EVERGEN
Infrastructure Corp.

Management's Discussion and Analysis

For the three and six months ended June 30, 2022

Dated August 23, 2022

FINANCIAL AND OPERATIONAL HIGHLIGHTS SUMMARY

Core RNG expansion and development projects: EverGen continues to progress on its core RNG expansion and development projects.

Fraser Valley Biogas

Construction at the Fraser Valley Biogas core RNG expansion project is expected to commence in late-Q3 2022, for an anticipated cost of $13-$15 million, with completion scheduled for Q1 2023. The project is expected to double the capacity of the facility to ~160,000 gigajoules of RNG per year.

Net Zero Waste Abbotsford

The core RNG expansion project at Net Zero Waste Abbotsford is expected to increase the facility's inbound organic feedstock to ~135,000 tonnes per year, from 40,000 tonnes per year, and add RNG production of ~180,000 gigajoules per year. The project is expected to cost $32-$35 million and is anticipated to commence construction in mid-2023, following the receipt of regulatory approvals.

GrowTEC

In July 2022, EverGen completed the acquisition of a 67% interest in GrowTEC, which is currently in the first phase of a core RNG expansion project designed to produce ~80,000 gigajoules of RNG per year and is expected to be completed in Q4 2022. The facility will then move into the second phase of the project, which is expected to produce a total of ~140,000 gigajoules of RNG per year.

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, collectively capable of producing ~1.7 million gigajoules of RNG per year and are expected to be constructed throughout 2023 and 2024.

Financing: In August 2022, EverGen announced the signing of a term sheet for a $31 million senior term loan to support the funding of its near-term core RNG expansion projects at Fraser Valley Biogas and Net Zero Waste Abbotsford.

Cash and cash equivalents: Cash and cash equivalents increased 377%, or $13.7 million, to $17.4 million as at June 30, 2022, compared to June 30, 2021. Combined with the expected $31 million debt facility announced in August 2022, this fully-funds EverGen's core RNG expansion projects.

Revenue: For the three and six months ended June 30, 2022, revenue of $2,359 and $3,786 decreased compared to the same periods last year. These decreases were mainly driven by lower volumes of incoming organic feedstock and seasonal impacts on organic compost and soil sales.

In August 2022, EverGen received confirmation from its insurers of the approval of an additional $1.5 million of partial insurance proceeds, of which a significant portion of this amount will be included in Net income (loss) and Adjusted EBITDA for Q3 2022.

Net income (loss): For the three months ended June 30, 2022, net income (loss) of ($546) increased $371, compared to the same period last year. The increase was mainly driven by lower revenues, as described above, and an increase in flood-related costs, partially offset by the recognition of insurance proceeds and the absence of a contingent consideration loss.

For the six months ended June 30, 2022, net income (loss) of ($765) decreased $568, compared to the same period last year. The decrease was mainly driven by the recognition of insurance proceeds for flood-related lost revenues and expenditures incurred in late-2021.

All amounts in Canadian $000s, unless otherwise indicated

During the three and six months ended June 30, 2022, the Federal Government of Canada enacted tax legislation reducing the corporate income tax rate for qualifying zero-emission technology manufacturers by 7.5% and allows for the accelerated recognition of the capital cost allowance for eligible equipment, which EverGen expects both tax relief initiatives will apply to its core RNG expansion and development projects.

Adjusted EBITDA: For the three months ended June 30, 2022, EverGen recorded adjusted EBITDA of $426. Adjusted EBITDA continues to be impacted from the floods in late-2021 and EverGen estimates that $1.0 million of flood-related lost revenue and expenditures were incurred during this period.

For the six months ended June 30, 2022, EverGen recorded adjusted EBITDA of $1,057. EverGen estimates that $1.7 million of flood-related lost revenue and expenditures were incurred during this period.

RNG Volumes: 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.

