EVERGEN Infrastructure Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2022

Dated May 24, 2022

FINANCIAL AND OPERATIONAL HIGHLIGHTS SUMMARY

	Three months ended		$	%
	Mar 31, 2022	Mar 31, 2021	Change	Change
FINANCIAL				
Revenue [1]	1,427	1,585	(158)	(10)
Net loss	(219)	(1,158)	939	(81)
Net loss per share ($), basic and diluted	($0.02)	($0.13)	0.11	(85)
EBITDA [2]	481	(960)	1,441	(150)
Adjusted EBITDA [2]	631	203	428	211
Capital expenditures	1,355	146	1,209	828
Total assets	79,771	61,912	17,859	29
Total long-term liabilities	14,522	14,347	175	1
Working capital surplus [2]	19,196	11,579	7,617	66
COMMON SHARES (thousands)				
Outstanding, end of period	13,367	9,589	3,778	39
Weighted average – basic and diluted	13,367	8,623	4,744	55
OPERATING				
Incoming organic feedstock (tonnes)	16,047	17,164	(1,117)	(7)
Organic compost and soil sales (yards) [3]	5,400	7,087	(1,687)	(24)
RNG (gigajoules) [1]	5,772	-	5,572	100

(1) RNG volumes commenced on April 16, 2021, upon the acquisition of FVB. RNG volumes were impacted during the first quarter of 2022 as a direct result of flooding events in the Abbotsford and Sumas Prairie regions, which resulted in the shut down of the FVB facility on November 15, 2021, until operations were restored. Since March 2, 2022, FVB has been operating and producing daily volumes of up to 334 GJ/d, restoring production volumes to historical levels.

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

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

BASIS OF PRESENTATION

EverGen Infrastructure Corp. ("EverGen", "the Company", "we", "our", "us" or "its") has prepared the following Management's Discussion and Analysis ("MD&A") for the three months ended March 31, 2022, in accordance with National Instrument 51-102F1, and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2022, which 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 ("IFRS"), and the audited consolidated financial statements for the year ended December 31, 2021. All references to "$" are references to Canadian dollars and all amounts are presented in thousands of dollars, unless otherwise indicated. This MD&A and the unaudited interim consolidated financial statements of EverGen have been prepared by management and approved by the audit committee of the board of directors as of May 24, 2022.

Additional information relating to the Company, including our Annual Information Form dated January 31, 2022 ("AIF"), is available on SEDAR at www.sedar.com The Company's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "EVGN" and the OTCQB Venture Market ("OTCQB") under the symbol "EVGIF".

READER ADVISORIES

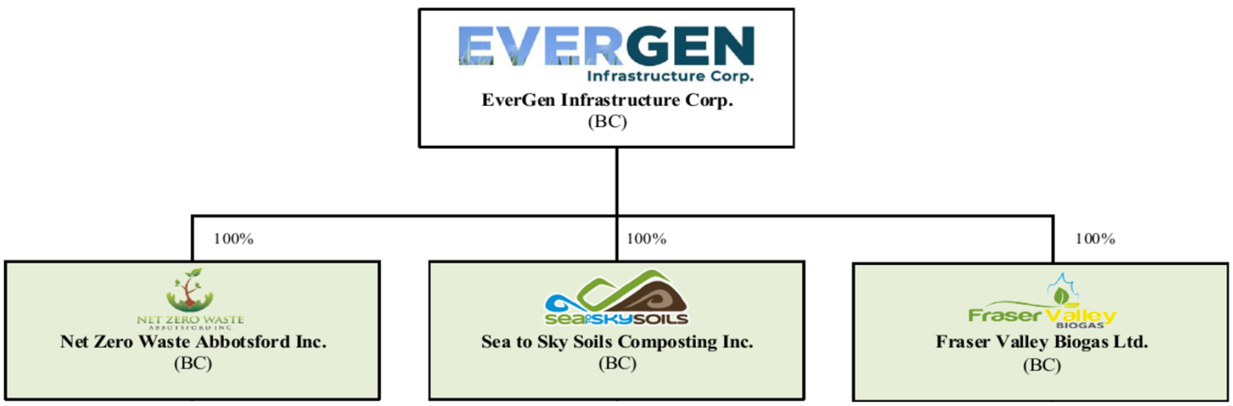
This MD&A contains certain "forward-looking statements" within the meaning of Canadian securities legislation and introduces financial measures which are not defined under IFRS aimed at helping the reader in making comparisons to metrics similarly disclosed by industry peers. Readers are cautioned that 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, 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.

