensuring there are enough funds to cover these activities. Liquidity risks may necessitate the need for EverGen to conduct additional equity issues or obtain debt financing.

EverGen prepares annual capital expenditure and operating budgets and associated cash flow forecasts, which are monitored and updated as required. In addition, the Company requires authorizations for expenditures to assist with the management of capital.

The Company enters into leases and contracts that give rise to commitments in the normal course of business for future minimum payments. The Company had the following commitments at June 30, 2021:

	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Thereafter	Total
Loan payments[1]	955	928	5,530	-	-	-	7,413
Lease payments[1]	417	411	383	362	302	3,221	5,096
Service contracts and other lease commitments [2]	112	48	5	5	4	-	174
Consulting services agreements	150	-	-	-	-	-	150
Carbon emission credits – purchase agreement	222	58	-	-	-	-	280
Total	**1,856**	**1,445**	**5,918**	**367**	**306**	**3,221**	**13,113**

(1) *Principal and interest*
(2) *Service contracts for leased equipment.*

In addition to the above amounts, the Company has annual commitments related to certain of its land leases for utilities and property taxes that fluctuate with usage and assessments, respectively.

Market risk

Market risk is the risk that changes in market conditions, such as interest rates and foreign exchange rates will affect EverGen's net income (loss) or value of financial instruments.

At June 30, 2021, the Company has fixed interest rates associated with its lease liabilities, thereby substantially reducing the cash flow risk of market fluctuations related to interest rates.

At June 30, 2021, the Company is exposed to interest rate risk with respect to is loans payable. If interest rates were to increase or decrease 50 basis points, the impact on interest expense in net income (loss) for the six month period ended June 30, 2021 would be $10.

ACCOUNTING STANDARDS, CHANGES AND PRONOUNCEMENTS

EverGen's interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board. These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the period from incorporation on May 13, 2020 to December 31, 2020. There were no new or amended accounting standards or interpretations issued during the three and six months ended June 30, 2021 that are expected to have a material impact on our interim consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of financial statements requires management to make certain judgments, accounting estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses.

A summary of EverGen's critical accounting estimates and judgments can be found in note 2 to the audited consolidated financial statements for the period from incorporation on May 13, 2020 to December 31, 2020. There have been no significant changes to the use of estimates, judgements or assumptions since December 31, 2020, except as outlined in note 2 to the unaudited interim consolidated financial statements for the three and six month periods ended June 30, 2021.

A summary of significant accounting policies can be found in note 3 to the audited consolidated financial statements for the period from incorporation on May 13, 2020 to December 31, 2020.

DISCLOSURE AND INTERNAL CONTROLS

Management is responsible for the preparation and integrity of the Company's financial statements, including the maintenance of appropriate information systems, procedures and internal controls, and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. Disclosure controls and procedures should be designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified under the Canadian securities law.

In preparation for completing an initial public offering and readying EverGen as a venture reporting issuer, the Company has standardized pre-existing control systems at each of the acquired entities and is further strengthening EverGen's internal control environment.

It should be noted that a control system, including EverGen's disclosure and internal controls and procedures, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

RELATED PARTY TRANSACTIONS

EverGen had the following related party transactions during the three and six month periods ended June 30, 2021:

Key management compensation

The value of compensation and other fees paid to board of directors and members of executive management of EverGen is as follows:

	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
Management salaries and other benefits	191	-	-	369	-	-
Share-based payment expense	331	-	-	742	-	-
Total	**552**	**-**	**-**	**1,111**	**-**	**-**

At June 30, 2021, $1 is payable to members of executive management as reimbursement of EverGen expenses incurred.

Other related party transactions

Office rent expense

During the first three months of 2021, the Company incurred office rent expense of $10 to a a private company of which a board member is a partner, with respect to shared office space. The fees which are included in general and administrative expenses were incurred in the normal course of business under the same terms and conditions as transactions with unrelated companies. At June 30, 2021, $nil was payable to the company.

New office rent sub-lease – cost recovery

In April 2021, the Company entered into a new office lease. The Company sub-leases part of this office space to a a private company of which a board member is a partner. During the six month period ended June 30, 2021, the Company included $5 as a cost recovery in general and administrative expenses. The Company billed these fees in the normal course of business under the same terms and conditions as transactions with unrelated companies. At June 30, 2021, $5 was receivable from the company.

SUBSEQUENT EVENTS

Special Warrant deemed exercise

On July 20, 2021, following the Automatic Exercise Date, the 1,059,325 Special Warrants were deemed exercised for 1,059,325 Special Warrant Units, each unit comprising one common share and one half a warrant issued with the completion of this deemed exercise. As management previously determined these Special Warrants are equity instruments, EverGen included the 1,059,325 Special Warrant Unit Shares as part of share capital and included the 529,662 Special Warrant Unit Warrants as part of share warrants as of March 18, 2021, the private placement issue date of the Special Warrants.

Initial public offering

On August 4, 2021, EverGen completed an initial public offering (the "Offering") of 3,080,000 units (the "Offered Units") of the Company at a price of $6.50 per Offered Unit (the "Offering Price"), for aggregate gross proceeds of $20,020 (the "Offering").

The Company's common shares were listed on the TSX Venture Exchange under the symbol "EVGN" and commenced trading on August 4, 2021.

Each Offered Unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of $10.50 until August 4, 2023.

The Offering was conducted by a syndicate of underwriters.

The Company has also granted the underwriters with an over-allotment option to purchase up to an additional 462,000 Offered Units at the Offering Price, exercisable in whole or in part, at any time on or prior to the date that is 30 days following the closing of the Offering. If the over-allotment option is exercised in full, additional gross proceeds of $3,003 will be raised.

ADDITIONAL INFORMATION

Additional information related to EverGen is available on www.evergeninfra.com and on the Company's SEDAR profile at www.sedar.com.

NON-GAAP MEASUREMENTS

EverGen uses certain financial measures referred to in this MD&A to quantify its results that are not prescribed by International Financial Report Standards ("IFRS"). The following terms: "EBITDA", "adjusted EBITDA", "operating profit" and "working capital" are not recognized measures under IFRS and may not be comparable to that reported by other companies. EverGen believes that, in addition to measures prepared in accordance with IFRS, the non-GAAP measurements provide useful information to evaluate the Company's performance and ability to generate cash, profitability and meet financial commitments.

These non-GAAP measures ae intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

EBITDA and Adjusted EBITDA

Management considers EBITDA and adjusted EBITDA key metrics in analyzing operational performance and the Company's ability to generate cash flow. EBITDA is measured as net income (loss) before interest, tax, depreciation and amortization. Adjusted EBITDA is measured as EBITDA adjusted for share-based payment expense, certain non-cash items and unusual or non-recurring items.

The following table provides a reconciliation of the non-GAAP measures, EBITDA and adjusted EBITDA, to the applicable IFRS measure for EverGen:

	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
Net loss	(175)	-	-	(1,333)	-	-
Tax expense (recovery)	(166)	-	-	(667)	-	-
Depreciation and amortization	672	-	-	1,264	-	-
Finance costs (income), net	123	-	-	230	-	-
EBITDA	**454**	**-**	**-**	**(506)**	**-**	**-**
Share-based payment expense	332	-	-	745	-	-
Transaction costs	(18)	-	-	49	-	-
Non-recurring general and administrative expenses	228	-	-	911	-	-
Contingent consideration loss	867	-	-	867	-	-
Adjusted EBITDA	**1,863**	**-**	**-**	**2,066**	**-**	**-**

Operating profit

Management considers operating profit a key metric in analyzing operational efficiency and performance and the Company's ability to generate cash flow. Operating profit is measured as gross profit, an additional subtotal found in the statements of net income, less operating costs and general and administrative expenses.

