BASIS OF PRESENTATION AND DESCRIPTION OF THE COMPANY

July 5, 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 period ended March 31, 2021 and should be read in conjunction with the Company's unaudited interim consolidated financial statements for the period ended March 31, 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 thousands of Canadian dollars, 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 July 5, 2021.

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.

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 commenced operations on incorporation date of May 13, 2020. The Company is a sustainable infrastructure platform and currently owns and operates organic waste processing facilities which also provide organic feedstock for the planned development of RNG infrastructure projects.

The Company completed the acquisition of Net Zero Waste Abbotsford Inc. ("NZWA") and Sea to Sky Soils and Composting Inc. ("SSS") on December 31, 2020. The Company operates two such organic waste conversion facilities in British Columbia, 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 EverGen is sourced under long-term contracts with local municipalities. From this existing platform, EverGen plans to initiate the development of RNG facilities and to produce RNG under long term contracts to Fortis BC and other creditworthy buyers.

Effective April 16, 2021, EverGen acquired all of the issued and outstanding shares of Fraser Valley Biogas Ltd. ("FVB"), pursuant to a share purchase agreement dated April 16, 2021. The Company paid an aggregate amount of $11,500 comprised of $10,500 cash consideration and $1,000 of share consideration. FVB owns and operates a biogas facility in Abbotsford, British Columbia which sells RNG under a long-term contract with Fortis BC. EverGen used a portion of the net proceeds from the March 18, 2021 Special Warrant Financing and funds from the March 17, 2021 credit facility to fund the acquisition of FVB.

On April 29, 2021, EverGen's wholly owned subsidiary Net Zero Waste Abbotsford Inc. entered into a 20-year offtake agreement with FortisBC Energy Inc. (Fortis BC). 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.

EverGen plans to begin construction on the anaerobic digester at its Net Zero Waste Abbotsford facility later this year. Upon regulatory approval and completion, EverGen expects to start supplying FortisBC with RNG by the end of 2022.

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 advance RNG project pipeline.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

EverGen was incorporated on May 13, 2020 for the purposes of contributing to the circular economy through waste recycling and in the development of RNG through sourcing, operating and developing sustainable infrastructure and fulfilling our environmental, societal and governance ("ESG") values. Circular systems deploy recycling to minimize use of new resource inputs and reduce waste, pollution and carbon emissions.

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.

This MD&A includes a review and analysis of the consolidated operations of EverGen which includes the operations of both of its wholly-owned subsidiaries, NZWA and SSS for the three month period ended March 31, 2021. All of the issued and outstanding shares of NZWA and SSS were purchased on December 31, 2020, and as a result 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 December 31, 2020. NZWA and SSS are considered to be predecessor companies of EverGen under securities law and accounting regulations. As such, for additional comparative information for both NZWA and SSS, refer to their respective stand-alone audited financial statements for the year ended December 31, 2020 as filed on www.sedar.com.

All amounts in Canadian $000s, unless otherwise indicated

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended March 31, 2021
FINANCIAL	
Revenue	1,585
Net income (loss)	(1,158)
Net income (loss) per share ($), basic and diluted	($0.13)
EBITDA (1)	(960)
Adjusted EBITDA (1)	203
Capital expenditures	146
Total assets	61,912
Total long-term liabilities	14,347
OPERATING	
Incoming organic feedstock (tonnes)	17,164
Organic compost and soil sales (yards) (2)	7,087

(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

	Three months ended March 31, 2021
Tipping fees	1,255
Organic compost and soil sales	195
Other	135
Total	**1,585**

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.

EverGen generated $1,585 of revenue during the first quarter of 2021 including $1,255 tipping fees from 17,164 tonnes of incoming organic feedstock and $195 from 7,087 yards of organic compost and soil sales.

Cost of goods sold

	Three months ended March 31, 2021
Cost of goods sold	**597**

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.

All amounts in Canadian $000s, unless otherwise indicated

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.

Gross profit

	Three months ended March 31, 2021
Gross profit	988
% of revenue	62

The Company's 62 percent gross profit as a percentage of revenue for the first quarter of 2021 is comparable to the acquired businesses' stand-alone annual 2020 gross profit percentages of revenue. In 2020, NZWA and SSS had gross profits as a percentage of revenue of 60 percent and 61 percent, respectively.

Operating costs

	Three months ended March 31, 2021
Operating costs	222

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.

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.

General and administrative expenses

	Three months ended March 31, 2021
General and administrative expenses	1,246

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

The Company's general and administrative expenses of $1,246 for the first quarter of 2021 include $683 of one-time professional, legal and consulting fees related to the integration of acquisitions, implementation of processes and in preparation of readying EverGen as a potential reporting issuer and public filer.