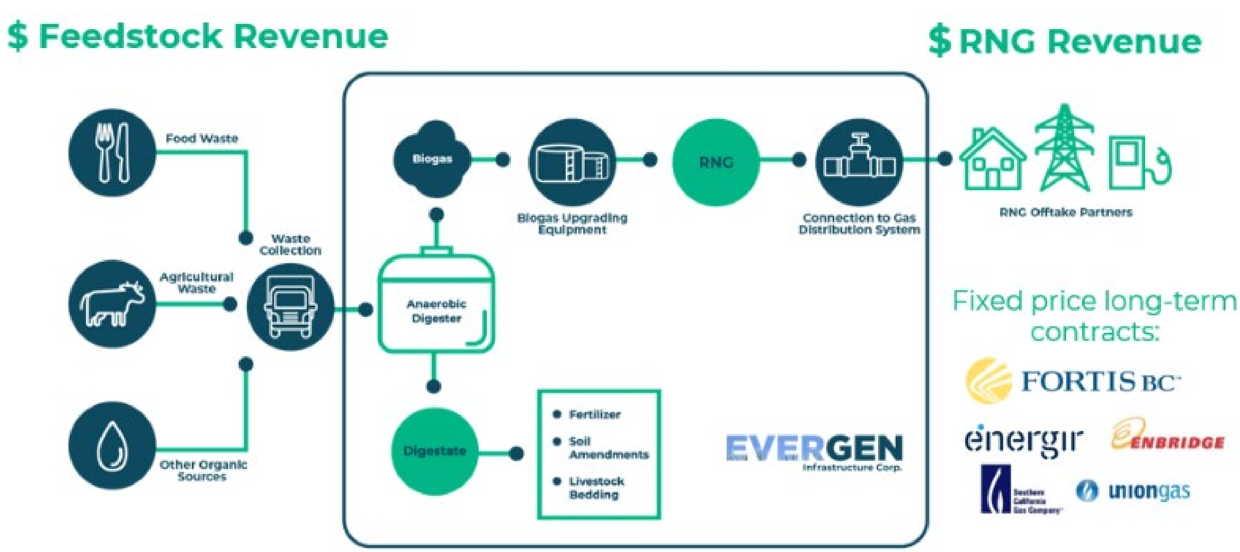
EverGen commenced operations upon incorporation on May 13, 2020.

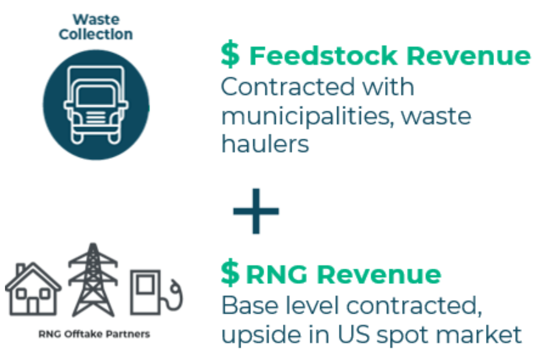
The Company operates three facilities through its wholly owned subsidiaries: Net Zero Waste Abbotsford Inc. ("NZWA"), Sea to Sky Soils and Composting Inc. ("SSS") and Fraser Valley Biogas Ltd. ("FVB").



FVB is British Columbia's original RNG production facility, which sells RNG under a long-term contract with FortisBC and combines anaerobic digestion and biogas upgrading to produce RNG, primarily by converting agricultural waste from local dairy farms. The FVB RNG facility is currently undergoing a capital expansion project to add additional RNG production to nearly double the facility's existing capacity.

NZWA and SSS are currently organic waste conversion facilities in British Columbia, 100 percent owned and operated by EverGen, 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. EverGen expects to begin supplying RNG from NZWA to FortisBC's network under an existing 20-year offtake agreement following the completion of a capital expansion project at NZWA.





The majority of the revenue currently earned by the composting operations is sourced under long-term contracts with local municipalities.

From this existing platform, EverGen plans to further grow and develop RNG facilities providing RNG revenue pursuant to long term RNG offtake contracts to FortisBC and other creditworthy 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 penetration and grid conversion in addition to:

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

In March 2022, EverGen announced that it had entered into a letter of intent with Grow the Energy Circle Ltd. ("GrowTec") to acquire a 67 percent interest in a biogas facility in Alberta, Canada, and to work with GrowTec on developing and expanding the RNG output at the facility.

In May 2022, EverGen announced that it had entered into an agreement to acquire a 50 percent interest in a portfolio of RNG development projects ("Project Radius") in Ontario, Canada. Under the terms of the agreement, EverGen acquired a 50% interest in the project for a cash contribution of $1.5 million, which is to be provided from existing working capital and operating cash flow, and provides EverGen with the right to participate in funding its proportionate share of the capital to construct RNG infrastructure.

OUTLOOK

The Company continues to be a first mover in the RNG infrastructure space and expects to be a leader in 2022 and beyond. The recently announced letter of intent to acquire a 67% interest in GrowTec, an Alberta based biogas facility, and the agreement to acquire a 50% interest in Project Radius, demonstrates the Company's ability to participate in the consolidation and growth of the RNG industry. EverGen intends to pursue similar opportunities within its core markets and across North America, investing in truly sustainable operations that contribute to carbon-negative energy production and positively impacting climate change initiatives.

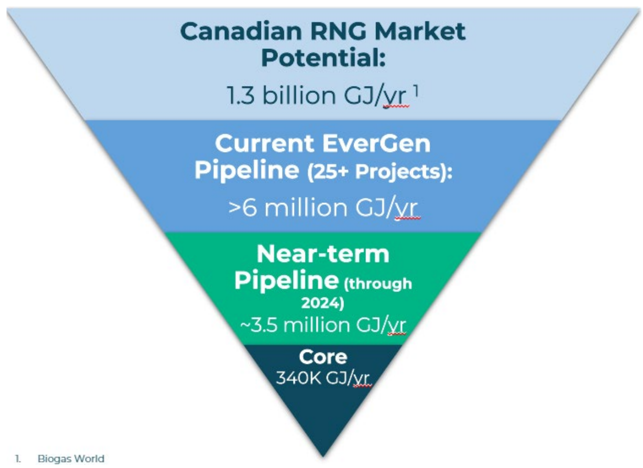
EverGen's ability to continue to grow its business and generate improvements in its financial performance depends on the execution of its strategy to build, own, and operate a portfolio of RNG, waste to energy and related sustainable infrastructure projects in British Columbia and other regions in North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

We believe that the Company is uniquely positioned to capture expansion prospects 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. We believe that 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. We believe that there is growing societal expectations of recycling and circular economy solutions.