The following table provides a reconciliation of operating profit, a non-GAAP measure to the applicable IFRS measurement for the Company:

	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	% Change
Gross profit	2,483	-	-	3,471	-	-
Operating costs	(421)	-	-	(643)	-	-
General and administrative expenses	(441)	-	-	(1,687)	-	-
Operating profit (loss)	**1,621**	**-**	**-**	**1,141**	**-**	**-**

Working capital

Working capital for EverGen is calculated as current assets less current liabilities. The following table provides a reconciliation of working capital, a non-GAAP measure to the applicable IFRS measurements for the Company:

As at (thousands)	June 30, 2021	December 31, 2020
Current assets	9,346	6,979
Current liabilities	(7,036)	(9,821)
Working capital surplus (deficit)	**2,310**	**(2,842)**

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A constitute forward-looking statements and forward-looking information (collectively "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: "anticipates", "believes", "continues", "estimates", "could", "expects", "intends", "may", "objective", "ongoing", "plans", "will", "projects", "should", or similar expressions suggesting future outcomes or events. In particular, this MD&A contains forward-looking statements relating, but not limited to:

- EverGen's plans to develop and construct a platform of sustainable infrastructure, produce RNG and reduce carbon emissions;
- Optimization and expansion of organic waste processing facilities and RNG feedstock;
- Cost savings through synergies and efficiencies expected to be realized from the acquisitions of NZWA, SSS and FVB;
- The sufficiency of EverGen's liquidity to fund operations and to comply with covenants under its credit facility;
- Continued growth through strategic acquisitions and consolidation opportunities;
- The establishment and realization of a circular economy through the Company's organic waste management facilities and the expansion and development of renewable energy;
- Continued growth of the feedstock opportunity from municipal and commercial sources;
- Developing strategic partnerships and advancing RNG project pipelines;
- Incurring prospective transaction costs;
- The utilization of non-capital losses against future taxable income;
- The conversion of Special Warrant Unit Shares to common shares of the Company upon the exercise or deemed exercise on the Automatic Exercise Date;
- Negotiating increased prices for existing RNG offtake contracts;
- Planned construction on the anaerobic digester at its NZWA facility later this year;
- The anaerobic digester project at NZWA converting municipal and commercial organic waste into energy to meet the needs of approximately 1,900 residential homes; and
- Planned expansion of the RNG producing facility at FVB.

Such statements are based on assumptions of future events and actual results could vary from these assumptions. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of EverGen. These include, but are not limited to, risks associated with renewable energy sources, such as market competition, volatility of prices, currency fluctuations, environmental risk, and competition from other producers and ability to access sufficient capital from internal and external sources.

Although management believes that the expectations reflected in such forward-looking statements and information are reasonable, it can give no assurance that such expectations will prove to be accurate, as results and future events could differ materially from those expected or estimated in such statements. As such, readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements contained in this MD&A are made as of the date hereof for the purposes of providing the readers with EverGen's expectations for the coming year. The forward-looking statements and information may not be appropriate for other purposes. Furthermore, the Company undertakes no obligation to update or revise these forward-looking statements or information as a result of new information or future events, other than as required by applicable securities laws. However, in the event that subsequent events are reasonably likely to cause actual results to differ materially from forward-looking statements previously disclosed by the Company for a period that is not yet complete, EverGen will provide disclosure on such events and the anticipated impact of such events.

EVERGEN
Infrastructure Corp.

Interim Consolidated Financial Statements

For the three and six months ended June 30, 2021 and 2020

EVERGEN Infrastructure Corp.

Notice of no review of Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements of EverGen Infrastructure Corp. for the three and six month periods ended June 30, 2021, have been prepared by and are the responsibility of the Company's management.

Under National Instrument 51-102, continuous disclosure obligations, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established for a review of interim financial statements by an entity's auditor.

EverGen Infrastructure Corp.

INTERIM CONSOLIDATED STATEMENT OF NET FINANCIAL POSITION (Unaudited)

As at

(Canadian $000's)	Notes	June 30, 2021	December 31, 2020
Current assets			
Cash and cash equivalents		3,647	4,684
Restricted cash	4,12	3,187	319
Accounts receivable	5	2,111	1,515
Prepaid expenses and other assets		91	112
Inventories		88	127
Carbon emission credits		222	222
		9,346	**6,979**
Property and equipment	6	15,977	11,597
Intangible assets	7	25,384	20,960
Goodwill	8	14,254	10,974
Total assets		**64,961**	**50,510**
Current liabilities			
Accounts payable and accrued liabilities	9	2,913	3,941
Loans payable	10	700	-
Lease liabilities	11	290	225
Contingent consideration	12	3,133	5,655
		7,036	**9,821**
Loans payable	10	6,077	-
Lease liabilities	11	3,149	3,229
Deferred tax		6,234	5,551
Total liabilities		**22,496**	**18,601**
Shareholders' equity			
Share capital	13	42,869	32,790
Share warrants	13	2,415	1,068
Share rights	13	-	32
Contributed surplus	13	747	252
Accumulated deficit		(3,566)	(2,233)
Total shareholders' equity		**42,465**	**31,909**
Total liabilities and shareholders' equity		**64,961**	**50,510**
Commitments and contingencies	22		
Subsequent events	23		

The notes are an integral part of these interim consolidated financial statements.

On behalf of the board of directors:

Signed *"Chase Edgelow"*
Chase Edgelow, Director

Signed *"Mary Hemmingsen"*
Mary Hemmingsen, Director

EverGen Infrastructure Corp.

INTERIM CONSOLIDATED STATEMENT OF NET LOSS AND COMPREHENSIVE LOSS (Unaudited)

For the periods

(Canadian $000's, except per share amounts)	Notes	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020
Revenue	14	3,349	-	4,934	-
Cost of goods sold		866	-	1,463	-
Gross profit		2,483	-	3,471	-
Operating costs		421	-	643	-
General and administrative expenses	15	441	-	1,687	-
Depreciation and amortization	6,7	672	-	1,264	-
Share-based payment expenses	13	332	-	745	-
Finance costs (income), net	16	123	-	230	-
Contingent consideration loss	12	867	-	867	-
Transaction costs		(18)	-	49	-
Other income		(14)	-	(14)	-
Net loss before taxes		**(341)**	**-**	**(2,000)**	**-**
Tax expense (recovery)	17	(166)	-	(667)	-
Net loss and comprehensive loss		**(175)**	**-**	**(1,333)**	**-**
Loss per share – basic and diluted	18	**($0.02)**	**($2.73)**	**($0.14)**	**($2.73)**

The notes are an integral part of these interim consolidated financial statements.

EverGen Infrastructure Corp.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

(Canadian $000's)	Notes	
Share capital		
Balance, at incorporation on May 13, 2020 and June 30, 2020		-
Balance, December 31, 2020		32,790
Common shares issued on private placements		2,320
Common shares issued in exchange for consulting services in connection with acquisitions	13	250
Special Warrant Unit Shares issued in connection with the Special Warrant Financing	2,13	7,225
Common shares issued in exchange for advisor services in connection with Special Warrant Financing	13	95
Common shares issued as consideration for acquisitions	3,13	1,000
Common shares issued on satisfaction of share rights	13	32
Share issue costs, net of tax	13	(843)
Balance, June 30, 2021		**42,869**
Share warrants		
Balance, at incorporation on May 13, 2020 and June 30, 2020		-
Balance, December 31, 2020		1,068
Share Warrant Unit Warrants issued in connection with Special Warrant Financing	13	1,250
Broker Options issued as consideration for broker services in connection with Special Warrant Financing brokered private placement	13	41
Broker Unit Warrants issued as consideration for broker services in connection with Special Warrant Financing brokered private placement	13	44
Finder Warrants issued as consideration for services in connection with Special Warrant Financing non-brokered private placement	13	12
Balance, June 30, 2021		**2,415**
Share rights		
Balance, at incorporation on May 13, 2020 and June 30, 2020		-
Balance, December 31, 2020	13	32
Common shares issued on satisfaction of share rights	13	(32)
Balance, June 30, 2021		-
Contributed surplus		
Balance, at incorporation on May 13, 2020 and June 30, 2020		-
Balance, December 31, 2020		252
Share-based payments	13	745
Common shares issued exchange for consulting services in connection with acquisitions	13	(250)
Balance, June 30, 2021		**747**
Accumulated deficit		
Balance, at incorporation on May 13, 2020 and June 30, 2020		-
Balance, December 31, 2020		(2,233)
Net comprehensive loss		(1,333)
Balance, June 30, 2021		**(3,566)**
Total Shareholders' Equity		**42,465**

The notes are an integral part of these interim consolidated financial statements.

