EVERGEN Infrastructure Corp.

Management's Discussion and Analysis

For the three and six months ended June 30, 2024

Dated August 21, 2024

BASIS OF PRESENTATION

EverGen Infrastructure Corp. ("EverGen", "the Company", "we", "our", "us" or "its") has prepared this Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2024, as at August 21, 2024, in accordance with National Instrument 51-102F1, and should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three and six months ended June 30, 2024, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). All references to "$" are references to Canadian dollars and are presented in thousands of dollars, unless otherwise indicated. This MD&A and the unaudited interim consolidated financial statements of EverGen have been approved by the Audit Committee of the Board of Directors as of August 21, 2024.

Additional information relating to the Company, including our Annual Information Form dated April 22, 2024 ("AIF"), is available on SEDAR+ at www.sedarplus.ca. The Company's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "EVGN" and the OTCQX Market ("OTCQX") under the symbol "EVGIF".

FINANCIAL AND OPERATIONAL HIGHLIGHTS SUMMARY

	Three months ended				Six months ended			
	Jun 30, 2024	Jun 30, 2023	$ Change	% Change	Jun 30, 2024	Jun 30, 2023	$ Change	% Change
FINANCIAL								
Revenue	4,238	2,158	2,080	96	7,465	3,841	3,624	94
Net income (loss)	(875)	(891)	16	(2)	(2,201)	(1,887)	(314)	17
Net income (loss) per share ($), basic and diluted	(0.05)	(0.06)	0.01	(17)	(0.15)	(0.12)	(0.03)	21
EBITDA [(1)]	966	(387)	1,353	(350)	1,183	(575)	1,758	(306)
Adjusted EBITDA [(1)]	1,122	382	740	194	1,776	400	1,376	344
Total assets	93,828	94,814	(986)	(1)	93,828	94,814	(986)	(1)
Total long-term liabilities	29,321	28,214	1,107	4	29,321	28,214	1,107	4
Cash and cash equivalents	402	9,515	(9,113)	(96)	402	9,515	(9,113)	(96)
Working capital surplus	994	6,997	(6,003)	(86)	994	6,997	(6,003)	(86)
COMMON SHARES (thousands)								
Outstanding, end of period	13,979	13,845	134	1	13,979	13,845	134	1
Weighted average – basic and diluted	13,947	13,845	102	1	13,926	13,833	93	1
OPERATING								
RNG (gigajoules)	42,219	6,442	35,777	555	77,659	15,308	62,351	407
Incoming organic feedstock (tonnes)	30,647	20,955	9,692	46	48,633	38,857	9,776	25
Organic compost and soil sales (yards)	11,742	10,365	1,377	13	13,921	11,259	2,662	24
Electricity (MWh)	911	920	(9)	(1)	1,762	1,730	32	2

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

Revenue: For the three and six months ended June 30, 2024, revenues increased by $2,080, or 96%, and $3,624, or 94%, respectively, compared to the same periods last year, to new three and six month records, primarily due to increased Renewable Natural Gas ("RNG") production and associated revenues from the completion of the Fraser Valley Biogas ("FVB") RNG expansion project in Q4-2023 and the commencement of RNG production at Grow the Energy Circle Ltd. ("GrowTEC") in late Q2-2023, increased tipping fees following the commencement of operations at Prairie Sky Organics Ltd. ("PSO") in Q3-2023 and an increase in pricing at Pacific Coast Renewables ("PCR"). Revenues for the three and six months ended

June 30, 2024, also includes management fees earned from Project Radius related to the development of the project.

Net loss: For the three months ended June 30, 2024, net loss of $875 decreased nominally compared to the same period last year.

For the six months ended June 30, 2024, net loss of $2,201 increased, compared to the same period last year, primarily due an increase in depreciation and amortization expense and finance costs both due to investments made into the FVB RNG facility production, an increase in equity-accounted loss, a loss on write-down of an asset and loss on sale of an asset during the six months ended June 30, 2024, partially offset by an increase in revenues and an increase in contingent consideration gain.

Adjusted EBITDA: For the three and six months ended June 30, 2024, adjusted EBITDA increased by 194%, or $740, and 344% or $1,376, respectively compared to the same periods last year, to new three and six month records, primarily due an increase in revenues, partially offset by an increase in production related direct operating costs and recurring general and administrative expenses and an increase in an equity-accounted loss associated with Project Radius.

RNG Volumes: RNG production increased to record production during the three and six months ended June 30, 2024, following the completion of the FVB RNG expansion project in December 2023 and first injection of RNG at GrowTEC in late Q2 2023. In July 2024, EverGen announced a new daily and monthly RNG production record at the FVB facility of 530 gigajoules in a day and 10,758 gigajoules for June 2024.

RNG expansion and development projects: EverGen continues to progress on its core RNG expansion and development projects and regional expansion across Canada.

FVB

In July 2024, EverGen announced new **record daily and monthly RNG production** following the **successful completion of the FVB RNG expansion project.** In June 2024, EverGen announced the **execution of a 20-year offtake agreement** with FortisBC Energy Inc and a **long-term feedstock supply agreement** with a waste disposal consolidator. Once the facility is fully ramped-up, RNG production is expected to exceed initial expectations of ~160,000 gigajoules of RNG per year. The project was completed for an all-in cost of approximately $13 million.

GrowTEC

In July 2022, **EverGen completed the acquisition of a 67% interest in GrowTEC** and subsequently entered into construction on the first phase of an **RNG expansion project** designed to produce ~70,000 gigajoules of RNG per year. Construction and successful commissioning of this project was completed in Q1 2023. **First injection of RNG occurred during Q2 2023**, following utility grid connection upon completion of gas quality sampling, and the facility has been producing volumes of up to 220 gigajoules per day. In November 2023, GrowTEC announced that it had entered into a **10-year RNG offtake agreement with Irving Oil** Ltd to supply up to 60,000 gigajoules of RNG per year, which provides for significant upside through revenue sharing opportunities. With the first phase of development complete, EverGen is moving into the second phase of the project. The second phase expands RNG capacity through the addition of preprocessing and depackaging equipment to broaden the range of organic waste the facility can process and is expected to increase production to ~140,000 gigajoules of RNG per year.

PSO

In September 2023, **EverGen announced that is had entered into a 10-year agreement with the City of Regina** to process all of the organic waste pursuant to the City's Food and Yard Waste program, which is expected to provide up to **24,000 tonnes of organic waste annually**. The agreement provides access to a new market, and an opportunity to consolidate various streams of available organic waste in the region that are currently being sent to landfill. PSO will accept waste at a temporary site at the City of Regina's Landfill, as potential permanent sites are being evaluated. In connection with the development of a permanent site, PSO secured a $7 million term loan to support the construction of an organics processing facility.

PCR

The **RNG expansion project at Pacific Coast Renewables** is expected to add RNG production of up to ~180,000 gigajoules per year. During the second quarter of 2023, **EverGen was awarded funding of $10.5 million from Natural Resources Canada** to support the development of the PCR core RNG expansion project and a contribution agreement was executed in February 2024. PCR received funding relating to its first submission of eligible expenditures in July 2024. During 2023, EverGen completed upgrades to existing infrastructure, necessary to secure regulatory approvals and optimize the development and construction. The RNG expansion project is currently undergoing development and is expected to commence construction following the receipt of regulatory approvals. In November 2023, EverGen announced the **renewed organic waste processing contract with the City of Abbotsford.**

Project Radius

In May 2022, **EverGen acquired a 50% interest in Project Radius**, which is a late-development-stage portfolio of three high-quality, on-farm RNG projects in Ontario. Collectively the projects are capable of producing ~1.7 million gigajoules of RNG per year, with the first project expected to start construction during 2024.

Financing

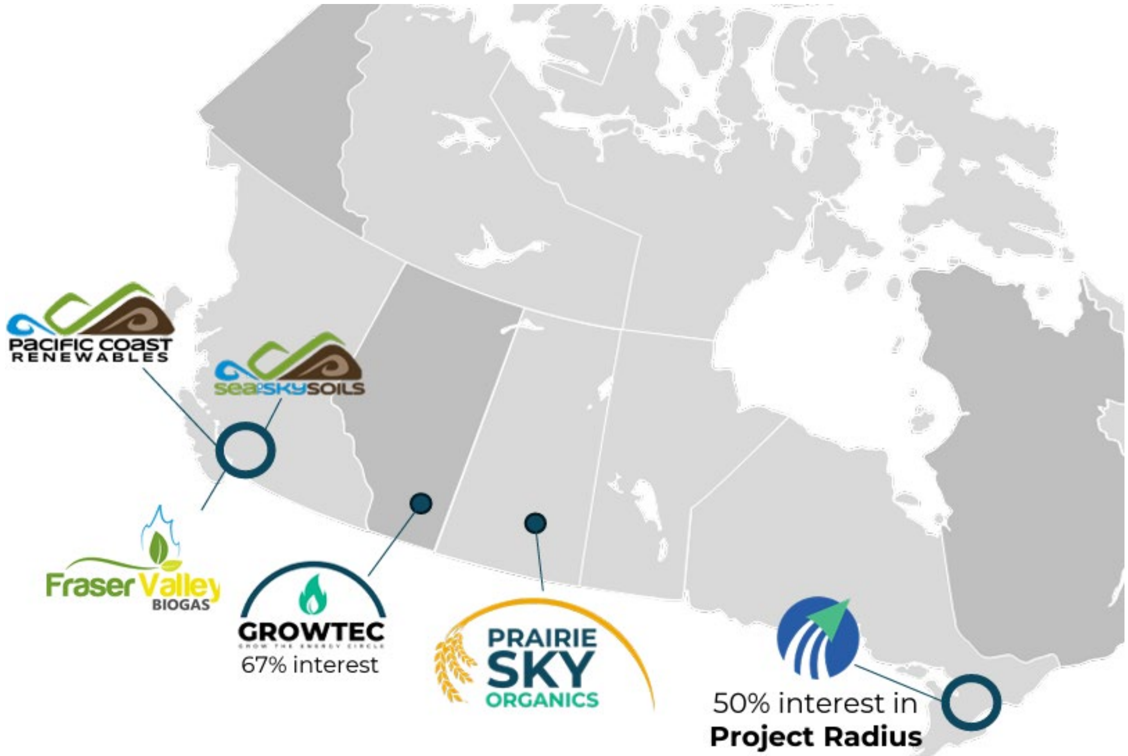
In January 2024, EverGen, through GrowTEC, signed a definitive agreement with Farm Credit Canada ("FCC") for a $3.5 million term loan to support the expansion of the GrowTEC facility (the "GrowTEC Loan"), including the procurement of depackaging equipment and front-end engineering and design work associated with the second phase of the core RNG expansion project. EverGen made a drawdown of $3.3 million under this facility in early-2024.