	Three months ended				Six months ended			
	June 30, 2022	June 30, 2021	$ Change	% Change	June 30, 2022	June 30, 2021	$ Change	% Change
FINANCIAL								
Revenue)	2,359	3,349	(990)	(30)	3,786	4,934	(1,148)	(23)
Net income (loss)	(546)	(175)	(371)	212	(765)	(1,333)	568	(43)
Net income (loss) per share ($), basic and diluted	(0.04)	(0.02)	(0.02)	100	(0.06)	(0.14)	0.08	(57)
EBITDA [(1)]	(154)	454	(608)	(134)	327	(506)	833	(165)
Adjusted EBITDA [(1)]	426	1,863	(1,437)	(77)	1,057	2,066	(1,009)	(49)
Capital expenditures [(2)]	2,349	10,812	(8,463)	(78)	3,704	10,958	(7,254)	(66)
Total assets	78,581	64,961	13,620	21	78,581	64,961	13,620	21
Total long-term liabilities	14,453	15,460	(1,007)	(7)	14,453	15,460	(1,007)	(7)
Cash and cash equivalents	17,379	3,647	13,732	377	17,379	3,647	13,732	377
Working capital surplus	16,524	2,310	14,214	615	16,524	2,310	14,214	615
COMMON SHARES (thousands)								
Outstanding, end of period	13,307	10,287	3,020	29	13,307	10,287	3,020	29
Weighted average – basic and diluted	13,357	9,819	3,538	36	13,362	9,222	4,140	45
OPERATING								
Incoming organic feedstock (tonnes)	24,336	30,467	(6,131)	(20)	40,383	47,631	(7,248)	(15)
Organic compost and soil sales (yards) [(3)]	13,778	37,053	(23,275)	(63)	19,178	44,140	(24,962)	(57)
RNG (gigajoules)	20,254	18,845	1,409	7	26,026	18,845	7,181	38

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

(2) *Capital expenditures for the three and six months ended June 30, 2022 includes a $1,000 initial investment in an equity-accounted investment (Project Radius).*

(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 and six months ended June 30, 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 and six months ended June 30, 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 August 23, 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

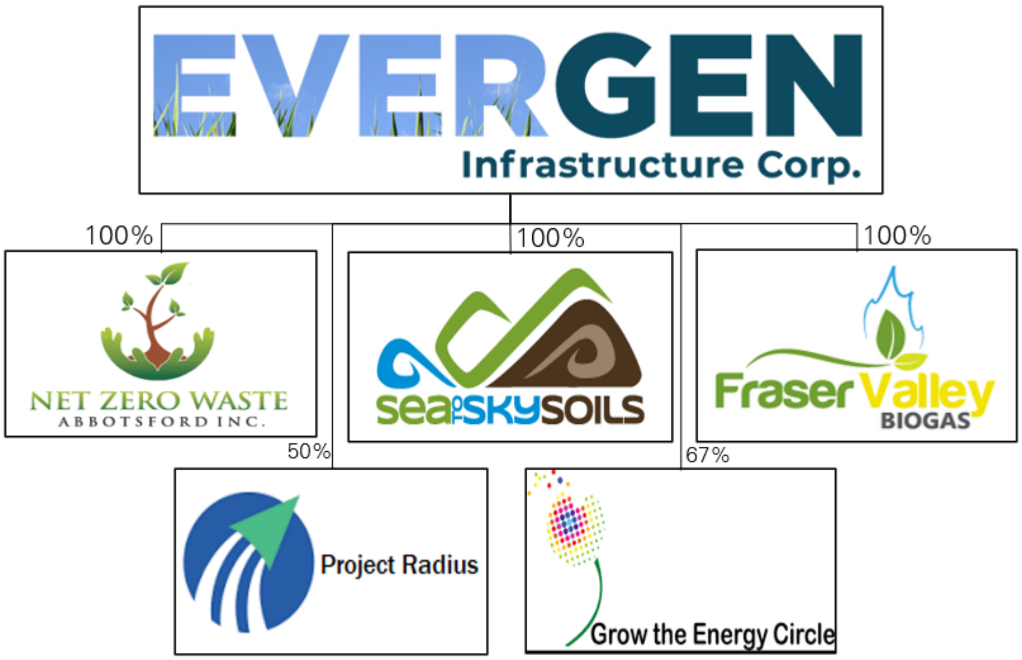
This MD&A contains certain "forward-looking statements" within the meaning of Canadian securities legislation and introduces financial measures which are not defined under IFRS aimed at helping the reader in making comparisons to metrics similarly disclosed by industry peers. Readers are cautioned that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

EverGen commenced operations upon incorporation on May 13, 2020.