Operating profit

	Three months ended March 31, 2021
Operating profit (loss)	(480)

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.

During the first quarter of 2021, EverGen had a negative operating profit of $480 primarily due to $683 of one-time professional, legal and consulting fees related to the integration of acquisitions, implementation of processes and in preparation of readying EverGen as a potential reporting issuer and public filer included in general and administrative expenses.

All amounts in Canadian $000s, unless otherwise indicated

Depreciation and amortization

	Three months ended March 31, 2021
Depreciation	204
Amortization	388
Total	**592**

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.

Share-based payment expense

	Three months ended March 31, 2021
Share-based payment expense	**413**

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.

All amounts in Canadian $000s, unless otherwise indicated

Finance costs (income), net

	Three months ended March 31, 2021
Finance costs (income), net	**107**

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.

Other income (expense), net

	Three months ended March 31, 2021
Transaction costs	**67**

Transaction costs of $67 related to prospective acquisitions have been expensed by EverGen for the three months ended March 31, 2021.

Income taxes

	Three months ended March 31, 2021
Current tax expense (recovery)	(81)
Deferred tax expense (recovery)	(420)
Total tax expense (recovery)	**(501)**

Income taxes consist of current and deferred income taxes.

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 potential 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

	Three months ended March 31, 2021
EBITDA	**(960)**
Adjusted EBITDA	**203**

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 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 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 potential reporting issuer and public filer.

All amounts in Canadian $000s, unless otherwise indicated

CAPITAL EXPENDITURES

	Three months ended March 31, 2021
Capital expenditures	**146**

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

SUPPLEMENTAL QUARTERLY INFORMATION

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

	2021	2020		
	Mar 31 Q1	Dec 31 Q4	Sep 30 Q3	Jun 30 Q2[(2)]
FINANCIAL				
Revenue	1,585	-	-	-
Net income (loss)	(1,158)	(2,227)	(5)	(1)
Net income (loss) per share ($), basic and diluted	(0.13)	(6.69)	(2,142.16)	(2.73)
EBITDA[(3)]	(960)	(2,515)	(6)	-
Adjusted EBITDA[(3)]	203	-	-	-
Capital expenditures	146	34,042[(4)]	-	-
Total assets	61,912	50,510	104	-
Total long-term liabilities	14,347	8,780	100[(5)]	-
OPERATING				
Incoming organic feedstock (tonnes)	17,164	-	-	-
Organic compost and soil sales (yards)	7,087	-	-	-

(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.*

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.

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 March 31, 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.

CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

The following discussion relates to the consolidated position of liquidity and capital of EverGen as at March 31, 2021.

EverGen's business currently operates to receive inbound organic municipal waste under contracted tipping fees with municipalities and sell outbound organic compost and soil products to farmers, gardeners and developers. The Company is presently undertaking further development and acquisitions to extend its business into RNG production.

At March 31, 2021, EverGen had cash and cash equivalents of $14,095 (December 31, 2020 - $4,684), restricted cash of $2,819 (December 31, 2020 - $319) and a working capital surplus of $11,579 (December 31, 2020 - $2,842 deficit) and is primarily due to the proceeds from the equity issuance and debt advanced in the first 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, 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 March 31, 2021, $7,000 was drawn against the credit facility.

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 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 March 31, 2021.

As at July 5, 2021, $6,808 was drawn against the credit facility.

All amounts in Canadian $000s, unless otherwise indicated

Share capital

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

As at (thousands)	March 31, 2021	December 31, 2020
Common shares [(1)]	9,589[(1)]	8,203
Share warrants [(2)]	911[(2)]	340
Share rights	462	462
Options	195	-
Performance share units	600	600
Restricted share units	18	-
Deferred share units	28	-
Total outstanding securities	**11,803**	**9,605**

(1) *At March 31, 2021, 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.*

(2) *At March 31, 2021, includes the 529,662 Special Warrant Unit Warrants included in the Special Warrant Financing.*

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.

In addition, during the three month period ended March 31, 2021, EverGen completed other private placements of 10,000 common shares at $5.00 per common share for gross proceeds of $50.

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.

All amounts in Canadian $000s, unless otherwise indicated

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 $10,500 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 461,699 share rights became entitled to receive one common share of EverGen for each share right held or 461,699 common shares of EverGen in the aggregate for no additional consideration. As at July 5, 2021, these common shares have not been issued.

A summary of EverGen's other equity instruments at March 31, 2021 and December 31, 2020 can be found in note 11 to the unaudited interim consolidated financial statements for the period ended March 31, 2021 and in note 13 to the audited consolidated financial statements for the period from incorporation on May 13, 2020 to December 31, 2020.