COMPANY OVERVIEW

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

EverGen commenced operations upon incorporation under the laws of British Columbia, Canada, on May 13, 2020.

EverGen currently owns and operates five facilities through its subsidiaries: PCR, Sea to Sky Soils and Composting Inc. ("SSS"), PSO, FVB and GrowTEC, and holds a 50% interest in Project Radius.



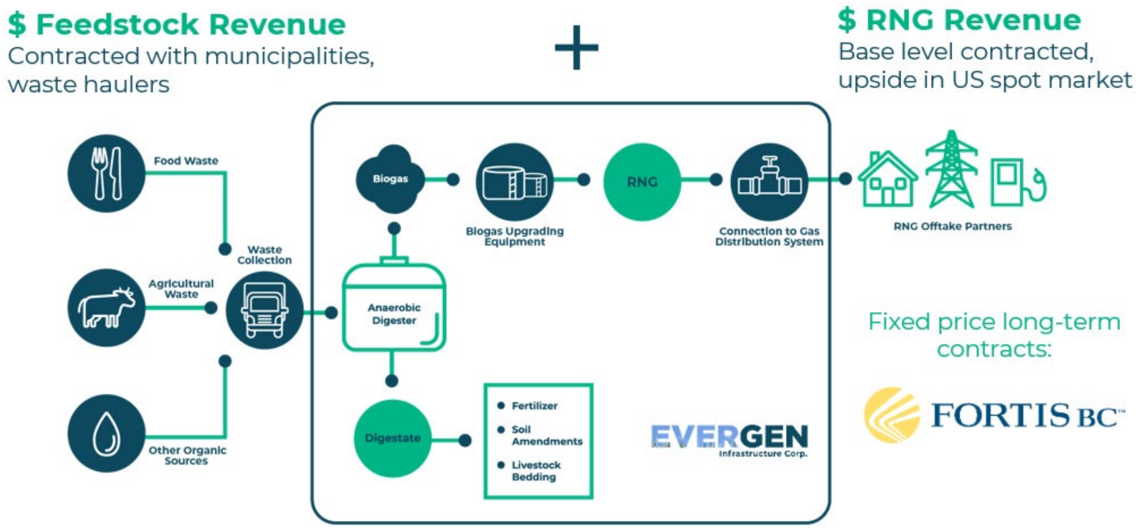
FVB is British Columbia's first RNG facility, which has historically sold its RNG under a long-term offtake contract with FortisBC and combines anaerobic digestion and biogas upgrading to produce RNG, primarily by converting agricultural waste from local dairy farms. The facility is current operating under a new 20-year offtake agreement with FortisBC. In December 2023, the RNG expansion project at FVB was completed, which added additional RNG production capacity to the facility and is expected to exceed ~160,000 gigajoules per year, more than doubling RNG production from ~80,000 gigajoules per year. Following the completion of the project, the FVB facility has been producing daily volumes of up to 530 gigajoules.

PCR and SSS, based in British Columbia, and PSO, based in Saskatchewan, are currently operating as organic waste conversion facilities, which process inbound organics, yard waste and biosolids for a contracted tipping fee and produce high-quality organic compost and soils for farmers, gardeners and developers. PCR is undergoing a planned core RNG expansion project, which will add anaerobic digestion capabilities to produce biogas and will then be upgraded to RNG to feed into FortisBC's gas network. The expansion is expected to produce up to ~180,000 gigajoules of RNG per year. Construction of the upgrade will begin upon receipt of building and regulatory approvals, which applications were submitted during 2023. During the second quarter of 2023, EverGen was awarded funding of $10.5 million from Natural Resources Canada to support the development of the core RNG expansion project at PCR and the contribution agreement was executed in February 2024, with funding under the first claim period received in July 2024. The majority of the revenue currently earned by the organic waste conversion facilities is sourced under long-term contracts with local municipalities and in November 2023 EverGen announced the renewed organic waste processing contract with the City of Abbotsford.

GrowTEC is an operating RNG facility located in Lethbridge, Alberta. Following the acquisition of a 67% interest in the facility in Q3 2022, EverGen oversaw the installation of an RNG upgrader, and related equipment, required to upgrade biogas to produce RNG. The first phase of development was constructed and commissioned during the first quarter of 2023 and is expected to produce ~70,000 gigajoules of RNG annually. Following utility grid connection upon the completion of gas quality sampling, the facility began injecting RNG during the second quarter of 2023 and has been producing daily volumes of up to 220 gigajoules. With the first phase of development complete, EverGen expects to move into the second phase of the project. The project expands RNG capacity through the addition of preprocessing and depackaging equipment, to broaden the range of organic waste the facility can process, and is expected to increase production capacity to ~140,000 gigajoules of RNG per year.

In May 2022, EverGen acquired a 50% interest in Project Radius, a late-development stage portfolio of three high-quality, on-farm RNG projects, each capable of producing approximately 550,000 gigajoules of RNG per year and are expected to commence construction in 2024. EverGen is currently working with its partner on developing Project Radius to advance the projects to the notice-to-proceed phase of development.

COMMERCIAL STRATEGY



EverGen was formed to acquire and develop existing underutilized RNG infrastructure, convert existing organic waste facilities into RNG infrastructure and build and operate new RNG infrastructure. From its existing platform, EverGen plans to further grow and develop RNG projects in its growth pipeline and provide RNG under long-term offtake contracts to FortisBC and other investment grade customers.

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

- Completing the development and construction of EverGen's existing portfolio of core RNG expansion projects;
- Optimizing, diversifying and expanding existing organic waste processing capabilities;
- Continuing the growth of EverGen's project portfolio via strategic acquisitions and consolidation opportunities; and
- Developing strategic partnerships and advancing the RNG project pipeline.

OUTLOOK

The development of our core RNG expansion and development projects, as described above, demonstrates EverGen's ability to execute on projects and drive the consolidation and the growth of the RNG industry as we continue to expand our geographical base. EverGen plans continued growth through the pursuit of RNG consolidation opportunities across North America and the further development of projects within its pipeline. This is driven by underlying investments in sustainable operations that contribute to carbon-negative energy production, and positively impact climate change initiatives.

EverGen's growth, and increased financial performance, relies on the execution of its strategy to acquire, develop, build, own, operate and consolidate a portfolio of RNG, waste to energy and related sustainable infrastructure projects, including:

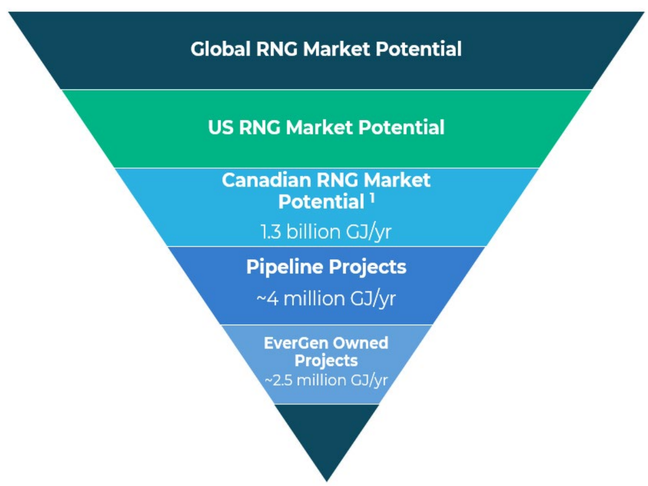
- Continuing development and construction of EverGen's existing portfolio of core RNG expansion projects;
- Optimizing and expanding existing organic waste processing facilities and RNG feedstock;
- Securing and optimizing long-term contracts for RNG offtake and feedstock to provide stable long-term low-risk cash flows;
- Securing municipal feedstock agreements through developed partnerships and vertically integrated operations;
- Diversifying feedstock suppliers to de-risk inbound revenue streams;
- Integrating talent, systems and processes across our projects to create efficiencies and best-in-class operations; and
- Continuing the growth of the project portfolio via the development of our project pipeline through strategic acquisitions and consolidation opportunities.

During 2024, EverGen expects to continue to develop its core RNG expansion and development projects through maximizing the production capacity at FVB and reaching final investment decisions at PCR, the second phase of GrowTEC, and Project Radius, as well as continuing to develop and grow our project portfolio.