The Company operates four facilities through its subsidiaries: Net Zero Waste Abbotsford Inc. ("NZWA"), Sea to Sky Soils and Composting Inc. ("SSS"), Fraser Valley Biogas Ltd. ("FVB") and Grow the Energy Circle Ltd. ("GrowTEC") (67% interest in GrowTEC acquired in July 2022), and during Q2 2022 EverGen acquired a 50% interest in Project Radius.

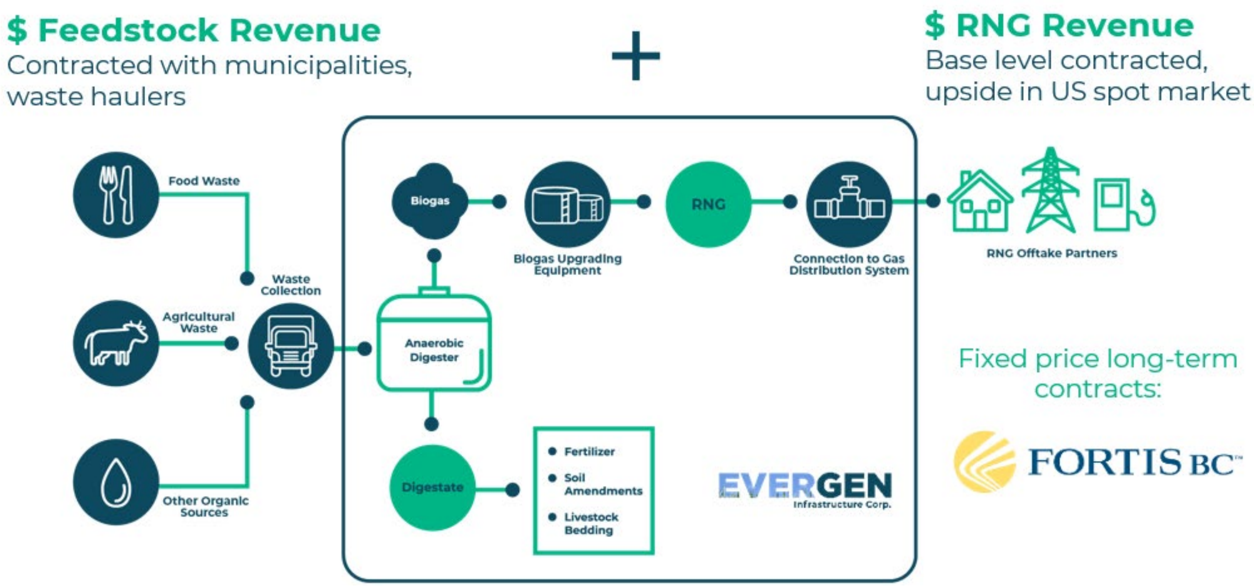


FVB is British Columbia's original RNG facility, which sells RNG under a long-term contract with FortisBC and combines anaerobic digestion and biogas upgrading to produce RNG, primarily by converting agricultural waste from local dairy farms. The FVB RNG facility is currently undergoing a core RNG expansion project to add additional RNG production that is expected to double the facility's existing capacity and increase RNG production to ~160,000 gigajoules per year. The capital costs for this project are anticipated to be $13-15 million, with construction beginning in late Q3-2022, and with anticipated completion in Q1 2023.

NZWA and SSS are currently organic waste conversion facilities in British Columbia, owned and operated by EverGen, which primarily processes inbound organics, yard waste and biosolids for a contracted tipping fee and produces high-quality organic compost and soils for farmers, gardeners and developers. NZWA is also 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 under an existing 20-year off-take agreement. The expansion is expected to increase the facility's inbound organics throughput to ~135,000 tonnes of feedstock per year and is designed to produce ~180,000 gigajoules of RNG per year. Capital costs for this project are anticipated to be $32-35 million. Construction of the upgrade will begin upon receipt of building and regulatory approvals, for which applications were submitted earlier in 2022. Construction on the project is expected to begin in mid-2023, with anticipated completion in early-2024. Pursuant to this project, EverGen is also investing in environmental upgrades to ensure the readiness of the facility for increased volumes of inbound organics. The majority of the revenue currently earned by the composting operations is sourced under long-term contracts with local municipalities.