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 depend 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 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, Canada. We believe that this provides 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 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:

Environmental	Recycles waste products, reducing GHG emissions and produces renewable energy which will replace higher-carbon electric sources
Social	EverGen operates as a community-focused business, receiving and recycling organic waste from local municipalities and businesses. EverGen is focused on partnering with First Nations communities who host its operations and provide a vital workforce.
Governance	Committed to strong governance practices in its current operations and in planned growth and development of RNG.

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.

All amounts in Canadian $000s, unless otherwise indicated

RESULTS OF OPERATIONS

Revenue

	Three months ended		%
	March 31, 2022	March 31, 2021	Change
Tipping fees	1,189	1,255	(5)
Organic compost and soil sales	78	195	(60)
RNG sales	88	-	100
Trucking services	72	135	(47)
Total	**1,427**	**1,585**	**(10)**

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. EverGen also generates revenue from the sale of high-quality organic compost and soils, and from hauling services associated with delivering organic waste to its SSS facility. From April 16, 2021, revenue also includes RNG sales by FVB under contract with FortisBC. 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.

Tipping fees decreased for the three months ended March 31, 2022, compared to the same period last year, primarily due to lower volumes of incoming organic feedstock tonnage at SSS. Additionally, the three months ended March 31, 2022 includes revenue from the acquisition of FVB in April 2021. RNG production was halted in the fourth quarter of 2021 due to the extraordinary nearly 100-year flooding events which occurred in the Abbotsford and Sumas Prairie regions. The disaster resulted in 108 days of downtime at FVB until production resumed on March 2, 2022. The lost revenues are insurable under the Company's insurance policy and on April 1, 2022, the Company received $1,500 in partial insurance proceeds, of which $700 was recognized in other income (expenses) and entirely offsets the lost revenues and additional expenditure incurred during Q4 2021 and Q1 2022 at FVB.

EverGen also generates revenue from the sale of high-quality organic compost and soils and hauling services. The Company's organic compost and soil sales are exposed to fluctuations because of inherent seasonal demand. During the three months ended March 31, 2022, inclement weather in British Columbia resulted in a decrease of $117, or 60%, of high-quality organic compost and soils sales compared to the same period last year.

Cost of goods sold

	Three months ended		%
	March 31, 2022	March 31, 2021	Change
Cost of goods sold	706	597	18

Cost of goods sold comprises direct costs, including handling, labour, fuel charges and hauling costs associated with RNG production, collection and processing of feedstock for conversion into saleable organic compost and soil. The Company's cost of goods sold is exposed to fluctuations because of seasonal weather and the related fluctuations in volumes processed. Cost of goods sold are mainly of a variable nature.

Cost of goods sold increased by $109, or 18%, for the three months ended March 31, 2022, compared to the same period last year, primarily as a result of increased trucking and disposal costs for post-flood cleanup and processing at NZWA. The Company has received partial insurance proceeds for these additional costs and further proceeds are expected to be recovered throughout 2022. Refer to Other income (expense), net below for additional information on insurance proceeds.

All amounts in Canadian $000s, unless otherwise indicated

Gross profit

	Three months ended		%
	March 31, 2022	March 31, 2021	Change
Gross profit	721	988	(27)
% of revenue	51	62	(18)

The Company's 51 percent gross profit as a percentage of revenue decreased for the first quarter of 2022, compared to the same period last year primarily due to the increased costs associated with the post-flood cleanup expenditure incurred at NZWA. The lost revenues and incremental costs associated with the floods that occurred during the fourth quarter of 2021, as described above, are insurable under the Company's insurance policies, for which on March 21, 2022, and April 1, 2022, NZWA and FVB each received $208 and $1,500 respectively in partial insurance proceeds. Further proceeds are expected to be recovered throughout 2022, which will be recorded to other income to the extent they offset lost revenues and incremental expenses incurred. Refer to Other income (expense), net below for additional information on insurance proceeds.

Operating costs

	Three months ended		%
	March 31, 2022	March 31, 2021	Change
Operating costs	501	222	126

Operating costs are comprised primarily of repairs and maintenance, utilities, licenses and permits, indirect labour 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 increased by $279, or 126%, for the three months ended March 31, 2022, compared to the same period last year, primarily due to increased repair and maintenance costs at NZWA attributable to the floods during the first quarter of 2022, as well as the absence of any operating costs relating to FVB during the three months ended March 31, 2021, due to the acquisition of FVB in April 2021. Refer to Other income (expense), net below for additional information on insurance proceeds.

General and administrative expenses

	Three months ended		%
	March 31, 2022	March 31, 2021	Change
General and administrative expenses	836	1,246	(33)

General and administrative expenses consist primarily of labour costs, professional and consulting fees, rent and insurance.

The decrease in EverGen's general and administrative expenses of $410 for three months ended March 31, 2022, compared to the same period last year, is primarily due to costs incurred during the three months ended March 31, 2021, relating to one-time professional, legal and consulting fees associated with the integration of acquisitions, implementation of processes and in preparation of readying EverGen as a reporting issuer and public filer.

All amounts in Canadian $000s, unless otherwise indicated

Depreciation and amortization

	Three months ended		%
	March 31, 2022	March 31, 2021	Change
Depreciation	245	204	20
Amortization	488	388	26
Total	**733**	**592**	**24**

Depreciation is recognized on property, plant 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 increased during the three months ended March 31, 2022, compared to the three months ended March 31, 2021, primarily due to the absence of any depreciation ad amortization relating to FVB during the three months ended March 31, 2021, due to the acquisition of FVB in April 2021.