EverGen Infrastructure Corp.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

For the periods

(Canadian $000's)	Notes	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020
Operating activities					
Net loss		(175)	-	(1,333)	-
Items not affecting cash:					
Depreciation and amortization	6,7	672	-	1,264	-
Share-based payment expenses	13	332	-	745	-
Loan payable interest expense accrued	21	(10)	-	-	-
Contingent consideration loss	12	867		867	
Deferred income tax expense (recovery)	17	(251)	-	(670)	-
Changes in non-cash working capital	21	(1,980)	-	(2,213)	-
Net cash flow used in operating activities		**(545)**	**-**	**(1,340)**	**-**
Investing activities					
Acquisition	3	(10,690)	-	(10,690)	-
Cash and cash equivalents included in acquisition	3	119	-	119	-
Expenditures on property and equipment	6	(122)	-	(268)	-
Disposition of property and equipment	6	3		3	
Contingent consideration payments	12	-	-	(3,389)	-
OIP grant funds received	4,5	368		368	
Changes in non-cash working capital	21	52	-	169	-
Net cash flow used in investing activities		**(10,270)**	**-**	**(13,688)**	**-**
Financing activities					
Advance of loans payable	10	-	-	7,000	-
Repayment of principal portion of loans payable	10,21	(223)	-	(223)	-
Repayment of principal portion of lease liabilities	11,21	(73)	-	(128)	-
Proceeds from Special Warrant Financing	13	-	-	8,475	-
Proceeds from private placements	13	1,000	-	2,320	-
Share issue costs	13	(11)	-	(891)	-
Changes in non-cash working capital	21	42	-	306	-
Net cash flow from financing activities		**735**	**-**	**16,859**	**-**
Net change in cash		(10,080)	-	1,831	-
Cash, cash equivalents and restricted cash at beginning of period		16,914	-	5,003	-
Cash, cash equivalents and restricted cash at end of period	4	**6,834**	**-**	**6,834**	**-**

The notes are an integral part of these interim consolidated financial statements.

(All amounts in Canadian $000's, except as indicated)

1. REPORTING ENTITY

EverGen Infrastructure Corp. ("EverGen" or the "Company") operates two Gore Cover™ organic waste management facilities and one renewable natural gas ("RNG") producing facility in British Columbia. The Company processes organics, yard waste and biosolids for a contracted tipping fee and produces high-quality organic compost and soils for farmers, gardeners and developers as part of its outbound business. EverGen owns one and has plans to develop further anaerobic digestion infrastructure for the production and sale of RNG.

EverGen was incorporated under the *British Columbia Business Corporations Act* on May 13, 2020.

The Company's common shares are listed on the TSX Venture Exchange under the symbol "EVGN" and commenced trading on August 4, 2021.

The Company has the following subsidiaries, each owned 100 percent, at June 30, 2021:

Name of subsidiary	Jurisdiction
Net Zero Waste Abbotsford Inc.	British Columbia, Canada
Sea to Sky Soils and Composting Inc.	British Columbia, Canada
Fraser Valley Biogas Ltd.	British Columbia, Canada

On December 31, 2020, the Company completed a plan of arrangement (the "Arrangement") with Net Zero Waste Abbotsford Inc. ("NZWA") and Sea to Sky Soils and Composting Inc. ("SSS") whereby all the issued and outstanding shares of NZWA and all the issued and outstanding shares of SSS were acquired by EverGen. These transactions were accounted for as business combinations.

Effective April 16, 2021, EverGen acquired all of the issued and outstanding shares of Fraser Valley Biogas Ltd. ("FVB"). FVB owns and operates a biogas facility in Abbotsford, British Columbia which sells RNG under a long-term contract with Fortis BC.

The Company's revenue, cost of goods sold and certain operating costs are impacted by seasonal weather variation and the related fluctuations in volumes processed.

The Company's principal place of business is located at 390 – 1050 Homer Street, Vancouver, British Columbia and its registered office is located at 1200 Waterfront Centre, 200 Burrard Street Vancouver, British Columbia.

2. BASIS OF PREPARATION

a) Statement of compliance and basis of measurement

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the period from incorporation on May 13, 2020 to December 31, 2020.

The interim consolidated financial statements have been prepared on a historical cost basis, except as detailed in the accounting policies disclosed in note 3 "Significant of Accounting Policies" of the Company's audited consolidated financial statements for the period ended December 31, 2020. All accounting policies and methods of computation followed in the preparation of these financial statements are consistent with those of the previous period, except for income taxes. Income taxes on net income (loss) in the interim periods are accrued using the income tax rate that would be applicable to the expected total annual net income (loss).

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as at August 30, 2021, the date the board of directors approved these financial statements.

b) Functional and presentation currency

These interim consolidated financial statements are presented in Canadian dollars, EverGen's functional currency, unless otherwise indicated.

c) Use of estimates, judgements and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and judgments are based on management's best understanding of current events and actions that EverGen may undertake in the future. Actual results may differ from these estimates and judgments. Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which estimates are revised and for any future years affected.

There have been no significant changes to the use of estimates, judgements or assumptions since December 31, 2020, except as outlined below.

Special Warrant Financing

Management determined that the Special Warrants issued as part of the Special Warrant Financing completed on or about March 18, 2021, as disclosed in note 13, are equity instruments because they are in substance issued shares and warrants rather than a contract to issue shares and warrants in the future. Management considers that the decision to exercise the special warrant is not driven by the share price because the exercise price is nil and therefore the holder in substance is in the same economic position as holding the underlying shares and warrants. If we did not consider that the shares and warrants were in substance issued at the balance sheet date, the special warrant would meet the definition of a derivative financial liability because it contains an obligation to deliver a contract for the future delivery of the entity's own equity instruments.

On July 20, 2021, following the Automatic Exercise Date, the 1,059,325 Special Warrants were deemed exercised for 1,059,325 Special Warrant Units, each unit comprising one common share and one half a warrant issued with the completion of this deemed exercise.

3. BUSINESS COMBINATIONS

a) Transaction overview

On April 16, 2020, EverGen acquired all the issued and outstanding common shares of Fraser Valley Biogas Ltd., a private company, in exchange for cash consideration of $10,690, and 125,000 EverGen common shares. FVB owns and operates a biogas facility in Abbotsford, British Columbia, which sells RNG under a long-term contract with Fortis BC. The common shares were valued at $5.00 per common share using the share price of EverGen on the acquisition date.

The goodwill recognized on this acquisition was attributed to: the strategic benefits that consolidated operations are expected to bring; expected operational synergies with EverGen's existing projects; expected future cash flows generated from the ability to grow the development of anaerobic digestion infrastructure and eventual sale of RNG and the recognition of a deferred tax liability generated by the recognition of the fair value of the net assets acquired.

(All amounts in Canadian $000's, except as indicated)

b) Net assets acquired and consideration paid

This transaction has been accounted for as a business combination using the acquisition method whereby the net assets acquired and the liabilities assumed are recorded at fair value are as follows:

	FVB Total
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	119
Accounts receivable	177
Prepaid expenses	28
Property and equipment	4,553
Intangible assets	5,250
Goodwill	3,280
Accounts payable and accrued liabilities	(125)
Deferred tax liabilities	(1,592)
Fair value of net assets acquired	**11,690**
Consideration paid	
Cash	10,690
Common shares	1,000
Contingent consideration	-
Total consideration paid	**11,690**

The preliminary purchase price allocation is based on management's best estimate of the assets acquired and liabilities assumed. Upon finalizing the value of the net assets acquired, adjustments may be required.

Intangible assets consist of customer contracts and relationships valued at $5,250.

The consolidated statement of comprehensive income (loss) includes the results of operations for the period following the close of the transaction on April 16, 2021. EverGen incurred transaction costs of $49 in conjunction with the acquisition, all of which have been expensed in the six month period ended June 30, 2021.

The above amounts are estimates, which were made by management at the time of the preparation of these consolidated financial statements based on information then available. Amendments may be made to these amounts as values subject to estimate are finalized.

If the closing of the acquisitions had occurred on January 1, 2021, EverGen's consolidated revenue and net income (loss) would have increased by $531 and $161, respectively.

4. RESTRICTED CASH

	June 30, 2021	December 31, 2020
Organic Infrastructure Program – restricted term deposits	319	319
Organic Infrastructure Program – held as cash	368	-
Acquisition holdbacks held in trust by escrow agent	2,500	-
	3,187	**319**

The Company's restricted cash of $3,187 at June 30, 2021 (December 31, 2020 - $319) is held in restricted term deposits, held as cash or held in trust.

(All amounts in Canadian $000's, except as indicated)

Restricted Organic Infrastructure Program funds received or receivable

The Company, through its wholly-owned subsidiary, SSS, was awarded a federal grant of $765 under the Organic Infrastructure Program (OIP) for the expansion of its organic waste facility prior to EverGen's acquisition of SSS. The grant awarded is held in restricted term deposits as required by the Organic Infrastructure Program until released to the Company, however, any funds released to EverGen remain restricted cash as this program's funds form part of the NZWA and SSS holdbacks (see Holdback provisions and escrow arrangements below).