We believe that EverGen is uniquely positioned to capitalize on expansion prospects in the RNG market and that the RNG industry is set to grow rapidly over the next several decades based on increased availability of feedstock through population growth and landfill diversion measures, and increased customer demand for lower carbon energy alternatives. We believe that there is growing societal expectations of carbon neutral and circular economy solutions and there is increasing government support for these initiatives.

Executing strategic and accretive acquisitions

EverGen's ability to identify and develop projects in our project pipeline, and then execute and integrate these projects as accretive acquisitions into EverGen's platform is a key driver of our growth. Our growth is focused on realizing consolidation opportunities and achieving synergies in cost and margins through the operation and expansion of facilities under a unified business platform. The identification and development of projects, followed by the execution of acquisitions and consolidation opportunities, as well as their integration into a common operating platform with shared services and efficiency optimizations, is a key factor to our success. The successful execution and integration of acquisitions creates further opportunities within the market to EverGen, provides us with additional growth opportunities and drives further procurement and cost synergies across our operations.



[1] Source: Biogas World

Driving cost efficiencies

Our high-value services and high-quality products through strategically located facilities provide a foundation to continue to identify and develop projects in our pipeline, consolidate growth and realize operational and capital efficiencies. To do so, we have been investing in a scalable platform and capabilities.

This investment is the basis to realize future operational and capital efficiencies and further enhance our competitive position on top of our existing strong competitive position currently supported by asset management discipline, investment in sustainable infrastructure and collaborative stakeholder relationships. EverGen's continued success depends upon 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 collaborative approach accelerates 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 leverages our capabilities in sourcing new organic waste streams and extending 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

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.

For full details on EverGen's ESG values and reporting, please refer to the Company's AIF dated April 22, 2024 (see section entitled "Social/Environmental Policies"), which is available on SEDAR+ at www.sedarplus.ca.

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

All amounts in Canadian $000s, unless otherwise indicated

RESULTS OF OPERATIONS

Revenue

Revenue is generated primarily through contracted tipping fees charged to municipalities and other customers for the disposal of organic waste at EverGen's facilities, from the sale of high-quality organic compost and soils, from RNG sales, from electricity sales, from carbon credit sales and from the provision of management services.

RNG and electricity sales are all attributable to EverGen's RNG production operating segment. The majority of tipping fees are included in EverGen's organic waste and composting operating segment, with only a nominal amount included in the RNG production operating segment. Organic compost sales and soil sales are all attributable to EverGen's organic waste and composting operating segment. The majority of carbon credit sales are included in EverGen's RNG production operating segment. The Company's revenue is exposed to fluctuations because of the inherent seasonality of organic waste processing and the sale of organic compost and soil, which is typically lower during winter months.

Revenue by source:

	Three months ended			Six months ended		
	Jun 30, 2024	Jun 30, 2023	% Change	Jun 30, 2024	Jun 30, 2023	% Change
RNG sales	1,182	142	732	2,247	337	567
Tipping fees	2,332	1,528	53	3,592	2,836	27
Organic compost and soil sales	318	313	2	348	338	3
Electricity sales	54	175	(69)	147	330	(55)
Carbon credit sales	19	-	100	468	-	100
Other	333	-	100	663	-	100
Total	4,238	2,158	96	7,465	3,841	94

Production volumes:

	Three months ended			Six months ended		
	Jun 30, 2024	Jun 30, 2023	% Change	Jun 30, 2024	Jun 30, 2023	% Change
RNG (gigajoules)	42,219	6,442	555	77,659	15,308	407
Incoming organic feedstock (tonnes)	30,647	20,955	46	48,633	38,857	25
Organic compost and soil sales (yards)	11,742	10,365	13	13,921	11,259	24
Electricity (MWh)	911	920	(1)	1,762	1,730	2

Revenues from RNG production increased by $1,040, or 732%, and $1,910, or 567%, for the three and six months ended June 30, 2024, respectively, compared to the same periods last year, primarily due to increased production associated with the completion of the FVB RNG expansion project in December 2023 and the commencement of RNG production at GrowTEC in June 2023.

Revenues from tipping fees increased by $804, or 53%, and $756, or 27%, for the three and six months ended June 30, 2024, respectively, compared to the same periods last year, primarily due to increased volumes of incoming feedstock due to the commencement of operations at PSO in September 2023 and the completion of the FVB RNG expansion project in December 2023 and an increase in pricing at PCR.

Revenues from electricity sales decreased by $121, or 69%, and $183 or 55% for the three and six months ended June 30, 2024, respectively, compared to the same periods last year, primarily due to a decrease in spot electricity prices.

All amounts in Canadian $000s, unless otherwise indicated

Revenues from carbon credit sales increased by $468 for the six months ended June 30, 2024, primarily due to the recognition of carbon credits sold at the GrowTEC RNG facility.

Revenues from other sources mainly relates to management fees charged to Project Radius for the development of the project during the three and six months ended June 30, 2024.

Revenue by segment:

	Three months ended			Six months ended		
	Jun 30, 2024	Jun 30, 2023	% Change	Jun 30, 2024	Jun 30, 2023	% Change
RNG production	1,632	392	316	3,654	806	353
Organic waste and composting	2,606	1,766	48	3,811	3,035	26
Total	**4,238**	**2,158**	**96**	**7,465**	**3,841**	**94**

Direct operating costs

Direct operating costs are costs incurred to earn revenue and comprise all attributable expenses, including but not limited to labour, fuel and freight charges, disposal costs, repairs and maintenance, equipment rental, insurance, utilities, and depreciation and amortization expenses. EverGen's direct operating costs are exposed to fluctuations because of seasonal weather and the related fluctuations in volumes processed.

	Three months ended			Six months ended		
	Jun 30, 2024	Jun 30, 2023	% Change	Jun 30, 2024	Jun 30, 2023	% Change
Direct operating costs	3,586	2,210	62	6,695	4,543	47

Direct operating costs increased by $1,376, or 62%, and $2,152, or 47%, for the three and six months ended June 30, 2024, respectively, compared to the same periods last year, primarily due to an increase in revenues that creates a related increase in direct operating costs, an increase in depreciation and amortization associated with the investment into the completion of the FVB RNG expansion project and the acquisition of property, plant and equipment and right-of-use assets through Q2 2024, the commencement of RNG production at GrowTEC in June 2023 and the commencement of operations at PSO in September 2023.

General and administrative expenses

General and administrative expenses consist primarily of head office personnel costs, share-based compensation, professional and consulting fees and other general and administrative expenses.

	Three months ended			Six months ended		
	Jun 30, 2024	Jun 30, 2023	% Change	Jun 30, 2024	Jun 30, 2023	% Change
General and administrative expenses	1,188	1,074	11	2,381	2,226	7

General and administrative expenses increased by $114, or 11%, and $155, or 7%, for the three and six months ended June 30, 2024, respectively, compared to the same periods last year, primarily due to an increase in wages and salaries from amounts that were capitalized to the FVB RNG expansion project during the three and six months ended June 30 2023, and an increase in share-based payment expense due to the timing of grants, partially offset by a decrease in business development and consulting fees mainly due to the internal transfer of previously outsourced services.

All amounts in Canadian $000s, unless otherwise indicated

Finance costs

EverGen's finance costs primarily relate to interest expense recognized on loans payable and the associated interest expense on lease liabilities, which were used to finance the growth in the Company's asset base.

	Three months ended			Six months ended		
	June 30, 2024	June 30, 2023	% Change	June 30, 2024	June 30, 2023	% Change
Interest expense on loans payable	439	140	214	834	257	225
Interest expense on loans payable - related parties	25	7	257	50	7	614
Interest expense on lease liabilities	170	120	42	331	236	40
Other	39	28	39	82	(8)	(1,125)
Subtotal	673	295	128	1,297	492	164
Less: capitalized interest	-	(42)	(100)	-	(42)	(100)
Total	673	253	166	1,297	450	188

Finance costs increased by $420, or 166%, and $847, or 188%, for the three and six months ended June 30, 2024, respectively, compared to the same periods last year, primarily due to an increase in total borrowings, an increase in interest rates on such borrowings and new leases entered into through Q2-2024 to support growth.

Equity-accounted (loss) income

	Three months ended			Six months ended		
	June 30, 2024	June 30, 2023	% Change	June 30, 2024	June 30, 2023	% Change
Equity-accounted (loss) income	(193)	5	(3,960)	(320)	(36)	789

Equity accounted loss increased by $198 and $284 for the three and six months ended June 30, 2024, respectively, compared to the same periods last year, primarily due to management fees charged to Project Radius from EverGen.

Contingent consideration gain (loss)

	Three months ended			Six months ended		
	June 30, 2024	June 30, 2023	% Change	June 30, 2024	June 30, 2023	% Change
Contingent consideration gain (loss)	674	(340)	(298)	674	90	649

A contingent consideration gain of $674 was recognized during the three and six months ended June 30, 2024, as a result of adjustments of the liability relating to amounts payable in connection with the acquisition of GrowTEC, taking into account the probability and estimated timing of the settlement of the liability.

A contingent consideration loss of $340 and gain of $90 was recognized during the three and six months ended June 30, 2023, respectively, as a result of adjustments of the liability relating to amounts payable in connection with the acquisition of GrowTEC, taking into account estimated holdbacks.