On July 5, 2021, the Company had the following outstanding common shares and equity instruments outstanding:

(thousands)	
Common shares	9,825[(1)]
Share warrants	911[(2)]
Share rights	462
Options	195
Performance share units	600
Restricted share units	118
Deferred share units	28
Total outstanding securities	**12,139**

(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.*
(2) *Includes the 529,662 Special Warrant Unit Warrants included in the Special Warrant Financing.*

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, expects to produce 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 historical financial information of NZWA and SSS and the proforma consolidated financial information of EverGen may not be representative of the Company's results as a combined entity.

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 three months ended March 31, 2021, the Company had five municipal customers who represented 65 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 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 31 percent of EverGen's revenue (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 as well as the $447 collateralized accounts receivable at March 31, 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 beyond or in addition to the North Shore Transfer Station contract.

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.

Initial public offering risk

There is currently no existing public market for the common shares of EverGen. The completion of a public offering may not lead to an active trading market, or if developed, a market that is sustainable. 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.

All amounts in Canadian $000s, unless otherwise indicated

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 March 31, 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 March 31, 2021 the Company has 8 customers who represent 76 percent of EverGen's accounts receivable (December 31, 2020 – two customers represented 31 percent of account receivable). At March 31, 2021 and December 31, 2020, the Company has $447 of collateralized accounts receivable.

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 March 31, 2021:

	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Thereafter	Total
Loan payments [1]	979	936	5,792	-	-	-	7,707
Lease liabilities [1]	417	411	383	362	302	3,221	5,096
Service contracts [2]	12	12	5	5	4	-	38
Consulting services agreements	200	50	-	-	-	-	250
Carbon emission credits – purchase agreement	141	81	58	-	-	-	280
Total	**1,749**	**1,490**	**6,238**	**367**	**306**	**3,221**	**13,371**

(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 March 31, 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 March 31, 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 three month period ended March 31, 2021 would be $1.

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 months ended March 31, 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 month period ended March 31, 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.

The Company's Chief Executive Officer and Chief Financial Officer have concluded that a scope limitation exists for the periods presented in the financial statements and MD&A, as defined under National Instrument 52-109. EverGen's acquisitions of NZWA and SSS occurred less than 365 days before the end of the financial period covered by the financial statements and MD&A, presented herein. As a result, management is unable to certify over the disclosure controls and procedures as of at and for the period ended December 31, 2020, or that they are effective and provide reasonable assurance that material information related to the Company is made known to them by others within EverGen.

With the intention of completing an initial public offering and readying EverGen as a venture reporting issuer, the Company has commenced a process to standardize pre-existing control systems at each of the acquired entities and further strengthen 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.

All amounts in Canadian $000s, unless otherwise indicated

RELATED PARTY TRANSACTIONS

EverGen had the following related party transactions during the three month period ended March 31, 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 March 31, 2021
Management salaries and other benefits	178
Share-based payment expense	411
Total	**589**

At March 31, 2021, $3 is payable to members of executive management as reimbursement of EverGen expenses incurred.

Other related party transactions

The Company incurred office rent expense of $10 included in general and administrative expenses for the three month period ended March 31, 2021 to a private investment firm. A board member and two officers are partners of the firm. The fees were incurred in the normal course of business under the same terms and conditions as transactions with unrelated companies. At March 31, 2021, $nil was payable to the firm.

SUBSEQUENT EVENTS

SSS organics management contract

The Company, through its wholly-owned subsidiary SSS, submitted a request for proposal, specifically No. 20-016, for the City of Vancouver's North Shore Transfer Station five-year contract related to organics management. The request for proposal was for contracts expiring June 30, 2021, currently held by SSS for both tipping and trucking of organic waste. During the three months ended March 31, 2021, these contracts accounted for 31 percent of EverGen's revenue (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. 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 during the three month period ended March 31, 2021 and (ii) the release of encumbrances on the $319 of restricted cash held in restricted term deposits as well as the $447 collateralized accounts receivable at March 31, 2021, respectively, that are also subject to holdback performance obligations and escrow arrangements. In addition, this outcome may also prompt the derecognition of contingent consideration liabilities at March 31, 2021 related to performance obligations.

Acquisition of Fraser Valley Biogas Ltd.

Effective April 16, 2021, EverGen acquired all of the issued and outstanding shares of Fraser Valley Biogas Ltd. ("FVB"), pursuant to a share purchase agreement dated April 16, 2021 among EverGen and Heppells Potato Corporation and Pela Holdings Ltd. The Company paid an aggregate amount of $11,500 comprised of $10,500 cash consideration and issued 125,000 common shares valued at $8.00 per share. FVB owns and operates a biogas facility in Abbotsford, British Columbia which is under a long-term contract with Fortis BC. EverGen used a portion of the net proceeds from the March 18, 2021 Special Warrant Financing and funds from the March 17, 2021 credit facility to fund the acquisition of FVB.