In July 2022, EverGen completed the acquisition of a 67% interest in GrowTEC, located near Lethbridge, Alberta, for cash consideration of $2.1 million, subject to working capital adjustments, and the issuance of 600,000 common shares of EverGen. Additional cash consideration of up to $4.0 million will be made upon achievement of certain operational milestones. EverGen and GrowTEC are completing additions to the facility to upgrade the biogas to produce RNG, which will then be delivered to FortisBC under an existing off-take agreement. The first phase of development will produce 80,000 gigajoules of RNG annually and is anticipated to be complete and producing gas into FortisBC's network at the end of 2022. The second phase of expansion is then expected to increase the RNG production capacity of the facility to 140,000 gigajoules per year.

In May 2022, EverGen acquired a 50% interest in a portfolio of RNG development projects in Ontario ("Project Radius"). Project Radius is 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 be constructed throughout 2023 and 2024. EverGen is currently working with its partner on developing Project Radius to advance the projects to the notice-to-proceed phase of development.



From its existing platform, EverGen plans to further grow and develop RNG facilities and provide 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 EverGen's 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.

OUTLOOK

EverGen continues to be a first mover in the RNG infrastructure space and, through this competitive advantage, expects to be a leader in the industry in 2022 and beyond. The recent acquisitions of a 67% interest in GrowTec and a 50% interest in Project Radius, demonstrates the Company's ability to drive the consolidation and growth of the RNG industry and grow its geographical base. EverGen expects to continue 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.

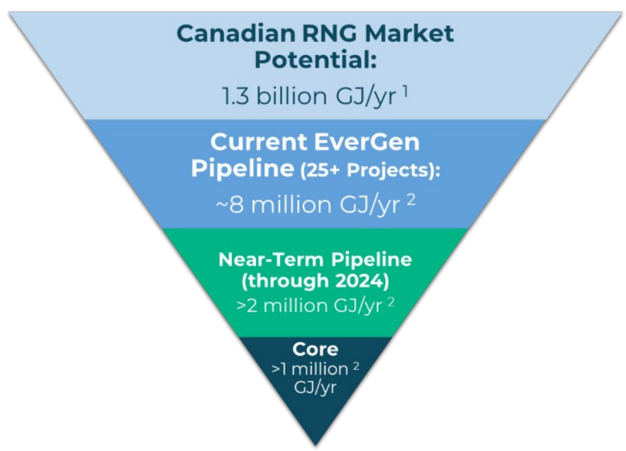
EverGen's ability to continue to grow its business and generate improvements on its financial performance depends on the execution of its strategy to build, own, and operate a portfolio of RNG, waste to energy and related sustainable infrastructure projects in North America including:

- Develop and construct the existing portfolio of RNG expansion projects;
- Optimize and expand existing organic waste processing facilities and RNG feedstock;
- Secure and optimize long-term contracts for RNG offtake and feedstock inputs to provide stable long-term low-risk cash flows;
- Acquire cash flow generating projects for the early generation of working capital;
- Secure municipal feedstock agreements through developed partnerships and vertically integrated operations;
- Diversify feedstock suppliers to de-risk inbound revenue streams;
- Integrate talent, systems and processes across our 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 the RNG market and 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 existing significant fragmentation in the North American market, our growth and success is focused on realizing consolidation opportunities and achieving 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 their 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

Our existing high-value services and high-quality products through strategically located facilities 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.

[1] Source: Biogas World
[2] Net to EverGen

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

Our strategy is implemented in conjunction with our commitment to deliver on societal trends with 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	Recycle waste products, reducing GHG emissions in the production of renewable energy which replaces higher CO_2 sources
Social	Operates as a community-focused business, receiving and recycling organic waste from local municipalities and businesses and in partnering with First Nations communities who host operations and provide a vital workforce.
Governance	Commitment to strong governance practices in 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 provides 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