All amounts in Canadian $000s, unless otherwise indicated

Other income – net

	Three months ended			Six months ended		
	June 30, 2024	June 30, 2023	% Change	June 30, 2024	June 30, 2023	% Change
Insurance proceeds	-	113	(100)	209	395	(47)
Other	206	98	110	241	211	14
Total	206	211	(2)	450	606	(26)

Other income - net decreased during the six months ended June 30, 2024, compared to the same period last year, primarily due to a decrease in the recognition of insurance proceeds.

Income taxes

Income taxes consist of current and deferred income taxes.

	Three months ended			Six months ended		
	June 30, 2024	June 30, 2023	% Change	June 30, 2024	June 30, 2023	% Change
Current tax expense (recovery)	-	-	-	-	-	-
Deferred tax expense (recovery)	(40)	(612)	(93)	(410)	(831)	(51)
Total	(40)	(612)	(93)	(410)	(831)	(51)

The decrease in the income tax recovery for the three and six months ended June 30, 2024, compared to the same periods last year, is primarily due to a decrease in taxable net loss.

All amounts in Canadian $000s, unless otherwise indicated

EBITDA and Adjusted EBITDA [(1)]

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

	Three months ended			Six months ended		
	June 30, 2024	June 30, 2023	% Change	June 30, 2024	June 30, 2023	% Change
Net income (loss)	(875)	(891)	(2)	(2,201)	(1,887)	17
Tax recovery	(40)	(612)	(93)	(410)	(831)	(51)
Depreciation and amortization	1,208	863	40	2,497	1,693	47
Finance costs	673	253	166	1,297	450	188
EBITDA [(1)]	**966**	**(387)**	**(350)**	**1,183**	**(575)**	**(306)**
Share-based payment expense	155	178	(13)	486	366	33
Non-recurring general and administrative expenses and other	135	235	(42)	225	614	(63)
Contingent consideration loss (gain)	(674)	340	(298)	(674)	(90)	649
Loss on write-down of assets	238	-	100	352	-	100
Loss on sale of assets	155	-	100	155	-	100
Non-recurring general and administrative expenses and other related to equity-accounted investment	63	-	100	63	32	97
Consolidated adjusted EBITDA [(1)]	**1,038**	**366**	**183**	**1,790**	**347**	**416**
Adjusted EBITDA attributable to non-controlling interest	84	16	425	(14)	53	(126)
Adjusted EBITDA [(1)]	**1,122**	**382**	**194**	**1,776**	**400**	**344**

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

EverGen's EBITDA increased by $1,353 for the three months ended June 30, 2024, compared to the same period last year, primarily due to an increase in revenues, as described above, and a contingent gain compared to a contingent loss in prior period, partially offset by an associated production related increase in direct operating expenses and an equity-accounted loss, both described above, and a loss on the write-down of assets and loss on sale of assets during the three months ended June 30, 2024.

EverGen's EBITDA increased by $1,758 for the six months ended June 30, 2024, compared to the same period last year, primarily due to an increase in revenues, as described above, and an increase in contingent gain compared to prior period, partially offset by an associated production related increase in direct operating expenses and an equity-accounted loss, both described above, and a loss on write-down of assets and loss on sale of assets during the six months ended June 30, 2024.

EverGen's Adjusted EBITDA of $1,121, increased by $740, or 194%, for the three months ended June 30, 2024, compared to the same period last year, primarily due an increase in revenues, as described above, partially offset by an increase in production related direct operating costs and recurring general and administrative expenses and an increase in an equity-accounted loss associated with Project Radius.

EverGen's Adjusted EBITDA of $1,776, increased by $1,376, or 344%, for the six months ended June 30, 2024, compared to the same period last year, primarily due an increase in revenues, as described above, partially offset by an associated production related increase in direct operating costs and recurring general and administrative expenses and an increase in an equity-accounted loss associated with Project Radius.

All amounts in Canadian $000s, unless otherwise indicated

SUPPLEMENTAL QUARTERLY INFORMATION

	2024		2023				2022	
	Jun 30 Q2	Mar 31 Q1	Dec 31 Q4	Sep 30 Q3	June 30 Q2	Mar 31 Q1	Dec 31 Q4	Sep 30 Q3
FINANCIAL								
Revenue	4,238	3,227	2,314	2,287	2,158	1,683	1,716	1,957
Net (loss) income	(875)	(1,326)	(1,765)	(1,091)	(891)	(996)	(1,526)	(1,819)
Net (loss) income per share ($), basic and diluted	(0.05)	(0.10)	(0.12)	(0.08)	(0.06)	(0.07)	(0.11)	(0.13)
EBITDA[(1)]	966	217	(705)	(440)	(387)	(188)	(914)	(486)
Adjusted EBITDA[(1)]	1,122	654	(9)	382	382	18	274	650
Total assets	93,828	94,241	93,534	92,280	94,814	88,216	85,956	85,692
Total long-term liabilities	29,321	30,255	28,001	27,640	28,214	18,749	17,463	17,462
Working capital surplus (deficit)[(1)]	994	(1,064)	(3,558)	325	6,997	1,143	6,125	10,079
COMMON SHARES (thousands)								
Outstanding, end of period	13,979	13,918	13,897	13,885	13,845	13,845	13,809	13,872
Weighted average – basic & diluted	13,947	13,905	13,890	13,851	13,845	13,820	13,847	13,794
OPERATING								
RNG sales (gigajoules)	42,219	35,440	22,926	24,657	6,442	8.866	10,847	14,975
Incoming organic feedstock (tonnes)	30,647	17,786	22,768	18,983	20,955	17,902	16,972	19,375
Organic compost and soil sales (yards)	11,742	2,179	4,763	10,425	10,365	894	6,575	8,219
Electricity (MWh)	911	851	669	717	920	810	572	698

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

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. As a result, the Company typically sees higher revenues, net income, EBITDA and Adjusted EBITDA during Q2 and Q3 of a given year, when compared to Q1 and Q4, due to higher incoming organic feedstock and organic compost and soil sales during these periods.

During Q4 2022 and Q1 through Q4 of 2023, FVB RNG production volumes were impacted from planned downtime, with the facility being offline as part of the core RNG expansion project, and unplanned downtime due to equipment availability and installation.

LIQUIDITY AND CAPITAL RESOURCES

	June 30, 2024	December 31, 2023	% Change
Cash and cash equivalents	402	585	(31)
Working capital surplus (deficit) [(1)]	994	(3,558)	(128)

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

We consider our capital to consist of shareholders' equity, debt (including lease liabilities) less cash and cash equivalents. The Company's objective when managing capital is to maintain adequate levels of funding to support the growth and development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. 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 adjust its capital structure. 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.

All amounts in Canadian $000s, unless otherwise indicated

EverGen's working capital has improved to a surplus as at June 30, 2024, compared to a deficit as at December 31, 2023. This is primarily due to an increase in accounts receivable relating to an increase in revenues, as described above, an increase in assets held for sale relating to assets identified by EverGen as non-core to the operations of the Company which are actively being marketed and a decrease in accounts payable and accrued liabilities due to the timing of payments, partially offset by an increase in the current portion of loans payable as amounts become due. EverGen expects that it may need to obtain additional sources of financing, in addition to amounts generated from operations, to meet its obligations and commitments and minimum liquidity requirements under its financial covenants. Additional potential sources of financing that EverGen is actively pursuing or may consider pursuing, include: issuing equity, entering into new debt facilities, borrowing additional amounts under existing facilities, the refinancing or extension of certain borrowings, selling certain assets and seeking joint venture partners for EverGen's business interests. EverGen is actively pursuing or may pursue the financing initiatives described above, certain of which have been completed during the six months ended June 30, 2024, and others which it considers probable of completion based on EverGen's assessment of current conditions and estimated future conditions. EverGen is in various stages of progression on these matters. As at June 30 2024, EverGen was committed to $3.5 million of future capital expenditure, primarily related to the core RNG expansion project at PCR. These commitments are expected to be funded by existing liquidity, expected future operating cash flows and additional sources of financing already secured.

Share capital

The Company had the following outstanding common shares and equity instruments as at June 30, 2024 and December 31, 2023:

(thousands)	June 30, 2024	December 31, 2023	% Change
Common shares	13,979	13,897	1
Options	617	335	84
Performance share units	430	430	-
Restricted share units	308	214	44
Deferred share units	67	28	139
Total outstanding securities	**15,401**	**14,904**	**3**

A description of EverGen's equity instruments can be found in Note 15 to the consolidated financial statements for the year ended December 31, 2023.

As of the date of this MD&A, the following equity instruments were outstanding:

(thousands)	
Common shares	13,992
Options	617
Performance share units	430
Restricted share units	295
Deferred share units	67
Total outstanding securities	**15,401**

All amounts in Canadian $000s, unless otherwise indicated

Summary of Cash Flows

	Six months ended June 30, 2024	June 30, 2023	% Change
Net operating cash flow	1,381	(370)	(473)
Net investing cash flow	(2,928)	(7,049)	(58)
Net financing cash flow	1,364	8,084	(83)
Total	(183)	663	(128)

The Company's net operating cash flows increased for the six months ended June 30, 2024, compared to the same period last year, primarily due to an increase in revenues, as described above, partially offset by an associated increase in direct operating costs and the timing of changes in non-cash working capital.

EverGen has continued its focus on the investment into its facilities for the six months ended June 30, 2024, with cash used in investing activities associated with property, plant and equipment expenditures relating to the Company's core RNG expansion projects at GrowTEC, FVB and PCR. Pursuant to its core RNG expansion projects at the facilities, which upon completion are expected to significantly increase EverGen's RNG production, net income and EBITDA, EverGen has completed purchasing capital assets related to the completion of the FVB core RNG expansion project, which was completed in December 2023.