Non-brokered private placement

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.

Initial public offering

On April 28, 2021, the Company filed a preliminary prospectus with the intention of completing an initial public offering.

FortisBC 20 year 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 Energy Inc. (Fortis BC). 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.

Organic Infrastructure Program grant receipt

On May 7, 2021, the Company received $375 of the $447 portion of the Organic Infrastructure Program grant recorded in accounts receivable at March 31, 2021. The payment received is held as restricted cash.

Share rights holders entitled to common shares

On June 22, 2021, the deadline for completing a liquidity event expired and the holders of 461,699 share rights became entitled to receive one common share of EverGen for each share right held or 461,699 common shares of EverGen in the aggregate for no additional consideration. As at July 5, 2021, these common shares have not been issued.

Restricted share unit grant

On June 29, 2021, the Company granted 100,000 restricted share units to an officer of the Company.

ADDITIONAL INFORMATION

Additional information related to EverGen is available on SEDAR 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.

All amounts in Canadian $000s, unless otherwise indicated

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 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 March 31, 2021
Net loss	(1,158)
Tax recovery	(501)
Depreciation and amortization	592
Finance costs (income), net	107
EBITDA	**(960)**
Share-based payment expense	413
Transaction costs	67
Non-recurring general and administrative expenses	683
Adjusted EBITDA	**203**

In the first quarter of 2021, EverGen's EBITDA adjustments for unusual or non-recurring items consist of $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 potential reporting issuer and public filer.

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 March 31, 2021
Gross profit	988
Operating costs	(222)
General and administrative expenses	(1,246)
Operating profit (loss)	**(480)**

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)	March 31, 2021	December 31, 2020
Current assets	18,827	6,979
Current liabilities	(7,248)	(9,821)
Working capital surplus (deficit)	**11,579**	**(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 and SSS;
- 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;
- Management's expectations of replacing the Metro Vancouver material contract that was awarded to another bidder subsequent to March 31, 2021;
- 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;
- 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 RNG offtake contracts;
- Planned construction on the anaerobic digester at its Net Zero Waste Abbotsford facility; and
- Expectations to start supplying FortisBC with RNG by the end of 2022.

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.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited)
As at
(Canadian $000's)

	Notes	March 31, 2021	December 31, 2020
Current assets			
Cash and cash equivalents		14,095	4,684
Restricted cash	3 & 10	2,819	319
Accounts receivable	4	1,483	1,515
Prepaid expenses and other assets		70	112
Inventories		138	127
Carbon emission credits		222	222
		18,827	**6,979**
Property and equipment	5	11,540	11,597
Intangible assets	6	20,571	20,960
Goodwill		10,974	10,974
Total assets		**61,912**	**50,510**
Current liabilities			
Accounts payable and accrued liabilities	7	4,027	3,941
Loans payable	8	727	-
Lease liabilities	9	228	225
Contingent consideration	10	2,266	5,655
		7,248	**9,821**
Loans payable	8	6,283	-
Lease liabilities	9	3,171	3,229
Deferred tax		4,893	5,551
Total liabilities		**21,595**	**18,601**
Shareholders' equity			
Share capital	11	40,846	32,790
Share warrants	11	2,415	1,068
Share rights	11	32	32
Contributed surplus	11	415	252
Accumulated deficit		(3,391)	(2,233)
Total shareholders' equity		**40,317**	**31,909**
Total liabilities and shareholders' equity		**61,912**	**50,510**

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

Commitments and contingencies	20
Subsequent events	21

On behalf of the board of directors:

Signed *"Chase Edgelow"*   Signed *"Mary Hemmingsen"*

Chase Edgelow, Director   Mary Hemmingsen, Director

INTERIM CONSOLIDATED STATEMENT OF NET LOSS AND COMPREHENSIVE LOSS

(Unaudited)
For the three month period ended,
(Canadian $000s, except per share amounts)

	Notes	March 31, 2021
Revenue	12	1,585
Cost of goods sold		597
Gross profit		988
Operating costs		222
General and administrative expenses	13	1,246
Depreciation and amortization	5,6	592
Share-based payment expenses	11	413
Finance costs (income), net	14	107
Transaction costs		67
Net loss before taxes		**(1,659)**
Tax recovery	15	(501)
Net loss and comprehensive loss		**(1,158)**
Loss per share – basic and diluted	16	**($0.13)**