Share-based payment expense (recovery)

	Three months ended		%
	March 31, 2022	March 31, 2021	Change
Share-based payment expense (recovery)	(225)	413	(154)

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

During the three months ended March 31, 2022, EverGen reversed $501 of previously recognized share-based payment expenditure due to the forfeiture of certain equity securities and, in addition, recognized $276 of share-based payment expense relating to the securities issued under the Company's Equity Incentive Plan and PSU Plan, resulting in a net share-based payment recovery of $225. During the three months ended March 31, 2022, EverGen granted 134,000 RSU awards to certain officers and employees of the Company.

EverGen recognized a share-based payment expense of $413 during the three months ended March 31, 2021, primarily relating to performance share units issued during late-2020 and deferred share units issued during early-2021.

Finance costs (income), net

	Three months ended		%
	March 31, 2022	March 31, 2021	Change
Interest expense on loans payable	64	10	540
Interest expense on lease liabilities	47	49	(4)
Other	5	50	(90)
Interest income	(4)	(2)	100
Total	**112**	**107**	**5**

EverGen's finance costs of $112 and $107 for the three months ended March 31, 2022 and 2021, respectively, are primarily due to interest expense recognized on loans payable, for which funds were used to finance an increase in the Company's asset base, the Company's interest expense on lease liabilities and the Company's credit facility entered into in the first quarter of 2021.

All amounts in Canadian $000s, unless otherwise indicated

Other income (expense), net

	Three months ended March 31, 2022	Three months ended March 31, 2021	% Change
Insurance proceeds	908	-	100
Other	(36)	(67)	(46)
Total	**872**	**(67)**	**(1,401)**

On March 21, 2022 and April 1, 2022, NZWA and FVB each received $208 and $1,500, respectively, in insurance proceeds. These funds represent a progress payment related to losses realized during the fourth quarter of 2021 and first quarter of 2022 as a result of the nearly 100-year flooding events which occurred in the Abbotsford and Sumas Prairie regions occurred during late-2021. During the three months ended March 31, 2022, other income (expense) included the recognition of $908 of these insurance proceeds received related to lost revenues and additional costs incurred during Q4 2021 and Q1 2022. Further proceeds are expected to be recovered throughout 2022, which will be recorded to other income to the extent they offset lost revenues and incremental expenses incurred.

During the three months ended March 31, 2021, other income (expense) included transaction costs of $67 related to prospective acquisitions.

Income taxes

	Three months ended March 31, 2022	Three months ended March 31, 2021	% Change
Current tax recovery	66	81	(19)
Deferred tax recovery	79	420	(81)
Total	**145**	**501**	**(71)**

Income taxes consist of current and deferred income taxes.

The decrease in the income tax recovery for the three months ended March 31, 2022, compared to the three months ended March 31, 2021, is primarily due to a decrease in net loss.

EBITDA and Adjusted EBITDA [(1)]

	Three months ended March 31, 2022	Three months ended March 31, 2021	% Change
Net loss	(219)	(1,158)	(81)
Tax recovery	(145)	(501)	(71)
Depreciation and amortization	733	592	24
Finance costs (income), net	112	107	5
EBITDA [(1)]	**481**	**(960)**	**(150)**
Share-based payment expense (recovery)	(225)	413	(154)
Loss on sale of equipment	41	-	100
Transaction costs	-	67	(100)
Non-recurring general and administrative expenses	334	683	(51)
Adjusted EBITDA [(1)]	**631**	**203**	**211**

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

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 loss before interest, tax, depreciation and amortization ("EBITDA"). Adjusted EBITDA is measured as EBITDA adjusted for share-based payment expense, certain non-cash items and unusual or non-recurring items. EBITDA and adjusted EBITDA are non-GAAP measures as defined in the non-GAAP measures section of this MD&A.

All amounts in Canadian $000s, unless otherwise indicated

EverGen's positive EBITDA of $481 during the three months ended March 31, 2022, as compared to negative EBITDA of $960 during the same period last year, increased primarily as a result a decrease of share-based payments expenses and a decrease in non-recurring professional, legal and consulting fees included in general and administrative expenses, as well as the recognition of insurance proceeds during the three months ended March 31, 2022, partially offset by an increase in flood-related expenditures incurred during the three months ended March 31, 2022, as described above.

EverGen's adjusted EBITDA of $631 and $203 during the three months ended March 31, 2022 and 2021, respectively, has been adjusted for share-based payment expense (recovery), transaction costs, a loss on the sale of equipment and non-recurring expenses comprising primarily of consulting and advisory fees related to the acquisitions, core expansion projects and preliminary work to undertake the GrowTEC partnership.

CAPITAL EXPENDITURES

	Three months ended		%
	March 31, 2022	March 31, 2021	Change
Capital expenditures	1,355	146	828

Capital expenditures include purchases of property, plant and equipment used for operations. Capital expenditures during the three months ended March 31, 2022 related primarily to EverGen's core expansion projects at NZWA. The project is expected to be completed in 2023 and is expected to produce approximately 180,000 gigajoules of RNG annually for injection into FortisBC's natural gas system.