Cash used in investing activities for the six months ended June 30, 2023, primarily related to property, plant and equipment expenditures associated with the Company's core RNG expansion projects at PCR and FVB and capital improvements at PCR. During the six months ended June 30, 2023, EverGen advanced a loan to Project Radius of $500, which was repaid to EverGen subsequent to June 30, 2024.

Cash provided by financing activities for the six months ended June 30, 2024, decreased compared to the same period last year primarily due to the drawdown of a term loan facility used to support the upgrade and construction of the FVB RNG facility, advances from related parties during the six months ended June 30, 2023 and an increase in lease and interest payments during the six months ended June 30, 2024 associated with financing growth in the RNG facilities, partially offset by cash used as collateral for a letter of credit related to GrowTEC during the six months ended June 30, 2023 and the drawdown of the GrowTEC Loan during the six months ended June 30, 2024.

ACCOUNTING STANDARDS, CHANGES AND PRONOUNCEMENTS

The Company's material accounting policies are included in Note 3 to the Company's annual financial statements for the year ended December 31, 2023. The Company did not adopt any new material accounting policies in the current period and there are no new or amended accounting standards or interpretations issued during the six months ended June 30, 2024, that are expected to have a material impact on the Company's financial statements.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of financial statements requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant in the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The Company's uses of estimates, judgements and assumptions are included in Note 2 to the Company's annual consolidated financial statements for the year ended December 31, 2023. There have been no significant changes to the Company's critical accounting estimates, judgments and assumptions during the three and six months ended June 30, 2024.

All amounts in Canadian $000s, unless otherwise indicated

MANAGEMENTS REPORT ON 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.

We have designed disclosure controls and procedures ("DC&P"), as defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), to provide reasonable assurance that material information is identified and communicated to management, including the Chief Executive Officer and Chief Financial Officer, in a timely manner to allow decisions regarding required disclosures.

We have also designed internal controls over financial reporting ("ICFR"), as defined in NI 52-109, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards.

A control system, including EverGen's disclosure controls and procedures and ICFR, no matter how well designed, has inherent limitations and can only provide reasonable, not absolute, assurance that the objectives of the control system will be met, and it should not be expected that the disclosure controls and procedures and ICFR will prevent all misstatements and instances of fraud, if any.

During three and six months ended June 30, 2024, there were no changes in ICFR that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

EverGen is not required to certify the design and evaluation of the issuer's DC&P and ICFR and has not completed such an evaluation and inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis DC&P and ICFR for the issuer may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RELATED PARTY TRANSACTIONS

Key management compensation

The value of compensation and other fees paid to board of directors and members of executive management of EverGen is included in the table that follows.

	Three months ended			Six months ended		
	June 30, 2024	June 30, 2023	% Change	June 30, 2024	June 30, 2023	% Change
Salaries and benefits	183	142	29	366	296	24
Share-based payment expense (recovery)	118	167	(29)	379	343	10
Total	**301**	**309**	**(3)**	**745**	**639**	**17**

Other related party transactions

In July 2022, GrowTEC entered into a lease agreement with a related parties to lease the land on which the facility is located for a term of ten years, with the option to extend for an additional two five-year periods, at the option of the EverGen. The lease agreement is with entities which are related parties to the minority shareholders of GrowTEC. The lease payments for the initial term are $270 for the first year of the lease and $120 per year for the remaining nine years. During the three and six months ended June 30, 2024, the Company incurred lease expenses of $30 and $60, respectively, relating to this lease (three and six months ended June 30, 2023 - $68 and $135, respectively).

Effective April 1, 2023, EverGen entered into a loan agreement with the non-controlling interest holders of a subsidiary of the Company to provide proceeds of $710 to the Company to fund the non-controlling interest holders proportionate share of capital expenditure. The loan was repayable over a five-year term and bears interest at a rate of 4.0%. Effective January 1, 2024, the outstanding balance of this loan of $670 was converted into equity of the subsidiary and the loan agreement was terminated.

Effective December 1, 2023, EverGen entered into a loan agreement with the vendors related to the acquisition of GrowTEC to provide proceeds of $1,000 to EverGen primarily to fund the repayment of amounts owing as contingent consideration related to the acquisition of the 67% interest in GrowTEC in July 2022. The full outstanding balance of the loan is repayable on January 1, 2026, and bears interest at a rate of 10.0%, which EverGen has the option to pay interest in cash, payment-in-kind, or a combination thereof. During the three and six months ended June 30, 2024, EverGen incurred interest expenses of $25 and $50, respectively, relating to this loan (2023: - $nil).

OFF BALANCE SHEET ARRANGEMENTS

During 2023, EverGen received a performance service guarantee from Export Development Canada to provide a guarantee on a $1,378 letter of credit issued in relation to GrowTEC, which allowed EverGen to release $1,378 of collateral previously held in relation to the letter of credit.

FINANCIAL INSTRUMENTS

As at June 30, 2024, the Company's financial instruments consists of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, lease liabilities, loans payable and loans payable – related parties. There have been no significant developments, including the associated risks, in the Company's financial instruments as included in the Company's annual consolidated financial statements as at and for the year ended December 31, 2023.

There were no significant changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the three and six months ended June 30, 2024.

RISKS AND UNCERTAINTIES

Risk is inherent in all business activities and cannot be entirely eliminated. EverGen's business and financial performance, which includes our results of operations and cash flows, are impacted by a number of risks. For full details on the risks and uncertainties affecting EverGen, please refer to the Company's AIF dated April 22, 2024 (see section entitled "Risk Factors"), which is available on SEDAR+ at www.sedarplus.ca. The risks and uncertainties described in our AIF are not the only ones that we face. Additional risks and uncertainties, including those that we do not currently know of or that we deem immaterial, could materially and adversely affect the Company's investments, prospects, cash flows, results of operations or financial condition.

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.

NON-GAAP MEASUREMENTS

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

All amounts in Canadian $000s, unless otherwise indicated

These non-GAAP measures are 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 Accounting Standards.

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, unusual or non-recurring items, contingent consideration gains and losses, and non-controlling interests in adjusted EBITDA. A reconciliation of the non-GAAP measures, EBITDA and adjusted EBITDA, to the applicable IFRS Accounting Standards measure can be found under the Results of Operations section of this MD&A.

Working capital surplus (deficit)

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 Accounting Standards measurements for the Company:

(thousands)	June 30, 2024	December 31, 2023	% Change
Current assets	8,918	4,396	103
Current liabilities	(7,924)	(7,954)	-
Working capital surplus (deficit)	**994**	**(3,558)**	**(128)**

FORWARD LOOKING STATEMENTS

Readers are cautioned that this MD&A contains certain forward-looking statements and/or forward-looking information (collectively, "forward looking statements") within the meaning of applicable securities laws that involve risks, uncertainties and assumptions and relate to the Company's current expectations as of the date of this MD&A and views of future events. All statements other than statements of present or historical fact are forward-looking statements.

Forward-looking statements can often, but not always, be identified by the use of words such as "forecast", "target", "goal", "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "project", "predict", or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. In particular, this MD&A contains forward-looking statements including, but not limited to:

- The timing of the completion of the Company's core RNG expansion projects, as well as the expected capital costs, RNG production, inbound organic feedstock capacity and increase in net income and EBITDA;
- EverGen's plans to grow and develop RNG facilities and construct a platform of sustainable infrastructure and reduce carbon emissions;
- Optimization, diversification and expansion of organic waste processing facilities and RNG feedstock;
- Continued growth through strategic acquisitions and consolidation opportunities;
- Developing strategic partnerships and advancing RNG project pipelines;
- EverGen's expectation to continue to pursue opportunities within its core markets and across North America;
- The ability to secure and optimize long-term contracts for RNG offtake and feedstock inputs;

- Continued growth of the feedstock opportunity from municipal and commercial sources and our ability to build relationships with municipal, commercial and utility customers;
- The ability to create efficiencies through the integration of talent, systems and processes across acquired capital;
- The growth of the RNG industry;
- The growth and success of EverGen focussed on realizing consolidation opportunities and achieving synergies in cost and margin;
- That successful acquisitions provide EverGen with additional growth opportunities;
- The ability of EverGen to meet its future anticipated obligations incurred from normal ongoing operations;
- The ability for EverGen to complete certain financing initiatives;
- That funds received under loan facilities will be sufficient to fund the core RNG expansion projects; and
- That EverGen generates sufficient amounts of cash and cash equivalents from operating activities to maintain the current level of operations.

Such statements reflect the current views of EverGen with respect to future events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause EverGen's actual results, performance or achievements to be materially different from any expected future results, performance or achievement that may be expressed or implied by such forward looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits EverGen will derive therefrom. 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 the Company 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. Forward-looking-statements, by their nature, involve risks and uncertainties. Certain of these risks are included in "Risks and Uncertainties" in this MD&A and "Risk Factors" in the Company's AIF dated April 22, 2024, which factors should not be considered exhaustive and should be read together with the other cautionary statements in this MD&A. Given these risks, uncertainties and assumptions, 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, and except as may be expressly required by applicable law, EverGen disclaims any intent, obligation or undertaking to publicly release any updates or revisions to any forward-looking statements contained herein whether as a result of new information, future events or results or otherwise. The forward-looking statements and information contained in this MD&A may not be appropriate for other purposes. In the event that subsequent events are reasonably likely to cause actual results to differ materially from forward-looking statements previously disclosed by the Company for a period that is not yet complete, EverGen will provide disclosure on such events and the anticipated impact of such events.