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)
(Canadian $000's)

	Notes	
Share capital		
Balance, December 31, 2020		32,790
Common shares issued on private placements		1,320
Common shares issued in exchange for consulting services in connection with acquisitions	11	250
Special Warrant Unit Shares issued in connection with the Special Warrant Financing	2 & 11	7,225
Common shares issued in exchange for advisor services in connection with Special Warrant Financing	11	95
Share issue costs, net of tax	11	(834)
Balance, March 31, 2021		**40,846**
Share warrants		
Balance, December 31, 2020		1,068
Share Warrant Unit Warrants issued in connection with Special Warrant Financing	11	1,250
Broker Options issued as consideration for broker services in connection with Special Warrant Financing brokered private placement	11	41
Broker Unit Warrants issued as consideration for broker services in connection with Special Warrant Financing brokered private placement	11	44
Finder Warrants issued as consideration for services in connection with Special Warrant Financing non-brokered private placement	11	12
Balance, March 31, 2021		**2,415**
Share rights		
Balance, December 31, 2020 and March 31, 2021	11	**32**
Contributed surplus		
Balance, December 31, 2020		252
Share-based payments	11	413
Common shares issued exchange for consulting services in connection with acquisitions	11	(250)
Balance, March 31, 2021		**415**
Accumulated deficit		
Balance, December 31, 2020		(2,233)
Net comprehensive loss		(1,158)
Balance, March 31, 2021		**(3,391)**
Total Shareholders' Equity		**40,317**

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

For the three month period ended,

(Canadian $000's)

	Notes	March 31, 2021
Operating activities		
Net loss		(1,158)
Items not affecting cash:		
Depreciation and amortization	5,6	592
Share-based payment expenses	11	413
Loan payable interest expense accrued		10
Deferred income tax recovery	15	(420)
Changes in non-cash working capital	19	(232)
Net cash flow used in operating activities		**(795)**
Investing activities		
Expenditures on property and equipment	5	(146)
Contingent consideration payments	10	(3,389)
Changes in non-cash working capital	19	117
Net cash flow used in investing activities		**(3,418)**
Financing activities		
Advance of loans payable	8	7,000
Repayment of principal portion of lease liabilities	9	(55)
Proceeds from Special Warrant Financing	11	8,475
Proceeds from private placements	11	1,320
Share issue costs	11	(880)
Changes in non-cash working capital	19	264
Net cash flow from financing activities		**16,124**
Net change in cash		11,911
Cash, cash equivalents and restricted cash at beginning of period		5,003
Cash, cash equivalents and restricted cash at end of period	3	**16,914**

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)
March 31, 2021

1. REPORTING ENTITY

EverGen Infrastructure Corp. ("EverGen" or the "Company") operates two Gore Cover™ organic waste management facilities 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 plans to develop anaerobic digestion infrastructure and eventually sell renewable natural gas ("RNG"). On December 31, 2020, the Company completed a plan of arrangement (the "Arrangement") with Net Zero Waste Abbotsford Ind. ("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.

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

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.

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.

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 July 5, 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.

All amounts in Canadian $000s, 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 11, 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.

3. RESTRICTED CASH

	March 31, 2021	December 31, 2020
Organic Infrastructure Program – restricted term deposits	319	319
Acquisition holdbacks held in trust by escrow agent	2,500	-
	2,819	**319**

The Company's restricted cash of $2,819 at March 31, 2021 (December 31, 2020 - $319) is held in restricted term deposits or held in trust. The grant awarded to the Company's wholly-owned subsidiary SSS, for the expansion of the Company's organic waste facility is held in restricted term deposits as required by the Organic Infrastructure Program. Pursuant to the NZWA and SSS share purchase agreements, acquisition holdbacks are held in trust by an escrow agent (note 10).

Holdback provisions and escrow arrangements

In accordance with the holdback provisions and escrow arrangements as attached to the NZWA and SSS share purchase agreements, EverGen paid $5,889 to the escrow agent in trust during the three month period ended March 31, 2021: (i) 50% of the holdback on February 24, 2021; and (ii) the remaining 50% of the holdback on March 18, 2021. The holdback provisions include $3,389 related to standard indemnity provisions and $2,500 related to performance driven holdbacks. The $3,389 indemnity holdbacks are expected to be released from escrow pursuant to customary closing adjustments and the Company recognized theses indemnity holdbacks paid as contingent consideration payments as disclosed in note 10. The $2,500 performance driven holdbacks are expected to be released from escrow subject to performance obligations and remain as restricted cash at March 31, 2021.

In addition, the Company's $319 restricted cash held in restricted term deposits, as required by the Organic Infrastructure Program, as well as $447 collateralized accounts receivable at March 31, 2021, see note 4, are also restricted subject to these holdback performance obligations and escrow arrangements.