At December 31, 2020, $318 of the OIP federal grant was held in restricted term deposits and the remaining $447 was included as collateralized accounts receivable. In May 2021, EverGen received $368 of these funds receivable. At June 30, 2021, $318 of the OIP federal grant is held in restricted term deposits, $368 is held as cash and $79 remain as collateralized accounts receivable (note 5). The funds from the OIP grant remain restricted subject to the holdback performance obligations and escrow arrangements pursuant to the NZWA and SSS share purchase agreements.

Holdback provisions and escrow arrangements

During the six month period ended June 30, 2021, pursuant to the NZWA and SSS share purchase agreements, EverGen transferred $5,889 relating to holdbacks to the escrow agent in trust, of which:

- standard indemnity holdbacks of $3,389 was released to the vendors and recognized as contingent consideration payments pursuant to customary closing adjustments (see note 12); and
- the remaining $2,500 balance is held in trust and included in restricted cash at June 30, 2021 and related to performance driven holdbacks.

The $2,500 performance driven holdbacks are expected to be released from escrow subject to performance obligations and remain as restricted cash at June 30, 2021.

5. ACCOUNTS RECEIVABLE

	June 30, 2021	December 31, 2020
Trade receivables	1,960	1,056
Organic Infrastructure Program receivable (note 4)	79	447
Other	72	12
	2,111	**1,515**

(All amounts in Canadian $000's, except as indicated)

6. PROPERTY AND EQUIPMENT

	Land	Buildings and leasehold improvements	Equipment, vehicles and other	Right-of-use assets	Total
Cost					
May 13, 2020	-	-	-	-	-
Acquisition of NZWA	-	2,385	1,847	2,001	6,233
Acquisition of SSS	-	2,174	1,737	1,453	5,364
At December 31, 2020	-	4,559	3,584	3,454	11,597
Additions	-	56	102	110	268
Dispositions	-	-	(3)	-	(3)
Acquisition of FVB (note 3)	3,238	500	815	-	4,553
At June 30, 2021	**3,238**	**5,115**	**4,498**	**3,564**	**16,415**
Accumulated depreciation					
At December 31, 2020	-	-	-	-	-
Depreciation	-	129	154	155	438
At June 30, 2021	**-**	**129**	**154**	**155**	**438**
Carrying value					
At December 31, 2020	-	4,559	3,584	3,454	11,597
At June 30, 2021	**3,238**	**4,986**	**4,344**	**3,409**	**15,977**

EverGen's property and equipment consists of land, buildings and leasehold improvements, equipment, vehicles and other assets and ROU assets. The Company's ROU assets include lease contracts for land and equipment. EverGen leases, under long term leases, the land on which it operates and equipment which is used in operations, under various lease terms. Depreciation on the NZWA and SSS acquired assets commenced on January 1, 2021. Land is not subject to depreciation.

As at June 30, 2021, there were no indicators of impairment related to the Company's property and equipment.

(All amounts in Canadian $000's, except as indicated)

7. INTANGIBLE ASSETS

	Brands	Customer contracts and stakeholder relationships	Total
Cost			
May 13, 2020	-	-	-
Acquisition of NZWA	110	11,480	11,590
Acquisition of SSS	1,070	8,300	9,370
At December 31, 2020	1,180	19,780	20,960
Acquisition of FVB (note 3)	-	5,250	5,250
At June 30, 2021	**1,180**	**25,030**	**26,210**
Accumulated depreciation			
At December 31, 2020	-	-	-
Amortization	29	797	826
At June 30, 2021	**29**	**797**	**826**
Carrying value			
At December 31, 2020	1,180	19,780	20,960
At June 30, 2021	**1,151**	**24,233**	**25,384**

Amortization on the acquired assets of NZWA and SSS commenced on January 1, 2021.

As at June 30, 2021, there were no indicators of impairment related to the Company's intangible assets.

8. GOODWILL

The Company's goodwill is allocated to the following CGUs:

	June 30, 2021	December 31, 2020
Net Zero Waste Abbotsford	3,420	3,420
Sea to Sky Soils	7,554	7,554
Fraser Valley Biogas (note 3)	3,280	-
	14,254	10,974

Goodwill is tested annually for impairment at the segment level. There was no impairment of goodwill as at December 31, 2020.

(All amounts in Canadian $000's, except as indicated)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2021	December 31, 2020
Trade payables and accrued liabilities	2,469	3,043
Taxes payable	443	516
Other liabilities	1	382
	2,913	**3,941**

10. LOANS PAYABLE

	Total
At December 31, 2020	-
Advances	7,000
Interest expense (note 16)	79
Loan payments	(302)
At June 30, 2021	**6,777**
Less current portion	**700**
Long-term portion	**6,077**

On March 17, 2021, EverGen entered into a credit facility arrangement with a Canadian lender, providing for a senior secured term loan up of to $7,000, repayable over a term of three years bearing interest at a rate of Canadian Variable Rate plus 3.0 percent per annum. The credit facility is secured by the assets of the Company and its subsidiaries.

The credit facility agreement is subject to the following covenants:

- Maintain a consolidated working capital ratio equal to or greater than 1.20:1 at all times;
- Maintain a consolidated "fixed charge coverage ratio" as defined in the agreement equal to or greater than 1.20:1 at all times, tested quarterly on a rolling four quarters basis;
- Maintain a consolidated "total funded debt to EBITDA ratio" as defined in the agreement equal to or less than 3.00 at all times, tested quarterly on a rolling four quarters basis; and
- Other operational and financial covenants including but not limited to the Company's ability to pay dividends, incur additional debt, directly or indirectly grant loans or make investments and other such matters.

As at June 30, 2021, the Company is in compliance with all covenants.

(All amounts in Canadian $000's, except as indicated)

11.LEASE LIABILITIES

	Total
At December 31, 2020	3,454
Additions	113
Interest expense (note 16)	98
Lease payments	(226)
At June 30, 2021	**3,439**
Less current portion	**(290)**
Long-term portion	**3,149**

The Company has lease liabilities for land and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Certain of the Company's leases include purchase options, when a purchase option is expected to be exercised, it is included in the determination of the lease liability. The lease terms of the land leases include all available renewal options to the Company, as lessee, based on the reasonable expectation that these renewal terms will be exercised. EverGen does not have any significant termination options and the residual amounts are not material.

12. CONTINGENT CONSIDERATION

	Total
At December 31, 2020	5,655
Contingent consideration payments	(3,389)
Contingent consideration loss on fair value adjustment of liability	867
At June 30, 2021	**3,133**

At December 31, 2020, the Company recognized $5,655 of contingent consideration related to the acquisitions of NZWA and SSS. The contingent consideration included holdback amounts and working capital adjustments.

During the six month period ended June 30, 2021, pursuant to the NZWA and SSS share purchase agreements, EverGen transferred $5,889 relating to holdbacks to the escrow agent in trust, of which:

- standard indemnity holdbacks of $3,389 was released to the vendors and recognized as contingent consideration payments; and
- the remaining $2,500 balance is held in trust and included in restricted cash at June 30, 2021, as disclosed in note 4.

During the six month period ended June 30, 2021, EverGen recognized an $867 contingent consideration loss in re-measuring the liability at fair value at June 30, 2021 taking into account changes in estimated holdbacks, performance obligations and working capital changes.

(All amounts in Canadian $000's, except as indicated)

13. SHAREHOLDERS' EQUITY

a) Authorized

The Company has authorized an unlimited number of common shares without par value and an unlimited number of preferred shares.

b) Issued share capital

(	Number of common shares (thousands)	Amount
At May 13, 2020	-	-
Issuance to the Founders at incorporation	-	-
Issuance to the Founders on conversion of convertible notes	1,260	600
Issuance to Additional Founders	140	700
Issuance on non-brokered private placement	1,366	6,830
Issuance in exchange for advisor services in connection with non-brokered private placement	42	210
Issuance on brokered private placement	4,617	23,053
Issuance as consideration for acquisitions of NZWA and SSS	778	3,889
Share issue costs, net of tax effect	-	(2,492)
At December 31, 2020	8,203	32,790
Issuance on non-brokered private placements	375	2,320
Issuance in exchange for consulting services in connection with acquisitions	50	250
Issuance of Special Warrant Unit Shares in connection with the Special Warrant Financing[1]	1,059	7,225
Issuance in exchange for advisor services in connection with the Special Warrant Financing	13	95
Issuance as consideration for acquisition of FVB	125	1,000
Issuance on satisfaction of share rights (see share rights)	462	32
Share issue costs, net of tax effect		(843)
At June 30, 2021[1]	10,287	42,869

(1) *Includes the 1,059,325 Special Warrant Unit Shares classified as equity that will convert to common shares of the Company upon the exercise or deemed exercise on the Automatic Exercise Date.*

The following common shares were issued during the six month period ended June 30, 2021:

Private placements of common shares

On January 12, 2021, EverGen completed a non-brokered private placement of 254,000 common shares at $5.00 per common share for gross proceeds of $1,270.