All amounts in Canadian $000s, unless otherwise indicated

SUPPLEMENTAL QUARTERLY INFORMATION

	2022 Mar 31 Q1	2021 Dec 31 Q4	2021 Sep 30 Q3	2021 Jun 30 Q2	2021 Mar 31 Q1	2020 Dec 31 Q4	2020 Sep 30 Q3	2020 Jun 30 Q2
FINANCIAL								
Revenue	1,427	2,693	1,937	3,349	1,585	-	-	-
Net income (loss)	(219)	(1,113)	493	(175)	(1,158)	(2,227)	(5)	-
Net income (loss) per share ($), basic and diluted	(0.02)	(0.08)	0.04	(0.02)	(0.13)	(6.69)	(2,142.16)	(2.73)
EBITDA[1]	481	(512)	1,854	454	(960)	(2,515)	(6)	-
Adjusted EBITDA[1]	631	(18)	791	1,863	203	-	(6)	-
Capital expenditures – property, plant and equipment	1,355	1,004	428	12	146	-	-	-
Capital expenditures – acquisitions	-	-	-	10,644	-	24,498	-	-
Total assets	79,771	80,610	80,933	64,961	61,912	50,510	104	-
Total long-term liabilities	14,522	14,764	15,142	15,460	14,347	8,780	-	-
Working capital surplus (deficit)[1]	19,196	20,545	21,751	2,310	11,579	(2,842)	(106)	-
COMMON SHARES (thousands)								
Outstanding, end of period	13,367	13,367	13,367	10,287	9,589	8,203	-	-
Weighted average – basic	13,367	13,367	12,229	9,819	8,623	333	-	-
Weighted average –diluted	13,367	13,367	12,344	9,819	8,623	333	-	-
OPERATING								
Incoming organic feedstock (tonnes)	16,047	26,110	20,465	30,647	17,164	-	-	-
Organic compost and soil sales (yards)	5,400	5,119	12,532	37,053	7,087	-	-	-
RNG sales (gigajoules)	5,772[2]	12,682[2]	23,854	18,845	-	-	-	-

(1) Non-GAAP measure as defined in the Non-GAAP measures section of this MD&A.
(2) Reduced as a result of flooding events that occurred in Q4 2021.

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.

EverGen is committed to the expansion of its existing operations through the development of its existing portfolio and the optimization and development of existing organic waste processing facilities and RNG feedstock. The Company has been consistently investing in its core expansion projects from mid-2021.

All amounts in Canadian $000s, unless otherwise indicated

LIQUIDITY AND CAPITAL RESOURCES

	March 31, 2022	December 31, 2021	% Change
Cash and cash equivalents	17,470	19,597	(11)
Restricted cash	2,688	2,688	-
Working capital [1]	19,196	20,910	(8)

[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, lease liabilities and total debt, net of working capital. The Company's objective when managing capital is to maintain adequate levels of funding to support the 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.

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.

EverGen's cash and cash equivalents and working capital balances decreased as at March 31, 2022, compared to December 31, 2021, primarily due to property, plant and equipment expenditures relating to the Company's core expansion project at NZWA.

Share capital

The Company had the following outstanding common shares and equity instruments as at March 31, 2022 and December 31, 2021:

(thousands)	March 31, 2022	December 31, 2021	% Change
Common shares	13,367	13,367	-
Share warrants	2,682	2,682	-
Options	127	172	(26)
Performance share units	430	600	(28)
Restricted share units	154	120	28
Deferred share units	28	28	-
Total outstanding securities	**16,788**	**16,969**	**(1)**

A description of EverGen's equity instruments can be found in note 14 to the consolidated financial statements for the year ended December 31, 2021.

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

(thousands)	
Common shares	13,367
Share warrants	2,682
Options	127
Performance share units	430
Restricted share units	154
Deferred share units	28
Total outstanding securities	**16,788**

On May 17, 2022, EverGen announced that it filed a Notice of Intention to make a Normal Course Issuer Bid which will allow EverGen to purchase it's issued and outstanding common shares during a 12-month period, commencing on May 23, 2022 and ending on May 23, 2023, or on such earlier date as EverGen may complete its purchases or as it may otherwise determine. Under the Normal Course Issuer Bid, if approved by the TSX Venture Exchange, EverGen may acquire up to an aggregate of 668,370 common shares over the 12-month period, representing approximately 5% of it's issued and outstanding common shares. EverGen may not acquire more than 2% of the issued and outstanding common shares in any 30-day period.

All amounts in Canadian $000s, unless otherwise indicated

Use of proceeds

On August 4, 2021, EverGen completed an initial public offering. As at March 31, 2022, the Company has used the proceeds from the offering, compared to the intended use of the proceeds, as follows:

	Intended use of net proceeds	Use of net proceeds as at March 31, 2022	% Change
Project development, construction and expansion	10,750	2,125	(80)
Further development and acquisition activities	6,569	-	(100)
Total	17,319	2,125	(88)

The Company intends to use the remaining proceeds to partially fund its core expansion projects and potential future acquisitions.

Summary of Cash Flows

	Three months ended		%
	March 31, 2022	March 31, 2021	Change
Net operating cash flow	(285)	(795)	(27)
Net investing cash flow	(1,601)	(3,418)	(62)
Net financing cash flow	(241)	16,124	(101)
Total	(2,127)	11,911	(118)

The decrease in the Company's net operating cash outflows for the three months ended March 31, 2022, compared to the same period last year, was primarily as a result lower general and administrative expenses, partially offset by an increase in operating costs and a decrease in gross profit, as described above, primarily due to costs associated with the floods.

Cash used in investing activities for the three months ended March 31, 2022, relates almost entirely to property, plant and equipment expenditures relating to the Company's core expansion project at NZWA. The Company is in the process of purchasing capital assets relating to its capital expansion projects at both its NZWA and FVB facilities, which are intended to significantly increase EverGen's RNG production once completed.

Cash used in investing activities for the three months ended March 31, 2021, relates primarily to contingent consideration payments made pursuant to the NZWA and SSS share purchase agreements.

Cash provided by financing activities during the three months ended March 31, 2021, were primarily as a result of the drawdown of a credit facility arrangement for a senior secured term loan of up to $7,000, proceeds from private placements of the Company's common shares and Special Warrant Financing.