EVERGEN Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

NOTICE OF NO REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim condensed consolidated financial statements of EverGen Infrastructure Corp. for the three and six months ended June 30, 2024 have been prepared by and are the responsibility of the Company's management.

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

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

All amounts in Canadian $000s, unless otherwise indicated

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

As at	Notes	June 30, 2024	December 31, 2023
Current assets			
Cash and cash equivalents		402	585
Accounts receivable		3,481	1,717
Assets held for sale	3	3,650	650
Other assets	6	1,385	1,444
		8,918	**4,396**
Property, plant and equipment	4	45,459	48,306
Intangible assets	5	22,824	23,886
Goodwill		15,938	15,938
Equity-accounted investment	6	689	1,008
Total assets		**93,828**	**93,534**
Current liabilities			
Accounts payable and accrued liabilities		5,253	6,195
Loans payable	7	1,619	744
Loans payable – related party	17	-	204
Lease liabilities	8	1,050	809
Deferred revenue		2	2
		7,924	**7,954**
Loans payable	7	16,377	13,938
Loans payable – related party	17	1,000	1,512
Lease liabilities	8	7,425	6,952
Contingent consideration	9	830	1,500
Deferred tax		3,689	4,099
Total liabilities		**37,245**	**35,955**
Shareholders' equity			
Share capital	10	62,051	61,763
Contributed surplus	10	6,173	5,926
Accumulated deficit		(14,458)	(12,367)
Non-controlling interest		2,817	2,257
Total shareholders' equity		**56,583**	**57,579**
Total liabilities and shareholders' equity		**93,828**	**93,534**

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

On behalf of the board of directors:

Signed: *"Mischa Zajtmann"*

Mischa Zajtmann, Director

Signed: *"Mary Hemmingsen"*

Mary Hemmingsen, Director

All amounts in Canadian $000s, unless otherwise indicated

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)
(Thousands of Canadian Dollars and shares, except per share amounts)

	Notes	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Revenue	11	4,238	2,158	7,465	3,841
Direct operating costs	4,5,12	(3,586)	(2,210)	(6,695)	(4,543)
General and administrative expenses	10,13	(1,188)	(1,074)	(2,381)	(2,226)
Finance costs	14	(673)	(253)	(1,297)	(450)
Equity-accounted (loss) income	6	(193)	5	(320)	(36)
Contingent consideration gain (loss)	9	674	(340)	674	90
Loss on write-down of assets	3	(238)	-	(352)	-
Loss on sale of assets	4	(155)	-	(155)	-
Other income - net	15	206	211	450	606
Net income (loss) before income tax (expense) recovery		**(915)**	**(1,503)**	**(2,611)**	**(2,718)**
Income tax (expense) recovery					
Current		-	-	-	-
Deferred		40	612	410	831
Net income (loss) and comprehensive income (loss)		**(875)**	**(891)**	**(2,201)**	**(1,887)**
Non-controlling interest in net income (loss) and comprehensive income (loss)		**138**	**72**	**110**	**161**
Net income (loss) and comprehensive income (loss) attributable to shareholders		**(737)**	**(819)**	**(2,091)**	**(1,726)**
Net income (loss) per share attributable to shareholders - basic and diluted		**($0.05)**	**($0.06)**	**($0.15)**	**($0.12)**
Weighted average number of common shares outstanding – basic and diluted		**13,947**	**13,845**	**13,926**	**13,833**

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

All amounts in Canadian $000s, unless otherwise indicated

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(Thousands of Canadian Dollars and shares)

	Notes	Share capital #	Share capital $	Share warrants #	Share warrants $	Contributed surplus $	Accumulated deficit $	Non-controlling interest $	Total $
Balance, December 31, 2023		13,897	61,763	-	-	5,926	(12,367)	2,257	57,579
Net income (loss) for the period		-	-	-	-	-	(2,091)	(110)	(2,201)
Share-based payment expense	10,13	-	-	-	-	486	-	-	486
Conversion of loans payable - related parties to equity	17	-	-	-	-	-	-	670	670
Common shares issued upon vesting of RSUs and other	10	82	288	-	-	(239)	-	-	49
Balance, June 30, 2024		13,979	62,051	-	-	6,173	(14,458)	2,817	56,583
Balance, December 31, 2022		13,809	61,393	1,772	1,069	4,410	(7,956)	2,466	61,382
Net income (loss) for the period		-	-	-	-	-	(1,726)	(161)	(1,887)
Share-based payment expense	10,13	-	-	-	-	366	-	-	366
Capitalized share-based expense	10	-	-	-	-	80	-	-	80
Contributions from non-controlling interest in subsidiaries		-	-	-	-	-	-	100	100
Common shares issued upon vesting of RSUs and other	10	36	193	-	-	(193)	13	12	25
Balance, June 30, 2023		13,845	61,586	1,772	1,069	4,663	(9,669)	2,417	60,066

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

All amounts in Canadian $000s, unless otherwise indicated

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

		Six months ended	
	Notes	June 30, 2024	June 30, 2023
Operating activities			
Net loss		(2,201)	(1,887)
Items not affecting cash:			
Depreciation and amortization	4,5,12	2,497	1,693
Loss on write-down of assets	3	352	-
Loss on sale of assets	3	155	-
Share-based payment expense	10,13	486	366
Finance costs	14	1,297	450
Equity-accounted loss	6	320	36
Contingent consideration gain		(674)	(90)
Deferred income tax recovery		(410)	(831)
Changes in non-cash working capital	18	(441)	(107)
Net cash flow from (used in) operating activities		**1,381**	**(370)**
Investing activities			
Expenditures on property, plant and equipment	4	(2,928)	(7,246)
Finance costs capitalized on assets under construction		-	(42)
Insurance proceeds for property, plant and equipment	4	-	739
Loan advanced to equity-accounted investment	6	-	(500)
Net cash flow used in investing activities		**(2,928)**	**(7,049)**
Financing activities			
Advances of loans payable	7	3,245	9,475
Advances of loans payable – related parties	7	-	710
Repayment of loans payable	7	-	(234)
Financing costs related to loans payable	7	-	(156)
Interest paid on loans payable	7	(834)	(215)
Interest paid on loans payable – related parties	17	(96)	-
Payment of lease liabilities	8	(629)	(379)
Interest paid on lease liabilities	8	(331)	(236)
Capital provided by non-controlling interest in subsidiaries		-	100
Changes in restricted cash		-	(984)
Other		9	1
Net cash flow from financing activities		**1,364**	**8,082**
Net change in cash		(183)	663
Cash and cash equivalents at beginning of period		585	8,852
Cash and cash equivalents at end of period		**402**	**9,515**

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

Supplemental cash flow information note 18

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. NATURE OF BUSINESS

As at June 30, 2024, EverGen Infrastructure Corp. ("EverGen" or the "Company") operates three organic waste management facilities and two renewable natural gas production facilities.

EverGen was incorporated under the British Columbia Business Corporations Act on May 13, 2020, and trades on the TSX Venture Exchange under the symbol "EVGN" and the Over-The-Counter exchange ("OTCQX") under the symbol "EVGIF".

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

2. BASIS OF PREPARATION

a) Statement of compliance and accounting policies

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board. These interim condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023. The interim condensed consolidated financial statements have been prepared under the assumption that the Company operates on a going concern basis and have been presented in Canadian dollars, which is also the Company's functional currency.

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the Company's annual consolidated financial statements as at and for the year ended December 31, 2023.

These interim condensed consolidated financial statements were authorized for issue by the Audit Committee of the Board of Directors of the Company on August 21, 2024.

b) New standards, interpretations and amendments adopted by the Company

As at June 30, 2024, there are no new standards not yet adopted that are expected to have a material impact on the Company's financial statements.

c) Use of estimates, judgements and assumptions

The significant estimates and judgments used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the Company's consolidated financial statements as at and for the year ended December 31, 2023. Actual results may differ from these estimates.

All amounts in Canadian $000s, unless otherwise indicated

3. PROPERTY, PLANT AND EQUIPMENT CLASSIFIED AS HELD FOR SALE

As at June 30, 2024 certain items of property, plant and equipment were classified as held for sale as a result of their expected sale within one year from June 30, 2024.