On April 27, 2021, EverGen completed a non-brokered private placement of 111,111 common shares at $9.00 per common share for gross proceeds of $1,000.

In addition, during the six month period ended June 30, 2021, EverGen completed other private placements of 10,000 common shares at $5.00 per common share for gross proceeds of $50.

Common shares issued to consultants and advisors

On January 26, 2021, the Company issued 50,000 common shares with a fair value of $5.00 per common share to an advisor and former shareholder of NZWA as consideration for services rendered in connection with the acquisition of NZWA by EverGen at December 31, 2020. The Company previously recognized $250 of share-based payment expense in connection with the fair value of these services rendered for the period ended December 31, 2020.

On March 18, 2021, the Company issued 13,500 common shares with a fair value of $7.00 per common share for advisor services rendered in connection with the Special Warrant Financing, see share warrants below.

Special Warrant Financing

On March 18, 2021, EverGen completed a private placement of 1,059,325 Special Warrants at $8.00 per unit for aggregate gross proceeds of $8,475 (the "Special Warrant Financing"), see share warrants section.

Each Special Warrant entitles its holder to receive, upon exercise or deemed exercise, one Special Warrant Unit at no additional cost. Each Special Warrant not previously voluntarily exercised by the holder thereof shall be deemed exercised on behalf of, and without any required action on the part of, the holder thereof, for one Special Warrant Unit on the Automatic Exercise Date.

The Automatic Exercise Date is the earlier of (i) the date which is the third business day following the date on which the Company has obtained a receipt for the final, long prospectus of the Company from the British Columbia Securities Commission, as principal regulator, qualifying the distribution of the Special Warrant Units in qualifying jurisdictions and (ii) the first business day following July 19, 2021, the exercise deadline day.

Each Special Warrant Unit is comprised of:

- One Common Share (a "Special Warrant Unit Share") and
- One-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Special Warrant Unit Warrant").

Management determined that the Special Warrants are equity instruments, see note 2, and EverGen has included the 1,059,325 Special Warrant Unit Shares as part of share capital and included the 529,662 Special Warrant Unit Warrants as part of share warrants, see share warrants below.

EverGen determined a fair value of $2.36 per Special Warrant Unit Warrant, see share warrants below and recognized $1,250 of gross proceeds in share warrants and the balance of $7,225 in share capital.

On July 20, 2021, following the Automatic Exercise Date, the 1,059,325 Special Warrants were deemed exercised for 1,059,325 Special Warrant Units, each unit comprising one common share and one half a warrant issued with the completion of this deemed exercise. As management previously determined these Special Warrants are equity instruments, EverGen included the 1,059,325 Special Warrant Unit Shares as part of share capital and included the 529,662 Special Warrant Unit Warrants as part of share warrants as of March 18, 2021, the private placement issue date of the Special Warrants.

Issued on acquisition

On April 16, 2020, EverGen acquired all the issued and outstanding common shares of Fraser Valley Biogas Ltd., a private company, in exchange for cash consideration of $10,690, and 125,000 EverGen common shares valued at $8.00 per common share using the share price of EverGen on the acquisition date.

(All amounts in Canadian $000's, except as indicated)

c) Share issue costs

The Company recorded the following share issue costs as a reduction of equity:

For the six month period ended June 30, 2021	
Advisor services settled by common share issuance	95
Advisor services settled by share warrant issuances	97
Share issue costs paid in cash or accrued	891
Tax effect of share issue costs	(240)
Total	**843**

d) Share warrants

	Number of share warrants (thousands)	Amount
At May 13, 2020	-	-
Issuance of share warrants as consideration for advisor services in connection with non-brokered private placement	63	198
Issuance of share warrants as consideration for broker services in connection with brokered private placement	277	870
At December 31, 2020	340	1,068
Issuance of Special Warrant Unit Warrants in connection with Special Warrant Financing	530	1,250
Issuance of Broker Options as consideration for broker services in connection with Special Warrant Financing brokered private placement	23	41
Issuance of Broker Unit Warrants as consideration for broker services in connection with Special Warrant Financing brokered private placement	11	44
Issuance of Finder Warrants as consideration for services in connection with Special Warrant Financing non-brokered private placement	7	12
At June 30, 2021	**911**	**2,415**

The following share warrants were issued during the six month period ended June 30, 2021:

Special Warrant Financing

On March 18, 2021, EverGen completed a private placement of 1,059,325 Special Warrants at $8.00 per unit for aggregate gross proceeds of $8,475 as part of the Special Warrant Financing and completed:

- A brokered private placement of 756,200 Special Warrants for gross proceeds of $6,050; and
- A non-brokered private placement of 303,125 Special Warrants for gross proceeds of $2,425

Each Special Warrant entitles its holder to receive, upon exercise or deemed exercise, one Special Warrant Unit at no additional cost. Each Special Warrant not previously voluntarily exercised by the holder thereof shall be deemed exercised on behalf of, and without any required action on the part of, the holder thereof, for one Special Warrant Unit on the Automatic Exercise Date, see issued share capital above. Each Special Warrant Unit is comprised of:

- One Common Share (a "Special Warrant Unit Share") and
- One-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Special Warrant Unit Warrant").

(All amounts in Canadian $000's, except as indicated)

Each of the 529,662 Special Warrant Unit Warrants entitles the holder thereof to acquire one Common Share (a "Warrant Share") at a price of $10.50 for a period of 24 months from the Automatic Exercise Date.

On July 20, 2021, following the Automatic Exercise Date, the 1,059,325 Special Warrants were deemed exercised for 1,059,325 Special Warrant Units, each unit comprising one common share and one half a warrant issued with the completion of this deemed exercise. As management previously determined these Special Warrants are equity instruments, EverGen included the 1,059,325 Special Warrant Unit Shares as part of share capital and included the 529,662 Special Warrant Unit Warrants as part of share warrants as of March 18, 2021, the private placement issue date of the Special Warrants.

The estimated fair value of the Special Warrant Unit Warrants was calculated at the date of grant using the Black-Scholes model and the following weighted-average assumptions:

For the six month period ended June 30, 2021	Special Warrant Unit Warrants
Share price on grant date	7.00
Exercise price	10.50
Fair value per warrant	2.36
Expected volatility (percent)	80
Risk-free interest rate (percent)	0.27
Expected forfeiture rate (percent)	-
Expected life (years)	2.18
Expected dividend yield	-

Estimated forfeiture rates are adjusted to the actual forfeiture rate at time of forfeiture. Expected volatility is based on the historical volatility of publicly-traded peer companies. Expected life is based on general holder behavior and the contractual maturity of the instrument and the risk-free interest rate is based on Government of Canada bonds of a similar duration.

In connection with the brokered private placement, the Company:

- Paid to the agents a cash fee equal to 6 percent of the gross proceed; and
- Issued to the Special Warrant Agents 22,686 Broker Options.

  Each Broker Option will automatically be exchanged for one Broker Warrant on the Automatic Exercise Date, with each Broker Warrant being exercisable for one unit of the Company (a "Broker Unit") at a price of $8.00 for a period of 12 months following the Automatic Exercise Date. Each Broker Unit is comprised of:

  - One Common Share (a "Broker Unit Share"); and
  - One-half of one Common Share purchase warrant (each whole Common Share purchase warrant, "Broker Unit Warrant").

    Each Broker Unit Warrant entitles the holder thereof to acquire one Common Share (a "Broker Warrant Share") at a price of $10.50 for a period of 24 months from the Automatic Exercise Date.