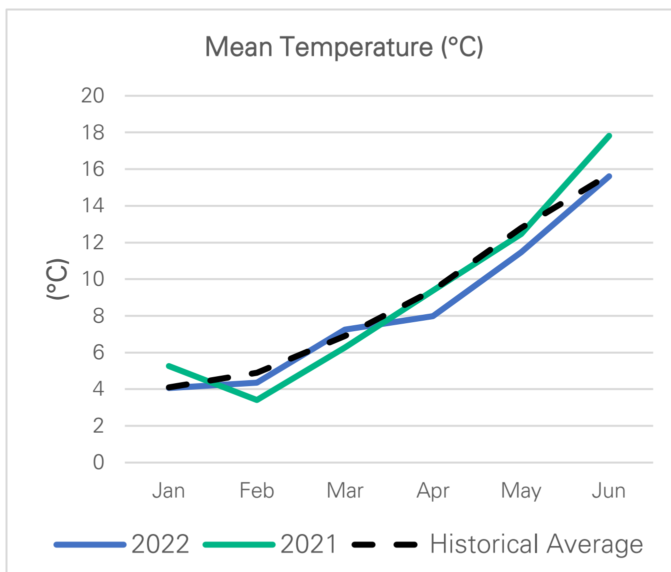
Revenue

	Three months ended			Six months ended		
	June 30, 2022	June 30, 2021	% Change	June 30, 2022	June 30, 2021	% Change
Tipping fees	1,691	2,238	(24)	2,880	3,493	(18)
Organic compost and soil sales	354	691	(49)	432	886	(51)
RNG sales	301	270	11	389	270	44
Trucking services	13	150	(91)	85	285	(70)
Total	**2,359**	**3,349**	**(30)**	**3,786**	**4,934**	**(23)**

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, and 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.

	Three months ended			Six months ended		
	June 30, 2022	June 30, 2021	% Change	June 30, 2022	June 30, 2021	% Change
Incoming organic feedstock (tonnes)	24,336	30,467	(20)	40,383	47,631	(15)
Organic compost and soil sales (yards)	13,778	37,053	(63)	19,178	44,140	(57)
RNG (gigajoules)	20,254	18,845	7	26,026	18,845	38

Tipping fees decreased for the three and six months ended June 30, 2022, compared to the same period last year, primarily due to lower volumes of incoming organic feedstock tonnage at SSS.



EverGen's organic compost and soil sales are exposed to fluctuations from inherent seasonal demand. During the three months ended June 30, 2022, Vancouver, British Columbia experienced a decline in temperatures compared to the same period in 2021 and historical averages (see chart)[1], which had the impact of decreasing demand for our compost and soil. As a result, organic compost and soil sales decreased by $337, or 49%, and $454, or 51%, for the three and six months ended June 30, 2022, respectively, compared to the same periods last year.

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 at FVB are insurable under the Company's

[1] Source: Government of Canada

All amounts in Canadian $000s, unless otherwise indicated

insurance policy and on April 1, 2022, the Company received $1,500 in partial insurance proceeds, of which $464 and $1,162 was recognized in Other income (expense) - net for the three and six months ended June 30, 2022, respectively, and fully offsets the lost revenues and additional flood-related expenditures incurred through Q2 2022 at FVB.

Cost of goods sold

	Three months ended			Six months ended		
	June 30, 2022	June 30, 2021	% Change	June 30, 2022	June 30, 2021	% Change
Cost of goods sold	1,065	866	23	1,771	1,463	21

Cost of goods sold comprises direct costs, including handling, labour, fuel charges and hauling costs associated with RNG production, and the 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 $199, or 23%, and $308, or 21% for the three and six months ended June 30, 2022, respectively, compared to the same periods last year, primarily due to increased freight and disposal costs related to the post-flood cleanup and processing at NZWA. The Company has received partial insurance proceeds for these costs and further proceeds are expected throughout the remainder of 2022, of which an additional $1,450 of partial insurance proceeds was approved by EverGen's insurers in August 2022. Refer to Other income (expense) - net below for additional information on insurance proceeds.

Gross profit

	Three months ended			Six months ended		
	June 30, 2022	June 30, 2021	% Change	June 30, 2022	June 30, 2021	% Change
Gross profit	1,294	2,483	(48)	2,015	3,471	(42)
% of revenue	55	74	(26)	53	70	(24)

EverGen's gross profit margin decreased to 55 percent and 53 percent for the three and six months ended June 30, 2022, respectively, compared to the same periods last year, primarily due to the increased costs associated with the post-flood cleanup and processing incurred at NZWA. The incremental expenses associated with the floods are insurable under the Company's insurance policies. Further proceeds are expected to be recovered throughout 2022, which will be recorded to Other income (expense) - net to the extent they offset flood-related expenses incurred. An additional $1,450 of partial insurance proceeds was approved by EverGen's insurers in August 2022. Refer to Other income (expense) - net below for additional information on insurance proceeds.