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 January 31, 2022 (see section entitled "Risk Factors"), which is available on SEDAR at www.sedar.com. 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.

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.

ACCOUNTING STANDARDS, CHANGES AND PRONOUNCEMENTS

The Company's accounting policies are included in Note 3 to the Company's financial statements for the year ended December 31, 2021. The Company did not adopt any new accounting policies in the current period and there are no new or amended accounting standards or interpretations issued during the three months ended March 31, 2022, 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 financial statements for the year ended December 31, 2021. There have been no significant changes to the Company's critical accounting estimates, judgments and assumptions during the three months ended March 31, 2022.

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, 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.

All amounts in Canadian $000s, unless otherwise indicated

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.

It should be noted that 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 the three months ended March 31, 2022, there were no changes in internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internals control over financial reporting.

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 as follows:

	Three months ended		%
	March 31, 2022	March 31, 2021	Change
Salaries and benefits	147	178	(17)
Share-based payment expense (recovery)	(242)	411	(159)
Total	**(95)**	**589**	**116**

OFF BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

As at March 31, 2022, the Company's financial instruments consists of cash and cash equivalents, accounts receivable, carbon emission credits, accounts payable, contingent consideration, lease liabilities and loans. There have been no significant developments, including the associated risks, in the Company's financial instruments as included in the Company's consolidated financial statements as at and for the year ended December 31, 2021.

The carrying value of cash and cash equivalents, accounts receivable and accounts payable 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). 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). 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 months ended March 31, 2022.

NON-GAAP MEASUREMENTS

EverGen uses certain financial measures referred to in this MD&A to quantify its results that are not prescribed by IFRS. The following terms: "EBITDA", "adjusted EBITDA", 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.

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.

EBITDA and Adjusted EBITDA

Management considers EBITDA, adjusted EBITDA and operating profit 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. A reconciliation of the non-GAAP measures, EBITDA and adjusted EBITDA to the applicable IFRS measure can be found under the Results of Operations section of this MD&A.

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:

(thousands)	March 31, 2022	December 31, 2021	% Change
Current assets	23,498	25,019	(6)
Current liabilities	(4,302)	(4,474)	(4)
Working capital surplus	**19,196**	**20,545**	**(7)**

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and forward-looking information (collectively "forward-looking statements") within the meaning of applicable Canadian securities laws that involve risks, uncertainties and assumptions and relate to the Company's current expectations 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 expansion projects;
- 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 pipeline;
- 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 recovery of future insurance proceeds;
- Planned completion of the NZWA facility core expansion project in 2023 and the level of RNG production; and

- The sufficiency of EverGen's liquidity to fund operations and to comply with covenants under its debt facility;

Such statements are based on certain 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 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 January 31, 2022, 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 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. 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 months ended March 31, 2022 and 2021

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 months ended March 31, 2022, 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	March 31, 2022	December 31, 2021
Current assets			
Cash and cash equivalents		17,470	19,597
Restricted cash	3	2,688	2,688
Accounts receivable	4	2,667	2,122
Prepaid expenses and other assets		673	612
		23,498	**25,019**
Property, plant and equipment	5	18,177	17,007
Intangible assets	6	23,888	24,376
Goodwill		14,208	14,208
Total assets		**79,771**	**80,610**
Current liabilities			
Accounts payable and accrued liabilities		2,491	3,197
Loans payable	7	710	700
Lease liabilities	8	307	298
Deferred revenue		515	-
Contingent consideration	9	279	279
		4,302	**4,474**
Loans payable	7	5,583	5,758
Lease liabilities	8	3,011	2,999
Deferred tax		5,928	6,007
Total liabilities		**18,824**	**19,238**
Shareholders' equity			
Share capital		60,597	60,597
Share warrants		3,484	3,484
Contributed surplus	10	1,271	1,477
Accumulated deficit		(4,405)	(4,186)
Total shareholders' equity		**60,947**	**61,372**
Total liabilities and shareholders' equity		**79,771**	**80,610**

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

Subsequent events note 19

On behalf of the board of directors:

Chase Edgelow

Chase Edgelow, Director

Mary Hemmingsen, Director

All amounts in Canadian $000s, unless otherwise indicated

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

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

		Three months ended	
	Notes	March 31, 2022	March 31, 2021
Revenue	11	1,427	1,585
Cost of goods sold		706	597
Gross profit		721	988
Operating costs		501	222
General and administrative expenses	12	836	1,246
Depreciation and amortization	5,6	733	592
Share-based payment expense (recovery)	10	(225)	413
Finance costs (income), net	13	112	107
Other income	14	(872)	67
Net loss before income tax recovery		(364)	(1,659)
Income tax recovery			
Current		(66)	(81)
Deferred		(79)	(420)
Net loss and comprehensive loss		(219)	(1,158)
Loss per share – basic and diluted		($0.02)	($0.13)
Weighted average number of common shares outstanding		13,367	8,623