All amounts in Canadian $000s, unless otherwise indicated

4. ACCOUNTS RECEIVABLE

	March 31, 2021	December 31, 2020
Trade receivables	998	1,056
Organic Infrastructure Program receivable	447	447
Other	38	12
	1,483	**1,515**

The Company, through its wholly-owned subsidiary, SSS, was awarded a federal grant of $765 under the Organic Infrastructure Program for the expansion of its organic waste facility. A portion of the grant, $447 is recorded in accounts receivable at March 31, 2021 (December 31, 2020 - $447) and is collateralized, of which $375 was received on May 7, 2021 and held as restricted cash.

5. PROPERTY AND EQUIPMENT

Cost	Buildings and leasehold improvements	Equipment, vehicles and other	Right-of-use assets	Total
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	90	-	146
At March 31, 2021	**4,615**	**3,674**	**3,454**	**11,743**
Accumulated depreciation				
At December 31, 2020	-	-	-	-
Depreciation	62	71	70	203
At March 31, 2021	**62**	**71**	**70**	**203**
Carrying value				
At December 31, 2020	4,559	3,584	3,454	11,597
At March 31, 2021	**4,553**	**3,603**	**3,384**	**11,540**

EverGen's property and equipment consists of 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 acquired assets commenced on January 1, 2021.

As at March 31, 2021, there were no indicators of impairment related to the Company's property and equipment.

All amounts in Canadian $000s, unless otherwise indicated

6. INTANGIBLE ASSETS

Cost	Brands	Customer contracts and stakeholder relationships	Total
May 13, 2020	-	-	-
Acquisition of NZWA	110	11,480	11,590
Acquisition of SSS	1,070	8,300	9,370
At December 31, 2020 and March 31, 2021	**1,180**	**19,780**	**20,960**
Accumulated amortization			
At December 31, 2020	-	-	-
Amortization	15	374	389
At March 31, 2021	**15**	**374**	**389**
Carrying value			
At December 31, 2020	1,180	19,780	20,960
At March 31, 2021	**1,165**	**19,406**	**20,571**

Amortization on the acquired assets commenced on January 1, 2021.

As at March 31, 2021, there were no indicators of impairment related to the Company's intangible assets.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2021	December 31, 2020
Trade payables and accrued liabilities	3,357	3,043
Taxes payable	504	516
Other liabilities	166	382
	4,027	**3,941**

8. LOANS PAYABLE

	Total
At December 31, 2020	-
Advances	7,000
Interest expense (note 14)	10
Principal payments	-
At March 31, 2021	**7,010**
Less current portion	**727**
Long-term portion	**6,283**

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 March 31, 2021, $7,000 was drawn against the credit facility.

All amounts in Canadian $000s, unless otherwise indicated

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 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 March 31, 2021, the Company is in compliance with all covenants.

9. LEASE LIABILITIES

	Total
As at December 31, 2020	3,454
Additions	-
Interest expense (note 11)	49
Lease payments	(104)
As at March 31, 2021	**3,399**
Less current portion	**(228)**
Long-term portion	**3,171**

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.

10. CONTINGENT CONSIDERATION

	Total
As at December 31, 2020	5,655
Contingent consideration payments	(3,389)
As at March 31, 2021	**2,266**

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 three month period ended March 31, 2021, pursuant to the NZWA and SSS share purchase agreements, EverGen transferred $5,889 holdback to the escrow agent in trust and recognized $3,389 of standard indemnity holdback as contingent consideration payments and the $2,500 balance is held in trust and included in restricted cash at March 31, 2021, as disclosed in note 3.

All amounts in Canadian $000s, unless otherwise indicated

11. 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	264	1,320
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
Share issue costs, net of tax effect		(834)
At March 31, 2021[1]	9,589	40,846

(3) *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 three month period ended March 31, 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.

In addition, during the three month period ended March 31, 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.

All amounts in Canadian $000s, unless otherwise indicated

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.

Subsequent event

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 $10,500 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.

c) Share issue costs

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

For the three month period ended March 31, 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	880
Tax effect of share issue costs	(238)
Total	**834**

All amounts in Canadian $000s, unless otherwise indicated

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 March 31, 2021	**911**	**2,415**

The following share warrants were issued during the three month period ended March 31, 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").

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.

All amounts in Canadian $000s, unless otherwise indicated

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 three month period ended March 31, 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 $000s, unless otherwise 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 three month period ended March 31, 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 March 31, 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 March 31, 2021	**462**	**32**

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 461,699 share rights became entitled to receive one common share of EverGen for each share right held or 461,699 common shares of EverGen in the aggregate for no additional consideration. As at July 5, 2021, these common shares have not been issued.