Additionally, in connection with the non-brokered private placement, the Company:

- Paid the finder a fee equal to 6 percent of the gross proceeds from 225,000 Special Warrants sold to subscribers introduced by the finder, which was settled by:

  - Issuing 13,500 Common Shares at a price of $8.00 per Common Share to the finder; and
  - Issued 6,750 Finder Warrants.

    Each Finder Warrant is exercisable for one Common Share (a "Finder Warrant Share") at a price of $8.00 for a period of 12 months following the Automatic Exercise Date.

(All amounts in Canadian $000's, except as indicated)

The estimated fair values of the Broker Options, the Broker Unit Warrants and the Finder Warrants were calculated at the date of grant using the Black-Scholes model and the following weighted-average assumptions:

For the six month period ended June 30, 2021	Broker Options	Broker Unit Warrants	Finder Warrants
Share price on grant date	7.00	n/a	7.00
Expected share price on the Automatic Exercise Date	n/a	9.40	n/a
Exercise price	9.40	10.50	9.40
Fair value per warrant	1.80	3.92	1.80
Expected volatility (percent)	83	80	83
Risk-free interest rate (percent)	0.16	0.27	0.16
Expected forfeiture rate (percent)	-	-	-
Expected life (years)	1.18	2.18	1.18
Expected dividend yield	-	-	-

Estimated share price on the Automatic Exercise Date is based on a probability-weighted offering price estimate of the anticipated initial public offering. Estimated forfeiture rates are adjusted to the actual forfeiture rate at time of forfeiture. Expected volatility is based on the historical volatility of publicly-traded peer companies. Expected life is based on general holder behavior, the contractual maturity of the instrument and a probability-weighted estimate of the Automatic Exercise Date, and the risk-free interest rate is based on Government of Canada bonds of a similar duration.

For the period ended June 30, 2021, issue costs related to the Share Warrant Financing was recognized as share issue costs and a reduction of share capital.

e) Share rights

	Number of share rights (thousands)	Amount
At May 13, 2020	-	-
Issuance of share rights at brokered private placement	462	32
At December 31, 2020 and June 30, 2021	462	32
Issuance of common shares on satisfaction of share rights	(462)	(32)
At June 30, 2021	**-**	**-**

Each share right entitles the holder to receive one common share of EverGen in the event that the Company does not complete a liquidity event by June 22, 2021, for no additional consideration. A liquidity event is defined as:

- The Company's common shares being listed on a recognized Canadian stock exchange through:
  - A bona fide initial public offering; or
  - The consummation by the Company of any transaction including, without limitation, any consolidation, amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction, change of business or any other business combination or similar transaction; or
  - The entering into of a definitive agreement with a third party that would result in a "Change of Control", which would be subject to shareholder approval; and
- A concurrent financing to raise minimum gross proceeds of at least $10,000.

On June 22, 2021, the deadline for completing a liquidity event expired and the holders of these 461,699 share rights were issued an additional 461,699 common shares for no additional consideration.

(All amounts in Canadian $000's, except as indicated)

f) Share-based incentive programs and payment plans

Equity Incentive Plan

On March 18, 2021, the Company adopted the Equity Incentive Plan, which provides for the grant of the following equity-based compensation awards: (i) stock options ("Options"); (ii) restricted share units ("RSUs") and (iii) deferred share units ("DSUs").

The purpose of the Equity Incentive Plan is to advance the interests of the Company by providing an incentive to the directors, officers, employees and consultants of the Company, and any of its subsidiaries (including any acquired businesses) and affiliates, if any, to align growth objectives of the Company and participants, to associate a portion of the participants' compensation with the Company's long term performance and to attract to and retain in the employment of the Company or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company through the acquisition of common shares.

The total number of PSUs, Options, RSUs and DSUs that can be granted pursuant to the Equity Incentive Plan is equal to 20 percent of the issued and outstanding Common Shares (on a non-diluted basis) calculated as of the date the Company is listed on the TSX Venture Exchange.

EverGen classifies these share-based compensation instruments as equity-settled and follows the fair value method of valuing these instruments. Under this method, compensation cost is measured at the fair value of the date of grant and expensed over the vesting period with a corresponding increase to contributed surplus.

Options

Pursuant to the EverGen Equity Incentive Plan, the Company may grant Options from time to time to directors, officers, employees and consultants of the Company to acquire common shares in the capital stock of the Company at an exercise price as determined by the board of directors. The Options will vest evenly over a period of three years and are exercisable for a period of seven years from the grant date to purchase one common share for each Option held.

The Company has the following outstanding Options at June 30, 2021:

	Number of Options	Weighted average exercise price
Outstanding at December 31, 2020	-	-
Granted	195	9.40
Outstanding at June 30, 2021	**195**	**9.40**

On March 18, 2021, the Company granted 195,000 Options to officers, an employee and consultants of the Company at an exercise price equal to the offering price in the anticipated initial public offering of the Company.

(All amounts in Canadian $000's, except as indicated)

The estimated fair value of the Options was calculated at the date of grant using the Black-Scholes model and the following assumptions:

For the six month period ended June 30, 2021	Options
Share price on grant date	7.00
Expected exercise price	9.40
Fair value per Option	4.45
Expected volatility (percent)	75
Risk-free interest rate (percent)	0.53
Expected forfeiture rate (percent)	10
Expected life (years)	7
Expected dividend yield	-

Estimated exercise price of the March 18, 2021 Option grant is based on a probability-weighted offering price estimate of the anticipated initial public offering. Estimated forfeiture rates are adjusted to the actual forfeiture rate at time of forfeiture. Expected volatility is based on the historical volatility of publicly-traded peer companies. Expected life is based on general option-holder behavior and the risk-free interest rate is based on Government of Canada bonds of a similar duration.

For the six month period ended June 30, 2021, $129 of share-based payment expense related to Options was recognized in net income (loss).

PSUs, RSUs and DSUs

The Company has the following outstanding PSUs, RSUs and DSUs at March 31, 2021:

	Number of PSUs	Number of RSUs	Number of DSUs
Beginning, May 13, 2020	-	-	-
Granted	600	-	-
Outstanding at December 31, 2020	600	-	-
Granted	-	118	28
Outstanding at June 30, 2020	**600**	**118**	**28**

Performance share units

EverGen has a Performance Share Unit Plan ("PSU Plan") whereby PSUs may be granted from time to time to directors, officers, employees and contractors of the Company. The Company is entitled to issue up to 600,000 performance share units, pursuant to the PSU Plan, approved by the board of directors on December 30, 2020. While the number of PSUs outstanding will count towards the maximum number of common shares reserved under the Equity Incentive Plan, no additional PSUs can be granted under the Equity Incentive Plan or the PSU Plan.

The vesting period of PSUs granted is determined by the board of directors at the time of grant, and for each performance share unit exercised, the holder will receive one common share. Each PSU automatically terminates 10 years from the date of grant.

On December 31, 2020, the Company granted 600,000 PSUs to the officers and directors of EverGen. These PSUs were granted subject to the following performance conditions:

- Achievement of consolidated earnings before interest, tax, depreciation and amortization of at least $4,500 in a 12-month consecutive period; and
- Achievement of average renewable RNG production of at least 500 gigajoules/day over a 12-month consecutive period.

For the six month period ended June 30, 2021, $404 of share-based payment expense related to PSUs was recognized in net income (loss).

(All amounts in Canadian $000's, except as indicated)

Restricted share units

Pursuant to the EverGen Equity Incentive Plan, the Company may grant RSUs from time to time to directors, officers, employees and consultants of the Company.

The RSUs will vest evenly over a period of three years. Upon vesting of the RSUs, the plan participant will receive, at the option of the Company, one common share for each vesting RSU or a cash payment based on the fair value of the vesting RSU. The Company has classified RSUs as equity-settled share-based compensation.

On March 18, 2021, the Company granted 17,500 RSUs to an officer and consultants of the Company.

On June 29, 2021, the Company granted 100,000 RSUs to an officer of the Company that will only vest at the end of 30 months from the grant date.

The estimated fair values of the RSUs were calculated at the date of grant using the Black-Scholes model and the following assumptions:

For the six month period ended June 30, 2021	March 18, 2021 RSUs	June 29, 2021 RSUs
Share price on grant date	7.00	6.50
Fair value per RSU	7.00	6.50
Expected volatility (percent)	75	75
Risk-free interest rate (percent)	0.53	0.54
Expected forfeiture rate (percent)	10	10
Expected life (years)	3.00	2.50
Expected dividend yield	0.00	0.00

Estimated forfeiture rates are adjusted to the actual forfeiture rate at time of forfeiture. Expected volatility is based on the historical volatility of publicly-traded peer companies. Expected life is based on general option-holder behavior and the risk-free interest rate is based on Government of Canada bonds of a similar duration.