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 $	Share rights #	Share rights $	Contributed surplus $	Accumulated deficit $	Total $
Balance, December 31, 2021		13,367	60,597	2,682	3,484	-	-	1,477	(4,186)	61,372
Net loss for the period		-	-	-	-	-	-	-	(219)	(219)
Share-based payment recovery	10	-	-	-	-	-	-	(225)	-	(225)
Capitalized share-based expense		-	-	-	-	-	-	19	-	19
Balance, March 31, 2022		13,367	60,597	2,682	3,484	-	-	1,271	(4,405)	60,947
Balance, December 31, 2020		8,203	32,790	340	1,068	462	32	252	(2,233)	31,909
Net loss for the period									(1,158)	(1,158)
Share-based payment expenses		-	-	-	-	-	-	413	-	413
Common shares issued on private placements		264	1,320	-	-	-	-	-	-	1,320
Common shares issued in exchange for consulting services relating to acquisitions		50	250	-	-	-	-	(250)	-	-
Special Warrant Financing		1,059	7,225	530	1,250	-	-	-	-	8,475
Issuance in exchange for advisor services in connection with Special Warrant Financing		13	95	-	-	-	-	-	-	95
Broker Options issued for broker services in connection with Special Warrant Financing		-	-	23	41	-	-	-	-	41
Broker Unit Warrants issued for broker services in connection with Special Warrant Financing brokered private placement		-	-	11	44	-	-	-	-	44
Finder Warrants issued for services in connection with Special Warrant Financing non-brokered private placement		-	-	7	12	-	-	-	-	12
Share issue cost, net of tax		-	(834)	-	-	-	-	-	-	(834)
Balance, March 31, 2021		9,589	40,846	911	2,415	462	32	415	(3,391)	40,317

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)

	Notes	March 31, 2022	March 31, 2021
Operating activities			
Net loss		(219)	(1,158)
Items not affecting cash:			
Depreciation and amortization	5,6	733	592
Loss on sale of property, plant and equipment	5	41	-
Share-based payment (recovery) expense	10	(225)	413
Loan payable interest expense accrued		-	10
Deferred income tax recovery		(79)	(420)
Changes in non-cash working capital	17	(536)	(232)
Net cash flow used in operating activities		**(285)**	**(795)**
Investing activities			
Expenditures on property, plant and equipment	5	(1,355)	(146)
Disposals of property, plant and equipment	5	15	-
Contingent consideration payments		-	(3,389)
Changes in non-cash working capital	17	(261)	117
Net cash flow used in investing activities		**(1,601)**	**(3,418)**
Financing activities			
Advance of loans payable	8	10	7,000
Repayment of principal portion of loans payable	8	(175)	-
Repayment of principal portion of lease liabilities	9	(76)	(55)
Proceeds from Special Warrant Financing		-	8,475
Proceeds from private placements		-	1,320
Share issue costs		-	(880)
Changes in non-cash working capital	17	-	264
Net cash flow (used in) from financing activities		**(241)**	**16,124**
Net change in cash		(2,127)	11,911
Cash, cash equivalents and restricted cash at beginning of period		22,285	5,003
Cash, cash equivalents and restricted cash at end of period	3	**20,158**	**16,914**

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

Supplemental cash flow information note 17

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. NATURE OF BUSINESS

EverGen Infrastructure Corp. ("EverGen" or the "Company") operates two Gore Cover™ organic waste management facilities and one renewable natural gas ("RNG") production facility in British Columbia.

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".

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 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, 2021. 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, 2021.

These interim condensed consolidated financial statements were authorized for issue by the Audit Committee of the Board of Directors of the Company on May 24, 2022.

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

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, 2021. Actual results may differ from these estimates.

3. RESTRICTED CASH

The Company's restricted cash of $2,688 at March 31, 2022 (December 31, 2021 - $2,688) is comprised of acquisition holdbacks held in escrow.

All amounts in Canadian $000s, unless otherwise indicated

4. ACCOUNTS RECEIVABLE

	March 31, 2022	December 31, 2021
Trade receivables	1,089	2,045
Organic Infrastructure Program receivable	77	77
Other	1,501	-
	2,667	**2,122**

5. 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, 2021	3,238	5,422	4,609	3,564	1,100	17,933
Additions	-	299	50	97	1,006	1,452
Capitalized share-based expense	-	-	-	-	19	19
Disposals	-	-	(56)	-	-	(56)
At March 31, 2022	**3,238**	**5,721**	**4,603**	**3,661**	**2,125**	**19,348**
Accumulated depreciation						
At December 31, 2021	-	273	327	326	-	926
Depreciation	-	73	87	85	-	245
At March 31, 2022	**-**	**346**	**414**	**411**	**-**	**1,171**
Carrying value						
At December 31, 2021	3,238	5,149	4,282	3,238	1,100	17,007
At March 31, 2022	**3,238**	**5,375**	**4,189**	**3,250**	**2,125**	**18,177**

As at March 31, 2022, there were no indicators of impairment related to the Company's property, plant and equipment.

6. INTANGIBLE ASSETS

Cost	Brands	Customer contracts and stakeholder relationships	Total
At December 31, 2021 and March 31, 2022	**1,180**	**25,030**	**26,210**
Accumulated amortization			
At December 31, 2021	59	1,775	1,834
Amortization	15	473	488
At March 31, 2022	**74**	**2,248**	**2,322**
Carrying value			
At December 31, 2021	1,121	23,255	24,376
At March 31, 2022	**1,106**	**22,782**	**23,888**

As at March 31, 2022, there were no indicators of impairment related to the Company's intangible assets.

All amounts in Canadian $000s, unless otherwise indicated

7. LOANS PAYABLE

	Total
At December 31, 2021	6,458
Advances	10
Interest expense (note 13)	64
Principal payments	(239)
At March 31, 2022	**6,293**
Less current portion	**(710)**
Long-term portion	**5,583**

As at March 31, 2022, the Company was in compliance with all covenant requirements of its loans payable.

8. LEASE LIABILITIES

	Total
As at December 31, 2021	3,297
Additions	97
Interest expense (note 13)	47
Lease payments	(123)
As at March 31, 2022	**3,318**
Less current portion	**(307)**
Long-term portion	**3,011**

The Company's lease liabilities are calculated using discount rates ranging from 3.9% to 5.9%.