Operating costs

	Three months ended			Six months ended		
	June 30, 2022	June 30, 2021	% Change	June 30, 2022	June 30, 2021	% Change
Operating costs	1,081	421	157	1,582	643	146

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 $660, or 157%, and $939, or 146%, for the three and six months ended June 30, 2022, respectively, compared to the same periods last year, primarily due to increased flood-related repair and maintenance costs at FVB and NZWA, specifically related to third party restorative costs and equipment rental, 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.

All amounts in Canadian $000s, unless otherwise indicated

General and administrative expenses

	Three months ended			Six months ended		
	June 30, 2022	June 30, 2021	% Change	June 30, 2022	June 30, 2021	% Change
General and administrative expenses	1,011	441	129	1,847	1,687	9

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

General and administrative expenses increased by $570, or 129%, and $160, or 9%, for the three and six months ended June 30, 2022, respectively, compared to the same periods last year, primarily due to costs incurred during the three months ended June 30, 2022 associated with supporting EverGen's growth and transformation as a growth-orientated publicly traded asset manager including an increase in headcount, investor relations costs, accounting, tax and audit fees and costs incurred relating to the acquisition of GrowTEC. This was partially offset by one-time professional, legal and consulting fees associated with the integration of acquisitions, implementation of processes and the preparation of readying EverGen as a reporting issuer and public filer incurred during the six months ended June 30, 2021.

Depreciation and amortization

	Three months ended			Six months ended		
	June 30, 2022	June 30, 2021	% Change	June 30, 2022	June 30, 2021	% Change
Depreciation	269	234	15	514	438	17
Amortization	488	438	11	976	826	18
Total	**757**	**672**	**13**	**1,490**	**1,264**	**18**

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 and six months ended June 30, 2022, compared to the same periods last year, primarily due to the acquisition of property, plant and equipment and right-of-use assets since June 30, 2021, in addition to the absence of any depreciation and 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

	Three months ended			Six months ended		
	June 30, 2022	June 30, 2021	% Change	June 30, 2022	June 30, 2021	% Change
Share-based payment expense	277	332	(17)	52	745	(93)

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.

Share-based payment expense decreased during the three and six months ended June 30, 2022, due to a forfeiture of certain equity securities during the three months ended March 31, 2022, which resulted in a recovery of $501 of previously recognized share-based payment expenditure recorded during Q1 2022. In addition, for the six months ended June 30, 2022, share-based payment expense was lower than the same period last year due to the recognition of 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.

All amounts in Canadian $000s, unless otherwise indicated

During the six months ended June 30, 2022, EverGen granted 134,000 RSU awards to certain officers and employees of the Company. Subsequent to June 30, 2022, the Company granted 25,000 RSUs to a director and certain employees of the Company, which vest over a three-year period.

Finance costs - net

	Three months ended			Six months ended		
	June 30, 2022	June 30, 2021	% Change	June 30, 2022	June 30, 2021	% Change
Interest expense on loans payable	75	69	9	139	79	76
Interest expense on lease liabilities	54	49	10	102	98	4
Other	(11)	5	(320)	(7)	55	(113)
Interest income	(1)	-	100	(5)	(2)	150
Total	**117**	**123**	**(5)**	**229**	**230**	**0**

EverGen's finance costs primarily relate to interest expense recognized on loans payable, for which funds were used to finance growth in the Company's asset base and associated interest expense on lease liabilities and the Company's credit facility entered into during the first quarter of 2021.

Other income (expense) - net

	Three months ended			Six months ended		
	June 30, 2022	June 30, 2021	% Change	June 30, 2022	June 30, 2021	% Change
Insurance proceeds	764	-	100	1,672	-	100
Contingent consideration loss	-	(867)	(100)	-	(867)	(100)
Other	157	32	391	121	(35)	(446)
Total	**921**	**(835)**	**210**	**1,793**	**(902)**	**(299)**

During the six months ended June 30, 2022, EverGen recognized total insurance proceeds of $2,008, which represent progress payments related to losses incurred during late-2021 through June 30,2022, as a result of the nearly 100-year flooding events which occurred in the Abbotsford and Sumas Prairie regions during late-2021. During the three and six months ended June 30, 2022, other income (expense) - net includes the recognition of $764 and $1,672, respectively, of insurance proceeds recognized relating to lost revenues and additional flood-related expenditures incurred. Further proceeds are expected to be received during the remainder of 2022, which will be recorded to Other income to the extent they offset lost revenues and incremental expenses incurred. An additional $1,450 of partial insurance proceeds was approved by EverGen's insurers in August 2022.