	RNG production	Organic waste and composting	Total
At December 31, 2023	**-**	**650**	**650**
Additions:			
Land[(1)]	3,000	-	3,000
Right-of-use asset[(2)]	-	518	518
Transfer to property, plant and equipment:			
Right-of-use asset[(2)]	-	(518)	(518)
At June 30, 2024	**3,000**	**650**	**3,650**

(1) *Relates to the land owned at Fraser Valley Biogas, which the Company expects to sell. The land was written down to it's estimated fair value, based on the expected selling price, and the resulting loss on wite-down of assets of $238 was recorded during the three and six months ended June 30, 2024.*

(2) *Relates to an item of equipment at Sea to Sky Soils and Composting Inc., which the Company expected to sell. The equipment was written down to it's estimated fair value, based on the expected selling price, and the resulting loss on wite-down of assets of $114 was recorded during the three months ended March 31, 2024. During the second quarter of 2024, the Company reconsidered the sale of the equipment and as at June 30, 2024 the equipment was repurposed as held for use and and was transferred back to property, plant & equipment.*

4. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings and leasehold improvements	Equipment, vehicles and other	Right-of-use assets	Assets under construction	Total
At December 31, 2023	**3,238**	**8,253**	**25,552**	**9,244**	**5,520**	**51,807**
Additions	-	-	1,321	904	318	2,543
Transfer to assets held for sale (note 3)	(3,238)	-	-	(693)	-	(3,931)
Transfer to right-of-use asset	-	-	-	508	(508)	-
Transfer from assets held for sale (note 3)	-	-	-	518	-	518
Disposal	-	-	(553)	-	-	(553)
Other	-	-	(26)	(93)	(68)	(187)
At June 30, 2024	**-**	**8,253**	**26,294**	**10,388**	**5,262**	**50,197**
Accumulated depreciation						
At December 31, 2023	**-**	**982**	**1,202**	**1,317**	**-**	**3,501**
Depreciation	-	219	766	450	-	1,435
Transfer to assets held for sale (note 3)	-	-	-	(62)	-	(62)
Disposal	-	-	(136)	-	-	(136)
At June 30, 2024	**-**	**1,201**	**1,832**	**1,705**	**-**	**4,738**
Carrying value						
At December 31, 2023	3,238	7,271	24,350	7,927	5,520	48,306
At June 30, 2024	**-**	**7,052**	**24,462**	**8,683**	**5,262**	**45,459**

As at June 30, 2024, the Company was committed to $3.5 million of future capital expenditure.

All amounts in Canadian $000s, unless otherwise indicated

5. INTANGIBLE ASSETS

Cost	Brands	Customer contracts and stakeholder relationships	Total
At December 31, 2023 and June 30, 2024	1,180	28,530	29,710

Accumulated amortization			
At December 31, 2023	177	5,647	5,824
Amortization	30	1,032	1,062
At June 30, 2024	207	6,679	6,886

Carrying value			
At December 31, 2023	1,003	22,883	23,886
At June 30, 2024	**973**	**21,851**	**22,824**

6. EQUITY ACCOUNTED INVESTMENTS

In May 2022, the Company acquired a 50% interest in an entity that holds a portfolio of three RNG development projects ("Project Radius") in Canada, which provides the Company with the right to participate in funding its proportionate share of capital to construct RNG infrastructure. The following table presents the changes in the balance of the Company's equity-accounted investment in Project Radius:

Carrying value	Total
At December 31, 2023	1,008
Equity-accounted loss	(319)
At June 30, 2024	**689**

On January 1, 2023, the Company entered into a loan agreement to provide $500 to Project Radius, which was fully drawn as at June 30, 2024. The loan accrues interest on the unpaid principal amount at a rate of 14.25% per annum. The loan receivable and accrued interest are recorded in other assets on the interim condensed consolidated statement of financial position as at June 30, 2024. Subsequent to June 30, 2024, the outstanding principal balance and accrued interest owing were repaid to the Company.

All amounts in Canadian $000s, unless otherwise indicated

7. LOANS PAYABLE

	Total
At December 31, 2023	15,000
Advances	3,245
Interest expense (note 14)	834
Loan payments	(834)
Total principal	18,245
Less: deferred financing costs	(249)
Total borrowings	**17,996**
Less current portion	**(1,619)**
Long-term portion	**16,377**

In January 2023, the Company entered into an agreement providing for a syndicated senior term loan of up to $31,000. The term loan is being used to support the upgrade and construction of the Company's RNG facilities and provided for $15 million for refinancing of existing debt and construction at Fraser Valley Biogas and provides for $16 million at Pacific Coast Renewables. As of June 30, 2024, $16 million of the term loan, related to the RNG construction at PCR, remains undrawn, until such time as the RNG project has commenced and certain conditions are met. The term loan is repayable over a term of five years, with a 10-year amortization period and interest only payments for the first 12 months. The term loan bears interest at a rate of the Canadian Variable Rate + 4.0% per annum. The term loan is secured by the assets of the Company and certain of its subsidiaries.

The senior term loan facility agreement is subject to certain conditions and covenants, including, but not limited to, maintaining a minimum consolidated working capital ratio and fixed charge coverage ratio as defined in the agreement, and a maximum debt to capitalization ratio. These covenants are tested quarterly on a trailing twelve-month basis.

In January 2024, the Company, through GrowTEC, entered into an agreement providing for a term loan of up to $3,500. The term loan is repayable over a term of five years, with a 10-year amortization period and interest only payments for the first 12 months. The term loan bears interest at a rate of the Canada Prime Rate + 1.0% per annum. The term loan is secured by certain assets of GrowTEC. As at June 30, 2024, GrowTEC had drawn $3,245 under this term loan.

The term loan facility agreement is subject to certain conditions and covenants, including, but not limited to, a minimum debt service coverage ratio as defined in the agreement. The covenants are tested annually on a trailing twelve-month basis.

8. LEASE LIABILITIES

	Total
At December 31, 2023	7,761
Additions	1,321
Other	22
Interest expense (note 14)	331
Lease payments	(960)
As at June 30, 2024	**8,475**
Less current portion	**(1,050)**
Long-term portion	**7,425**

The Company's lease liabilities are calculated using discount rates ranging from 4.9% to 9.9%.

All amounts in Canadian $000s, unless otherwise indicated

9. CONTINGENT CONSIDERATION

	Total
As at December 31, 2023	1,500
Gain on fair value adjustment of liability	(670)
As at June 30, 2024	**830**
Less current portion	-
Long-term portion	**830**

The contingent consideration is related to the acquisition of the GrowTEC subsidiary in 2022. The contingent consideration is payable upon the achievement of certain operational milestones. During the three and six months ended June 30, 2024, the Company recognized a $670 contingent consideration gain (three and six months ended June 30, 2023: $340 contingent consideration loss and a $90 contingent consideration gain, respectively) in re-measuring the liability taking into account the probability and expected timing of the settlement of the liability.

10.SHAREHOLDERS' EQUITY

a) Share-based incentive programs and payment plans

Options

The following table presents the changes in the balance of the outstanding stock options:

	Number of Options (thousands) #	Weighted average exercise price $
Outstanding at December 31, 2023	335	4.08
Granted	282	2.36
Outstanding at June 30, 2024	**617**	**3.29**
Exercisable at June 30, 2024	**159**	**5.25**

In January 2024, the Company granted 187,860 stock options to certain members of the Board of Directors of the Company at an exercise price of $2.44 each. These options vest equally over a three-year period and are exercisable for a period of seven years from the grant date to purchase one common share for each stock option held.

In June 2024, the Company granted 94,141 stock options to certain officers of the Company at an exercise price of $2.21 each. These options vest equally over a three-year period and are exercisable for a period of seven years from the grant date to purchase one common share for each stock option held.

All amounts in Canadian $000s, unless otherwise indicated

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

	June 2024 Stock Options	Jan 2024 Stock Options
Share price on grant date	1.91	2.35
Exercise price	2.21	2.44
Fair value per stock option	1.03	1.33
Expected volatility (percentage)	53	53
Risk-free rate (percentage)	3.28	3.21
Expected forfeiture rate (percent)	10	10
Expected life (years)	7	7
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 the Company. 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.

PSUs, RSUs and DSUs

The following table presents the changes in the balance of the outstanding PSUs, RSUs and DSUs:

(thousands)	Number of PSUs #	Number of RSUs #	Number of DSUs #
Outstanding at December 31, 2023	430	214	28
Granted	-	179	39
Forfeited	-	(3)	-
Vested	-	(82)	-
Outstanding at June 30, 2024	**430**	**308**	**67**

Deferred share units

During the six months ended June 30, 2024, the Company granted 38,930 DSU awards to certain members of the Board of Directors of the Company, which had a grant date fair value of $2.35.

Restricted share units

During the three and six months ended June 30, 2024, the Company granted 131,931 RSU awards to certain officers and employees of the Company, which vest equally over a three-year period and had a weighted average grant date fair value of $1.92 per RSU.

As at June 30, 2024, the Company had 307,764 RSUs outstanding, which vest over a remaining weighted average period of 0.9 years, with a weighted average grant date fair value of $2.41 per RSU.

Share-based payment expense

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Options	58	14	201	36
PSUs	-	145	-	289
RSUs	97	51	193	121
DSUs	-	-	92	-
Subtotal	**155**	**210**	**486**	**446**
Less: Capitalized share-based payment expense	-	32	-	80
Total [(1)]	**155**	**178**	**486**	**366**

[(1)] *Included in general and administrative expenses (see note 13).*

All amounts in Canadian $000s, unless otherwise indicated

11.REVENUE

The Company generates revenue primarily from fees charged to customers upon receipt of organic waste at the Company's organic waste facilities, sale of RNG, sale of electricity, sale of carbon credits, the sale of organic compost and soil and the provision of management services. With the exception for management services, the Company's revenue for the three and six months ended June 30, 2024 and 2023 all relate to goods and services transferred at a point in time. The following tables contain the Company's revenue for the three and six months ended June 30, 2024 and 2023, by source and by segment:

For the three months ended June 30, 2024	RNG production	Organic waste and composting	Total
Tipping fees	97	2,235	2,332
Organic compost and soil sales	-	318	318
RNG	1,182	-	1,182
Electricity sales	54	-	54
Carbon credits	(22)	41	19
Management services and other	321	12	333
Total	1,632	2,606	4,238

For the three months ended June 30, 2023	RNG production	Organic waste and composting	Total
Tipping fees	75	1,453	1,528
Organic compost and soil sales	-	313	313
RNG	142	-	142
Electricity sales	175	-	175
Total	392	1,766	2,158

For the six months ended June 30, 2024	RNG production	Organic waste and composting	Total
Tipping fees	182	3,410	3,592
Organic compost and soil sales	-	348	348
RNG	2,247	-	2,247
Electricity sales	147	-	147
Carbon credits	427	41	468
Management services and other	651	12	663
Total	3,654	3,811	7,465

For the six months ended June 30, 2023	RNG production	Organic waste and composting	Total
Tipping fees	139	2,697	2,836
Organic compost and soil sales	-	338	338
RNG	337	-	337
Electricity sales	330	-	330
Total	806	3,035	3,841

All of the Company's revenues are generated in Canada.