9. CONTINGENT CONSIDERATION

	Total
As at December 31, 2021 and March 31, 2022	**279**

10.SHAREHOLDERS' EQUITY

a) Share-based incentive programs and payment plans

Options

The Company has the following outstanding Options as at March 31, 2022:

	Number of Options (thousands) #	Weighted average exercise price $
Outstanding at December 31, 2021	172	9.56
Forfeited	(45)	9.40
Outstanding at March 31, 2022	**127**	**9.62**
Exercisable at March 31, 2022	**34**	**9.40**

All amounts in Canadian $000s, unless otherwise indicated

PSUs, RSUs and DSUs

The Company has the following outstanding PSUs, RSUs and DSUs as at March 31, 2022:

(thousands)	Number of PSUs #	Number of RSUs #	Number of DSUs #
Outstanding at December 31, 2021	600	120	28
Granted	-	134	-
Forfeited	(170)	(100)	-
Outstanding at March 31, 2022	**430**	**154**	**28**

Restricted share units

During the three months ended March 31, 2022, the Company granted 133,601 RSU awards to certain officers and employees of the Company, which vest over a three-year period and had a weighted average grant date fair value of $3.92 per RSU.

As at March 31, 2022, the Company had 153,601 RSUs outstanding, which vest over a remaining weighted average period of 1.0 years, with a weighted average grant date fair value of $4.23 per RSU.

Share-based payment expenses (recoveries)

For the three months ended	March 31, 2022	March 31, 2021
Options	(32)	17
PSUs	(97)	201
RSUs	(96)	2
DSUs	-	193
Total	**(225)**	**413**

11.REVENUE

The Company's revenues for the three months ended March 31, 2022 and 2021 all relate to goods and services transferred at a point in time and all of the Company's revenues relates to revenue from contracts with customers.

For the three months ended	March 31, 2022	March 31, 2021
Tipping fees	1,189	1,255
Organic compost and soil sales	78	195
RNG sales	88	-
Trucking services	72	135
Total	**1,427**	**1,585**

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

12.GENERAL AND ADMINISTRATIVE EXPENSES

For the three months ended	March 31, 2022	March 31, 2021
Salaries and wages	246	175
Professional and consulting fees	399	961
Other	191	110
Total	**836**	**1,246**

All amounts in Canadian $000s, unless otherwise indicated

13.FINANCE COSTS (INCOME), NET

For the three months ended	March 31, 2022	March 31, 2021
Interest expense on loans payable (note 8)	64	10
Interest expense on lease liabilities (note 9)	47	49
Other	5	50
Interest income	(4)	(2)
Total	**112**	**107**

14. OTHER INCOME

For the three months ended	March 31, 2022	March 31, 2021
Insurance proceeds	908	-
Other	(36)	(67)
Total	**872**	**(67)**

15.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, 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).

There were no transfers between the levels of the fair value hierarchy during the three months ended March 31, 2022. 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 months ended March 31, 2022.

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, 2021.

All amounts in Canadian $000s, unless otherwise indicated

The expected timing of cash outflows relating to financial liabilities include in the Company's Interim Condensed Consolidated Statement of Financial Position as at March 31, 2022 are:

	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Thereafter	Total
Accounts payable and accrued liabilities	2,491	-	-	-	-	-	2,491
Contingent consideration	279	-	-	-	-	-	279
Loan payments [1]	938	909	4,899	-	-	-	6,746
Lease payments [1]	462	383	362	302	281	2,940	4,730
Total	**4,170**	**1,292**	**5,261**	**302**	**281**	**2,940**	**14,246**

[1] *Includes principal and interest.*

16. 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 is as follows:

For the three months ended	March 31, 2022	March 31, 2021
Salaries and benefits	147	178
Share-based payment expense (recovery)	(242)	411
Total	(95)	589

17. 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 months ended	March 31, 2022	March 31, 2021
Net changes in non-cash working capital:		
Accounts receivable	(545)	32
Prepaid expenses and other assets	(66)	42
Inventories	5	(11)
Accounts payable and accrued liabilities	(706)	86
Deferred revenue	515	-
	(797)	**149**
Net changes in non-cash working capital related to:		
Operating activities	(536)	(232)
Investing activities	(261)	117
Financing activities	-	264
	(797)	**149**
Interest paid	64	50
Taxes paid	17	-

18. SEGEMENTED INFORMATION

Operating segments are reported in a manner consistent with internal reporting provided to management. Management is responsible for allocating resources and assessing performance of the operating segments. For the three months ended March 31, 2022, the Company had two (March 31, 2021 – one) operating segments. The Company's segments are based on type of operation and include RNG production and organic waste tipping and composting as follows:

All amounts in Canadian $000s, unless otherwise indicated

For the three-months ended March 31, 2022	RNG production	Organic waste and composting	Corporate and other	Total
Revenue	130	1,297	-	1,427
Cost of goods sold	(54)	(652)	-	(706)
Gross margin	76	645	-	721
For the three-months ended March 31, 2021				
Revenue	-	1,585	-	1,585
Cost of goods sold	-	(597)	-	(597)
Gross margin	-	988	-	988
As at March 31, 2022				
Total assets	17,843	56,462	5,466	79,771
As at December 31, 2021				
Total assets	17,279	57,589	5,743	80,610

19.SUBSEQUENT EVENTS

On May 24, 2022, the Company announced that it had entered into an agreement to acquire a 50 percent interest in a portfolio of RNG development projects ("Project Radius") in Ontario, Canada. Under the terms of the agreement, the Company acquired a 50% interest in the project for a cash contribution of $1.5 million, which is to be provided from existing working capital and operating cash flow, and provides the Company with the right to participate in funding its proportionate share of the capital to construct RNG infrastructure.