All amounts in Canadian $000s, unless otherwise 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 March 31, 2021:

	Number of Options	Weighted average exercise price
Outstanding at December 31, 2020	-	-
Granted	195	9.40
Outstanding at March 31, 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.

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 three month period ended March 31, 2021	
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	-

All amounts in Canadian $000s, unless otherwise indicated

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 period ended March 31, 2021, $17 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	-	18	28
Outstanding at December 31, 2020	**600**	**18**	**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 three month period ended March 31, 2021, $201 of share-based payment expense related to PSUs was recognized in net income (loss).

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.

All amounts in Canadian $000s, unless otherwise indicated

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

For the three month period ended March 31, 2021	
Share price on grant date	7.00
Fair value per RSU	7.00
Expected volatility (percent)	75
Risk-free interest rate (percent)	0.53
Expected forfeiture rate (percent)	10
Expected life (years)	3.00
Expected dividend yield	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 period ended March 31, 2021, $2 of share-based payment expense related to RSUs was recognized in net income (loss).

On June 29, 2021, the Company granted 100,000 restricted share units to an officer of the Company.

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.

	Number of DSUs
Beginning, December 31, 2020	-
Granted	28
Outstanding at March 31, 2021	**28**

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 period ended March 31, 2021, $193 of share-based payment expense related to DSUs was recognized in net income (loss).

Share-based payments

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

For the three month period ended	March 31, 2021
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**

All amounts in Canadian $000s, unless otherwise indicated

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

For the three month period ended	March 31, 2021
Options	17
PSUs	201
RSUs	2
DSUs	193
Total	**413**

12.REVENUE

For the three month period ended	March 31, 2021
Tipping fees	1,255
Organic compost and soil sales	195
Trucking services	135
	1,585

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

13.GENERAL AND ADMINISTRATIVE EXPENSES

For the three month period ended	March 31, 2021
Salaries and wages	175
Professional and consulting fees	961
Other	110
	1,246

14.FINANCE COSTS (INCOME), NET

For the three month period ended	March 31, 2021
Interest expense on loans payable (note 8)	10
Interest expense on lease liabilities (note 9)	49
Other	50
Interest income	(2)
	107

15. INCOME TAXES

The Company recognized the following income taxes:

For the three month period ended	March 31, 2021
Current tax expense (recovery)	(82)
Deferred tax expense (recovery)	(419)
Tax expense (recovery)	**(501)**

All amounts in Canadian $000s, unless otherwise indicated

16. PER SHARE AMOUNTS

Basic net loss and comprehensive net loss per share

The calculation of basic net loss and comprehensive net loss per share for the three month period ended March 31, 2021 was based on the net loss and comprehensive loss attributable to common shareholders of $1,158 and the weighted-average number of common shares outstanding during the period, calculated as follows:

For the three month period ended March 31, 2021	
Thousands of shares	
Issued common shares at December 31, 2020	8,203
Effect of private placement issuances	229
Effect of Special Warrant Unit Shares issued in connection with Special Warrant Financing[1]	153
Effect of shares issued to consultant on acquisitions	36
Effect of shares issued to finders or advisors	2
Basic weighted-average common shares outstanding	8,623

(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 11.*

Diluted net loss and comprehensive net loss per share

The calculation of diluted net loss and comprehensive net loss does not include warrants, shareholder rights, PSUs, DSUs, RSUs or stock options as the effect would be anti-dilutive.

The basic and diluted net loss and comprehensive net loss for the period ended March 31, 2021 was $1,158.

17. 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 March 31, 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 March 31, 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 three month period ended March 31, 2021 would be $1.

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. The Company's credit risk is concentrated with a few customers, primarily municipal governments. At March 31, 2021, 8 customers represented 76 percent of accounts receivable and accounts receivable includes $447 of which is collateralized (December 31, 2020 – two customers represented 31 percent of accounts receivable).

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 currently held by the Company for both tipping and trucking of organic waste. During the three month period ended March 31, 2021, these contracts accounted for 58 percent 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 $14,095 and restricted cash of $2,819 at March 31, 2021 which represents its maximum credit exposure on these assets. 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.

All amounts in Canadian $000s, unless otherwise indicated

The expected timing of cash outflows relating to financial liabilities on balance sheet as at March 31, 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	4,027	-	-	-	-	-	4,027
Contingent consideration	2,266	-	-	-	-	-	2,266
Loan payments [1]	979	936	5,792	-	-	-	7,707
Lease payments [1]	417	411	383	362	302	3,221	5,096
Total	**7,689**	**1,347**	**6,175**	**362**	**302**	**3,221**	**19,096**

[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.