For the six month period ended June 30, 2021, $19 of share-based payment expense related to RSUs was recognized in net income (loss).

Deferred share units

Pursuant to the EverGen Deferred Share Unit Plan ("DSU Plan"), the Company may grant DSUs from time to time to directors of the Company. DSUs will be fully vested upon being granted to directors.

On March 18, 2021, the Company granted 27,500 DSUs to its directors.

The estimated fair value of the DSUs on the date of the grant was based on the prevailing $7.00 per common share fair value on the grant date. The Company classifies DSUs as equity-settled. As DSUs fully vest upon being granted, the share-based payment expense of these instruments was recognized in full on the grant date.

For the six month period ended June 30, 2021, $193 of share-based payment expense related to DSUs was recognized in net income (loss).

(All amounts in Canadian $000's, except as indicated)

Share-based payments

EverGen recorded the following share-based payments directly in equity:

	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020
Issuance of common shares in exchange for advisor services in connection with Special Warrant Financing	-	-	95	-
Issuance of share warrants in exchange for advisor services in connection with Special Warrant Financing	-	-	97	-
Total	**-**	**-**	**192**	**-**

EverGen recorded the following share-based payment expense in net income (loss):

	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020
Options	112	-	129	-
PSUs	203	-	404	-
RSUs	17	-	19	-
DSUs	-	-	193	-
Total	**332**	**-**	**745**	**-**

14. REVENUE

	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020
Tipping fees	2,238	-	3,493	-
Organic compost and soil sales	691	-	886	-
Trucking services	150	-	285	-
RNG sales	270	-	270	-
Total	**3,349**	**-**	**4,934**	**-**

Tipping fee income includes the disposal of biosolids and organic waste.

(All amounts in Canadian $000's, except as indicated)

15.GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020
Salaries and wages	229	-	404	-
Professional and consulting fees	89	-	1,050	-
Other	123	-	233	-
Total	**441**	**-**	**1,687**	**-**

16.FINANCE COSTS (INCOME), NET

	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020
Interest expense on loans payable (note 10)	69	-	79	-
Interest expense on lease liabilities (note 11)	49	-	98	-
Other	5	-	50	-
Interest income	-	-	(2)	-
	123	**-**	**230**	**-**

17. INCOME TAXES

The Company recognized the following income taxes:

	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020
Current tax expense (recovery)	85	-	3	-
Deferred tax expense (recovery)	(251)	-	(670)	-
Tax expense (recovery)	**(166)**	**-**	**(667)**	**-**

18. LOSS PER SHARE AMOUNTS

Basic and diluted loss per share for the period have been calculated on the basis of the weighted average number of common shares outstanding as follows:

(Canadian $000's, except common shares in thousands)	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020
Net loss attributable to shareholders	(175)	-	(1,333)	-
Weighted average common share outstanding – basic and diluted				
Issued common shares at beginning of period	9,589	-	8,203	-
Effect of private placement issuances	79	-	284	-
Effect of Special Warrant Unit Shares issued in connection with Special Warrant Financing(1)	-	-	609	-
Effect of shares issued to consultant on acquisitions	-	-	43	-
Effect of shares issued to finders or advisors	-	-	8	-
Effect of shares issued on acquisition	105	-	52	-
Issuance on satisfaction of share rights	46	-	23	-
	9,819	-	9,222	-
Loss per share – basic and diluted	($0.02)	($2.73)	($0.14)	($2.73)

(1) Includes the effect of the 1,059,325 Special Warrant Unit Shares classified as equity that will convert to common shares of the Company upon the exercise or deemed exercise on the Automatic Exercise Date as they are considered outstanding, see notes 2 and 13.

For the three and six month periods ended June 30, 2021 and for the period from incorporation on May 20, 2020 to June 30, 2020, the Company excluded the effect of warrants, shareholder rights, PSUs, DSUs, RSUs or Options as the effect would be anti-dilutive as the Company had a net loss during these periods and their effect would have been anti-dilutive.

19.FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

EverGen's financial assets consist of cash and cash equivalents, accounts receivable and carbon emission credits. The Company's financial liabilities consist of accounts payable and accrued liabilities, contingent consideration, lease liabilities and loans.

Cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities are initially recognized at fair value and subsequently measured at amortized cost. The carrying value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates their fair value due to the short-term maturity of those instruments.

The fair value of carbon emission credits is initially measured at fair value using period end trading prices of same or similar carbon emission credits on the secondary market (level 2). Changes in the fair value of the carbon emission credits are recorded at FVOCI.

The fair value of lease liabilities and loans is initially measured at fair value and carried at amortized cost. The fair value of the lease liabilities and loans payable approximates their carrying value due to the specific non-tradeable nature of these instruments.

The fair value of contingent consideration recognized in a business combination is initially measured at fair value on the date of acquisition using widely accepted valuation techniques (level 3). Changes in the fair value of contingent consideration are recognized in net income (loss).

Financial risk management

EverGen's activities expose it to certain financial risks, including market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that changes in market conditions, such as interest rates and foreign exchange rates will affect EverGen's net income (loss) or value of financial instruments.

Interest rate risk

EverGen may mange its interest expense using a mix of fixed and variable interest rates on its debt. Changes in interest rates could result in an increase or decrease in the amount the Company pays to service variable interest rate debt.

At June 30, 2021, the Company has fixed interest rates associated with its lease liabilities, thereby substantially reducing the cash flow risk of market fluctuations related to interest rates.

At June 30, 2021, the Company is exposed to interest rate risk with respect to is loans payable. If interest rates were to increase or decrease 50 basis points, the impact on interest expense in net income (loss) for the six month period ended June 30, 2021 would be $10.

Foreign exchange risk

EverGen has very few transactions denominated in foreign currencies thereby minimizing risk associated with fluctuations in exchange rates.

Credit risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in EverGen incurring a financial loss.

EverGen is exposed to credit risk with respect to its accounts receivable. As at June 30, 2021, the carrying amount of the Company's accounts receivables is $2,111 (December 31, 2020 - $1,515). The Company's credit risk is concentrated with a few customers, primarily municipal governments. At June 30, 2021, 7 customers represented 67 percent of accounts receivable (December 31, 2020 – two customers represented 31 percent of accounts receivable).

(All amounts in Canadian $000's, except as indicated)

The Company, through its wholly-owned subsidiary SSS, submitted a request for proposal for the City of Vancouver's North Shore Transfer Station related to organics management. The request for proposal was for contracts expiring on June 30, 2021 and previously held by the Company for both tipping and trucking of organic waste. During the six month period ended June 30, 2021, these contracts accounted for 52 percent of SSS's revenue. On April 16, 2021, the Company was notified that this contract was awarded to another bidder subject to final review and execution by the commissioner of the Metro Vancouver Regional District – Zero Waste Committee.

Management uses a provision matrix based upon historical default rates and forward-looking assumptions to calculate expected credit losses and establish a provision for ECLs. The Company's historical bad debt expense has not been significant and is usually limited to specific customer circumstances. Management considers the credit worthiness of counterparties and past payment history as well as amounts past due. Management regularly monitors customers' payments and considers all amounts greater than 60 days to be past due. The maximum exposure to credit risk related to trade receivables is their carrying value as disclosed in these financial statements.

EverGen held cash and cash equivalents of $3,647 and restricted cash of $3,187 at June 30, 2021 which represents its maximum credit exposure on these assets (December 31, 2020 - $4,684 cash and cash equivalents and $319 restricted cash). The cash is held with major financial institution counterparties and management believes credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that EverGen will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company's objective in managing liquidity risk is to maintain sufficient available resources to meet its liquidity requirements at any point. EverGen achieves this by managing its capital spending and maintaining sufficient funds for anticipated short-term spending.

The expected timing of cash outflows relating to financial liabilities on balance sheet as at June 30, 2021 are:

	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Thereafter	Total
Accounts payable and accrued liabilities	2,913	-	-	-	-	-	2,913
Contingent consideration	3,133	-	-	-	-	-	3,133
Loan payments[(1)]	955	928	5,530	-	-	-	7,413
Lease payments[(1)]	417	411	383	362	302	3,221	5,096
Total	**7,418**	**1,339**	**5,913**	**362**	**302**	**3,221**	**18,555**

(1) *Includes principal and interest.*

The Company anticipates that its existing capital resources will be adequate to satisfy its liquidity requirements over the next 12 months.