During the three and six months ended June 30, 2022, EverGen also recognized $157 and $121 of other income, of which $145 related to carbon credit sales.

There were no contingent consideration losses recognized during the three and six months ended June 30, 2022, compared to the same periods in 2021, where EverGen had recognized an $867 contingent consideration loss as a result of the re-measurement of the liability as at June 30, 2021 taking into account changes in estimated holdbacks, performance obligations and working capital changes relating to the NZWA and SSS acquisitions.

All amounts in Canadian $000s, unless otherwise indicated

Income taxes

	Three months ended			Six months ended		
	June 30, 2022	June 30, 2021	% Change	June 30, 2022	June 30, 2021	% Change
Current tax recovery	70	85	(18)	4	3	(33)
Deferred tax recovery	(552)	(251)	120	(631)	(670)	(6)
Total	**(482)**	**(166)**	**190**	**(627)**	**(667)**	**(6)**

Income taxes consist of current and deferred income taxes.

During the three months ended June 30, 2022, the Federal Government of Canada enacted a reduction in the corporate income tax rate for qualifying zero-emission technology manufacturers, which applies to FVB. The increase in the income tax recovery for the three months ended June 30, 2022, compared to same period in the prior year, is primarily due to the decrease in corporate tax rates for FVB.

EBITDA and Adjusted EBITDA [(1)]

	Three months ended			Six months ended		
	June 30, 2022	June 30, 2021	% Change	June 30, 2022	June 30, 2021	% Change
Net income (loss)	(546)	(175)	212	(765)	(1,333)	(43)
Tax recovery	(482)	(166)	190	(627)	(667)	(6)
Depreciation and amortization	757	672	13	1,490	1,264	18
Finance costs (income), net	117	123	(5)	229	230	-
EBITDA [(1)]	**(154)**	**454**	**(134)**	**327**	**(506)**	**(165)**
Share-based payment expense	277	332	(17)	52	745	(93)
Loss on sale of equipment	-	-	-	41	-	100
Non-recurring general and administrative expenses and other	303	210	44	637	960	(34)
Contingent consideration loss	-	867	(100)	-	867	(100)
Adjusted EBITDA [(1)]	**426**	**1,863**	**(77)**	**1,057**	**2,066**	**(49)**

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

EverGen's EBITDA of ($154) for the three months ended June 30, 2022, decreased compared to $454 during the same period last year, primarily due to a decrease in revenues and an increase in flood-related expenditures and general and administrative expenses supporting the growth of the Company, as described above, partially offset by the recognition of insurance proceeds during the three months ended June 30, 2022 and the contingent consideration loss recognized during the three months ended June 30, 2021.

EverGen's Adjusted EBITDA of $426 for the three months ended June 30, 2022, decreased compared to $1,863 during the same period last year, primarily due to the decrease in EBITDA, as described above, adjusted for the contingent consideration loss recognized during the three months ended June 30, 2021.

EverGen's EBITDA of $327 for the six months ended June 30, 2022, increased compared to ($506) during the same period last year, primarily due to the recognition of insurance proceeds during the six months ended June 30, 2022, a decrease in share-based compensation expenses and the contingent consideration loss recognized during the six months ended June 30, 2021, partially offset by a decrease in revenues and an increase in flood-related expenditures, as described above.

All amounts in Canadian $000s, unless otherwise indicated

EverGen's Adjusted EBITDA of $1,057 for the six months ended June 30, 2022, decreased compared to $2,066 during the same period last year, primarily due to a decrease in revenues and an increase in flood-related expenses and general and administrative expenses supporting the growth of the Company, as described above, partially offset by the recognition of insurance proceeds during the six months ended June 30, 2022.

CAPITAL EXPENDITURES

	Three months ended			Six months ended		
	June 30, 2022	June 30, 2021	% Change	June 30, 2022	June 30, 2021	% Change
Capital expenditures – property plant and equipment	1,349	122	1,006	2,704	268	909
Capital expenditures - acquisitions	1,000	10,690	(91)	1,000	10,690	(91)

Capital expenditures include purchases of property, plant and equipment used for operations as well as and acquisitions.