Capital management

The capital structure of EverGen consists of the following:

	March 31, 2021	December 31, 2020
Working capital (surplus) deficit	(11,579)	2,842
Long-term loans payable	6,283	-
Long-term lease liabilities	3,171	3,229
Shareholders' equity	40,317	31,909
	38,192	**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 $000s, unless otherwise indicated

18. 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:

For the three month period ended	March 31, 2021
Management salaries and other benefits	178
Share-based payment expense	411
	589

At March 31, 2021, $3 is payable to members of executive management as reimbursement of EverGen expenses incurred.

Other related party transactions

The Company incurred office rent expense of $10 included in general and administrative expenses for the three month period ended March 31, 2021 to a private investment firm. A board member and two officers are partners of the firm. The fees were incurred in the normal course of business under the same terms and conditions as transactions with unrelated companies. At March 31, 2021, $nil was payable to the firm.

19.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:

For the three month period ended	March 31, 2021
Net changes in non-cash working capital:	
Accounts receivable	32
Prepaid expenses and other assets	42
Inventories	(11)
Accounts payable and accrued liabilities	86
	149
Net changes in non-cash working capital related to:	
Operating activities	(232)
Investing activities	117
Financing activities	264
	149
Interest paid	50
Taxes paid	-

All amounts in Canadian $000s, unless otherwise indicated

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

For the three month period ended	**March 31, 2021**
Lease liabilities	
Balance, beginning of period	3,454
Principal repayments	(55)
Balance, end of period	**3,399**
Share capital	
Balance, beginning of period	32,790
Proceeds from private placements	1,320
Proceeds from Special Warrant Financing	7,225
Issuance costs	(880)
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)
Tax effect of issuance costs	238
Balance, end of period	**40,846**

20. COMMITMENTS AND CONTINGENCIES

Contractual obligations and commitments

At March 31, 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 [1]	12	12	5	5	4	-	38
Consulting services agreements	200	50	-	-	-	-	250
Carbon emission credits – purchase agreement	141	81	58	-	-	-	280
Total	**353**	**143**	**63**	**5**	**4**	**-**	**568**

[1] *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.

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.

21. SUBSEQUENT EVENTS

SSS organics management contract

The Company, through its wholly-owned subsidiary SSS, submitted a request for proposal, specifically No. 20-016, for the City of Vancouver's North Shore Transfer Station five-year contract related to organics management. The request for proposal was for contracts expiring June 30, 2021, currently held by SSS for both tipping and trucking of organic waste. During the three months ended March 31, 2021, these contracts accounted for 31 percent of EverGen's revenue (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. 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 during the three month period ended March 31, 2021 and (ii) the release of encumbrances on the $319 of restricted cash held in restricted term deposits as well as the $447 collateralized accounts receivable at March 31, 2021, respectively, that are also subject to holdback performance obligations and escrow arrangements. In addition, this outcome may also prompt the derecognition of contingent consideration liabilities at March 31, 2021 related to performance obligations.

Acquisition of Fraser Valley Biogas Ltd.

Effective April 16, 2021, EverGen acquired all of the issued and outstanding shares of Fraser Valley Biogas Ltd. ("FVB"), pursuant to a share purchase agreement dated April 16, 2021 among EverGen and Heppells Potato Corporation and Pela Holdings Ltd. The Company paid an aggregate amount of $11,500 comprised of $10,500 cash consideration and issued 125,000 common shares valued at $8.00 per share. FVB owns and operates a biogas facility in Abbotsford, British Columbia which sells RNG under a long-term contract with Fortis BC. EverGen used a portion of the net proceeds from the March 18, 2021 Special Warrant Financing and funds from the March 17, 2021 credit facility to fund the acquisition of FVB.

Non-brokered private placement

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.

Initial public offering

On April 28, 2021, the Company filed a preliminary prospectus with the intention of completing an initial public offering.

FortisBC 20 year 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 Energy Inc. (Fortis BC). 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.

Organic Infrastructure Program grant receipt

On May 7, 2021, the Company received $375 of the $447 portion of the Organic Infrastructure Program grant recorded in accounts receivable at March 31, 2021. The payment received is held as restricted cash.

Share right holders entitled to common shares

On June 22, 2021, the deadline for completing a liquidity event expired and the holders of 461,699 share rights became entitled to receive one common share of EverGen for each share right held or 461,699 common shares of EverGen in the aggregate for no additional consideration. As at July 5, 2021, these common shares have not been issued.

Restricted share unit grant

On June 29, 2021, the Company granted 100,000 restricted share units to an officer of the Company.