All amounts in Canadian $000s, unless otherwise indicated

12.DIRECT OPERATING COSTS

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Salaries and wages	606	398	1,151	796
Depreciation and amortization	1,208	863	2,497	1,693
Repairs and maintenance	350	151	589	516
Fuel and freight expense	311	225	519	539
Utilities	346	69	656	150
Equipment rental	117	93	161	157
Other(1)	648	411	1,122	692
Total	**3,586**	**2,210**	**6,695**	**4,543**

(1) *Other includes, but is not limted to, insurance, supplies and disposal costs.*

13.GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Salaries and wages	505	252	982	530
Share-based payment expense (note 10)	155	178	486	366
Professional and consulting fees	265	193	331	532
Other(1)	263	451	582	798
Total	**1,188**	**1,074**	**2,381**	**2,226**

(1) *Other includes, but is not limited to, business development fees, insurance and business fees & licenses.*

14.FINANCE COSTS

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Interest expense on loans payable (note 7)	439	140	834	257
Interest expense on loans payable – related parties (note 17)	25	7	50	7
Interest expense on lease liabilities (note 8)	170	120	331	236
Other	39	28	82	(8)
Subtotal	673	295	1,297	492
Less: capitalized interest	-	(42)	-	(42)
Total	**673**	**253**	**1,297**	**450**

15. OTHER INCOME – NET

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Insurance proceeds	-	113	209	395
Other	206	98	241	211
Total	**206**	**211**	**450**	**606**

All amounts in Canadian $000s, unless otherwise indicated

16.FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable (including the loan advanced to the equity-accounted investment), accounts payable and accrued liabilities, contingent consideration, lease liabilities, loans payable and loans payable – related parties.

The fair values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates their carrying values because of the short-term nature.

The fair value of lease liabilities approximates their carrying value due to the specific non-tradeable nature of these instruments and given the discount rates used to recognize the liabilities and the market rates of interest.

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) and is re-measured at fair value at each reporting period, with changes in fair value recognized in the consolidated statement of income (loss).

The fair value of loans payable approximates their carrying value due to the loans bearing interest at variable rates.

There were no transfers between the levels of the fair value hierarchy during the three and six months ended June 30, 2024. Additionally, there were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the three and six months ended June 30, 2024.

Financial risk management and capital management

There have been no significant developments in the Company's financial risk factors and capital management as included in the Company's consolidated financial statements as at and for the year ended December 31, 2023.

The following contractual maturities of financial obligations exist as at June 30, 2024:

	< 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	5,253	-	-	-	-	-	5,253
Contingent consideration	-	-	-	-	-	830	830
Loan payments [1]	3,277	3,253	3,108	11,891	2,345	-	23,874
Loan payments – related party [1]	-	1,100	-	-	-	-	1,100
Lease payments [1]	1,676	1,515	1,381	1,209	779	5,939	12,499
Total	**10,206**	**5,868**	**4,489**	**13,100**	**3,124**	**6,769**	**43,556**

(1) *Includes principal and interest.*

All amounts in Canadian $000s, unless otherwise indicated

17.RELATED PARTY BALANCES AND TRANSACTIONS

Key management compensation

The total value of compensation expenses and other fees for the board of directors and members of executive management of EverGen were as follows:

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Salaries and benefits	183	142	366	296
Share-based payment expense	118	167	379	343
Total	**301**	**309**	**745**	**639**

Lease liabilities

In July 2022, a subsidiary of the Company entered into a lease agreement with related parties to lease the land on which the GrowTEC facility is located for a term of ten years, with the option to extend for an additional two five-year periods, at the option of the Company. The lease payments for the initial term are $270 for the first year of the lease and $120 per year for the remaining nine years. During the three and six months ended June 30, 2024, the Company incurred lease expenses of $30 and $60, respectively, relating to this lease (three and six months ended June 30, 2023 - $68 and $135, respectively).

Loans payable

	Total
At December 31, 2023	1,716
Conversion to equity	(670)
Interest expense (note 14)	50
Loan payments	(96)
Total principal	**1,000**
Less current portion	**-**
Long-term portion	**1,000**

Effective April 1, 2023, the Company entered into a loan agreement with the non-controlling interest holders of a subsidiary of the Company to provide proceeds of $710 to the Company to fund the non-controlling interest holders proportionate share of capital expenditure. The loan was repayable over a five-year term and bears interest at a rate of 4.0%. Effective January 1, 2024, the outstanding balance of this loan of $670 was converted into equity of the subsidiary and the loan agreement was terminated.

Effective December 1, 2023, the Company entered into a loan agreement with the parties related to the acquisition of GrowTEC to provide proceeds of $1,000 to the Company primarily to fund the repayment of amounts owing as contingent consideration related to the acquisition of the Company's 67% interest in GrowTEC in July 2022. The full outstanding balance of the loan is repayable on January 1, 2026, and bears interest at a rate of 10.0%, which the Company has the option to pay interest in cash, payment-in-kind, or a combination thereof. During the three and six months ended June 30, 2024, the Company incurred interest expense of $25 and $50, respectively, relating to this loan (three and six months ended June 30, 2023 - $nil).

All amounts in Canadian $000s, unless otherwise indicated

18.SUPPLEMENTARY CASH FLOW INFORMATION

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

	Six months ended	
	June 30, 2024	June 30, 2023
Net changes in non-cash working capital:		
Accounts receivable	(1,765)	340
Prepaid expenses and other assets	59	(236)
Accounts payable and accrued liabilities	1,265	(69)
Deferred revenue	-	(142)
	(441)	(107)

19. SEGEMENTED INFORMATION

Operating segments are determined in a manner consistent with internal reporting provided to the chief operating decision maker for the purposes of allocating resources and assessing performance of the operating segments. For the three and six months ended June 30, 2024 and 2023, the Company had two operating segments. The Company's segments are based on the type of operations and include RNG production and Organic waste and composting as follows:

For the three months ended June 30, 2024	RNG production	Organic waste and composting	Corporate and other	Total
Revenue	1,632	2,606	-	4,238
Direct operating costs	(1,572)	(1,995)	(19)	(3,586)
General and administrative expenses(1)	(361)	(574)	(253)	(1,188)
Finance costs	(383)	(224)	(66)	(673)
Equity-accounted loss	(193)	-	-	(193)
Contingent consideration gain	-	-	674	674
Loss on write-down of assets	(238)	-	-	(238)
Loss on sale of assets	-	(155)	-	(155)
Other income - net	122	51	33	206
Net income (loss) before income tax (expense) recovery	(993)	(291)	369	(915)
For the three months ended June 30, 2023				
Revenue	392	1,766	-	2,158
Direct operating costs	(700)	(1,492)	(18)	(2,210)
General and administrative expenses(1)	(442)	(929)	297	(1,074)
Finance costs	(70)	(178)	(5)	(253)
Equity-accounted income	5	-	-	5
Contingent consideration loss	-	-	(340)	(340)
Other income - net	128	60	23	211
Net income (loss) before income tax (expense) recovery	(687)	(773)	(43)	(1,503)

All amounts in Canadian $000s, unless otherwise indicated

For the six months ended June 30, 2024	RNG production	Organic waste and composting	Corporate and other	Total
Revenue	3,654	3,811	-	7,465
Direct operating costs	(3,044)	(3,613)	(38)	(6,695)
General and administrative expenses[1]	(616)	(1,111)	(654)	(2,381)
Finance costs	(710)	(447)	(140)	(1,297)
Equity-accounted loss	(320)	-	-	(320)
Contingent consideration gain	-	-	674	674
Loss on write-down of assets	(238)	(114)	-	(352)
Loss on sale of assets	-	(155)	-	(155)
Other income - net	136	272	42	450
Net income (loss) before income tax (expense) recovery	(1,138)	(1,357)	(116)	(2,611)

For the six months ended June 30, 2023	RNG production	Organic waste and composting	Corporate and other	Total
Revenue	806	3,035	-	3,841
Direct operating costs	(1,596)	(2,910)	(37)	(4,543)
General and administrative expenses[1]	(927)	(1,802)	503	(2,226)
Finance costs	(95)	(355)	-	(450)
Equity-accounted loss	(36)	-	-	(36)
Contingent consideration gain	-	-	90	90
Other income - net	338	209	59	606
Net income (loss) before income tax (expense) recovery	(1,510)	(1,823)	615	(2,718)

(1) Allocated to each segment based on estimated use of corporate resources

As at June 30, 2024	RNG production	Organic waste and composting	Corporate and other	Total
Total assets	**43,207**	**48,261**	**2,360**	**93,828**

As at December 31, 2023	RNG production	Organic waste and composting	Corporate and other	Total
Total assets	41,729	48,563	3,242	93,534