(All amounts in Canadian $000's, except as indicated)

Capital management

The capital structure of EverGen consists of the following:

	June 30, 2021	December 31, 2020
Working capital (surplus) deficit	(2,310)	2,842
Long-term loans payable	6,077	-
Long-term lease liabilities	3,149	3,229
Shareholders' equity	42,465	31,909
	49,381	**37,980**

EverGen's objectives when managing its capital structure are to maintain financial flexibility so as to preserve the Company's ability to meet its financial obligations and to finance internally generated growth capital requirements. The Company is not subject to external restrictions on its capital structure.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. EverGen considers its capital structure to include working capital, lease liabilities and shareholders' equity. Management monitors the capital structure and results of operations on a routine basis including the measurement and reporting of key metrics including earnings before interest, tax, depreciation and amortization ("EBITDA") and adjusted EBITDA which is EBITDA adjusted for share-based payment expense and unusual or non-recurring items. Management considers EBITDA and adjusted EBITDA to be key metrics in analyzing the operational performance of EverGen and the ability to generate cash flow. To maintain or adjust the capital structure, the Company may issue additional debt, issue new shares and adjust capital and operating expenditures to manage its current and projected debt levels.

(All amounts in Canadian $000's, except as indicated)

20. RELATED PARTY BALANCES AND TRANSACTIONS

Key management compensation

The value of compensation and other fees paid to board of directors and members of executive management of EverGen is as follows:

	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020
Management salaries and other benefits	191	-	369	-
Share-based payment expense	331	-	742	-
	552	**-**	**1,111**	**-**

At June 30, 2021, $1 is payable to members of executive management as reimbursement of EverGen expenses incurred.

Other related party transactions

Office rent expense

During the first three months of 2021, the Company incurred office rent expense of $10 to a private company of which a board member is a partner, with respect to shared office space. The fees which are included in general and administrative expenses were incurred in the normal course of business under the same terms and conditions as transactions with unrelated companies. At June 30, 2021, $nil was payable to the company.

New office rent sub-lease – cost recovery

In April 2021, the Company entered into a new office lease. The Company sub-leases part of this office space to a private company of which a board member is a partner. During the six month period ended June 30, 2021, the Company included $5 as a cost recovery in general and administrative expenses. The Company billed these fees in the normal course of business under the same terms and conditions as transactions with unrelated companies. At June 30, 2021, $5 was receivable from the company.

(All amounts in Canadian $000's, except as indicated)

21. SUPPLEMENTARY CASH FLOW INFORMATION

The following table reconciles the net changes in non-cash working capital, excluding the non-cash working capital acquired on acquisitions, from the statement of financial position to the statements of cash flows:

	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020
Net changes in non-cash working capital:				
Accounts receivable	(818)	-	(786)	-
Prepaid expenses and other assets	7	-	49	-
Inventories	50	-	39	-
Accounts payable and accrued liabilities	(1,125)	-	(1,040)	-
	(1,886)	-	**(1,738)**	-
Net changes in non-cash working capital related to:				
Operating activities	(1,980)	-	(2,213)	-
Investing activities	52	-	169	-
Financing activities	42	-	306	-
	(1,886)	-	**(1,738)**	-
Interest paid	128	-	178	-
Taxes paid	472	-	472	-

The following table reconciles the movement in cash flows arising from certain financing activities:

	Three months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020	Six months ended June 30, 2021	Period from incorporation on May 13, 2020 to June 30, 2020
Loans payable				
Balance, beginning of period	7,010	-	-	-
Loans advanced	-		7,000	
Accrued interest repaid	(10)			
Principal repayments	(223)	-	(223)	-
Balance, end of period	**6,777**	-	**6,777**	-
Lease liabilities				
Balance, beginning of period	3,399	-	3,454	-
Lease additions	113	-	113	-
Principal repayments	(73)	-	(128)	-
Balance, end of period	**3,439**	-	**3,439**	-
Share capital				
Balance, beginning of period	40,846	-	32,790	-
Proceeds from private placements	1,000	-	2,320	-
Proceeds from Special Warrant Financing	-	-	7,225	-
Issuance costs	(11)	-	(891)	-
Non-cash items				
Common shares issued in exchange for consulting services in connection with acquisitions	-	-	250	-
Common shares issued in exchange for advisor services in connection with Special Warrant Financing	-	-	95	-
Non-cash issuance costs	-	-	(192)	-
Issued as consideration on acquisition	1,000	-	1,000	-
Issuance on satisfaction of share rights	32	-	32	-
Tax effect of issuance costs	2	-	240	-
Balance, end of period	**42,869**	-	**42,869**	-

(All amounts in Canadian $000's, except as indicated)

22. COMMITMENTS AND CONTINGENCIES

Contractual obligations and commitments

At June 30, 2021, EverGen had the following additional contractual obligations and commitments as follows:

	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Thereafter	Total
Service contracts and other lease commitments[1]	112	48	5	5	4	-	174
Consulting services agreements	150	-	-	-	-	-	150
Carbon emission credits – purchase agreement	222	58	-	-	-	-	280
Total	**484**	**106**	**5**	**5**	**4**	**-**	**604**

[1] *Service contracts for leased equipment and leased property utility and property tax commitments.*

In addition to the above amounts, the Company has annual commitments related to certain of its land leases for utilities and property taxes that fluctuate with usage and assessments, respectively.

Uncertainty over income tax treatments

EverGen believes that the accruals for tax liabilities are adequate for all open tax years based on the assessment of many factors, including interpretations of tax law and prior experience.

23. SUBSEQUENT EVENTS

Special Warrant deemed exercise

On July 20, 2021, following the Automatic Exercise Date, the 1,059,325 Special Warrants were deemed exercised for 1,059,325 Special Warrant Units, each unit comprising one common share and one half a warrant issued with the completion of this deemed exercise. As management previously determined these Special Warrants are equity instruments, EverGen included the 1,059,325 Special Warrant Unit Shares as part of share capital and included the 529,662 Special Warrant Unit Warrants as part of share warrants as of March 18, 2021, the private placement issue date of the Special Warrants.

Initial public offering

On August 4, 2021, EverGen completed an initial public offering (the "Offering") of 3,080,000 units (the "Offered Units") of the Company at a price of $6.50 per Offered Unit (the "Offering Price"), for aggregate gross proceeds of $20,020 (the "Offering").

The Company's common shares were listed on the TSX Venture Exchange under the symbol "EVGN" and commenced trading on August 4, 2021.

Each Offered Unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of $10.50 until August 4, 2023.

The Offering was conducted by a syndicate of underwriters.

The Company has also granted the underwriters with an over-allotment option to purchase up to an additional 462,000 Offered Units at the Offering Price, exercisable in whole or in part, at any time on or prior to the date that is 30 days following the closing of the Offering. If the over-allotment option is exercised in full, additional gross proceeds of $3,003 will be raised.

Corporate Information

OFFICERS

Chase Edgelow
Chief Executive Officer & Director

Mischa Zajtmann
President & Corporate Secretary

Jennifer Schilling
Chief Financial Officer

Sean Mezei
Chief Operating Officer

BOARD OF DIRECTORS

Ford Nicholson(1)(2)

Chase Edgelow(3)

Mary Hemmingsen(1)(2)(3)

Djenane Cameron(1)(2)

Jon Ozturgut(3)

CORPORATE HEADQUARTERS

Suite 390, 1050 Homer Street
Vancouver, BC V6B 2W9
Canada

www.evergeninfra.com
infohub@evergeninfra.com

AUDITORS
PricewaterhouseCoopers LLP
Calgary, Alberta

BANKERS
Bank of Montreal
Vancouver, British Columbia

LEGAL COUNSEL
Borden Ladner Gervais LLP
Vancouver, British Columbia

REGISTRAR AND TRANSFER AGENT
TSX Trust Company
Suite 2700, 650 West Georgia Street
Vancouver, BC V6B 4N9
Tel: +1 (604) 689-3334

STOCK EXCHANGE LISTING
TSX Venture Exchange (“TSX-V”)
Trading Symbol: EVGN

INVESTOR RELATIONS INFORMATION
investors@evergeninfra.com

(1) Member of the Audit Committee

(2) Member of the Corporate Governance and Nomination Committee

(3) Member of the Safety and Sustainability Committee