Capital expenditures – property plant and equipment during the three and six months ended June 30, 2022, related primarily to the Company's core RNG expansion projects at FVB and NZWA.

Capital expenditures - acquisitions during the three and six months ended June 30, 2022, relate to the Company's initial capital investment of $1,000 in exchange for a 50 percent interest in Project Radius. Capital acquisitions for the same period last year relate to the Company's acquisition of FVB.

All amounts in Canadian $000s, unless otherwise indicated

SUPPLEMENTAL QUARTERLY INFORMATION

	2022		2021				2020	
	June 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	2,359	1,427	2,693	1,937	3,349	1,585	-	-
Net (loss) income	(546)	(219)	(1,113)	493	(175)	(1,158)	(2,227)	(5)
Net (loss) income per share ($), basic and diluted	(0.04)	(0.02)	(0.08)	0.04	(0.02)	(0.13)	(6.69)	(2,142.16)
EBITDA[1]	(154)	481	(512)	1,854	454	(960)	(2,515)	(6)
Adjusted EBITDA[1]	426	631	(18)	791	1,863	203	-	(6)
Capital expenditures – property, plant and equipment	1,349	1,355	1,004	428	122	146	-	-
Capital expenditures – acquisitions	1,000	-	-	-	10,690	-	24,498	-
Total assets	78,581	79,771	80,610	80,933	64,961	61,912	50,510	104
Total long-term liabilities	14,453	14,522	14,764	15,142	15,460	14,347	8,780	-
Working capital surplus (deficit)[1]	16,524	19,196	20,545	21,751	2,310	11,579	(2,842)	(106)
COMMON SHARES (thousands)	-							
Outstanding, end of period	13,307	13,367	13,367	13,367	10,287	9,589	8,203	-
Weighted average – basic	13,357	13,367	13,367	12,229	9,819	8,623	333	-
Weighted average –diluted	13,357	13,367	13,367	12,344	9,819	8,623	333	-
OPERATING								
Incoming organic feedstock (tonnes)	24,336	16,047	26,110	20,465	30,647	17,164	-	-
Organic compost and soil sales (yards)	13,778	5,400	5,119	12,532	37,053	7,087	-	-
RNG sales (gigajoules)	20,254	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. However, for the three and six months ended June 30, 2022, the Company's revenues were impacted by the lower than historical average temperatures recorded.

EverGen is committed to the expansion of its 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 RNG expansion projects from mid-2021.

LIQUIDITY AND CAPITAL RESOURCES

	June 30, 2022	December 31, 2021	% Change
Cash and cash equivalents	17,379	19,597	(11)
Restricted cash	17	2,688	(99)
Working capital surplus [1]	16,524	20,545	(20)

(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 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

As at June 30, 2022, primarily as a result of the impact of one-time flood related lost revenues and expenditures incurred, EverGen was not in compliance with one of the covenant requirements of its debt facility. The covenant requirement was subsequently amended, and, as of the date of this MD&A, EverGen was in compliance with all covenant requirements.

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 June 30, 2022, compared to December 31, 2021, primarily due to property, plant and equipment expenditures relating to the Company's core RNG expansion projects at NZWA and FVB and EverGen's initial investment in Project Radius.

In August 2022, the Company announced that it had signed a term sheet for a $31 million senior term loan, which, assuming the successful completion of the due diligence process, is sufficient to fund the Company's planned core RNG expansion projects when combined with the Company's existing liquidity.

Share capital

The Company had the following outstanding common shares and equity instruments as at June 30, 2022 and December 31, 2021:

(thousands)	June 30, 2022	December 31, 2021	% Change
Common shares	13,307	13,367	-
Share warrants	2,682	2,682	-
Options	127	172	(26)
Performance share units	430	600	(28)
Restricted share units	153	120	28
Deferred share units	28	28	-
Total outstanding securities	**16,727**	**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 were outstanding:

(thousands)	
Common shares	13,874
Share warrants	2,682
Options	127
Performance share units	430
Restricted share units	173
Deferred share units	28
Total outstanding securities	**17,314**

On June 8, 2022, EverGen announced the approval of a Normal Course Issuer Bid ("NCIB") which allows EverGen to purchase issued and outstanding shares of the Company through the facilities of the TSXV during a 12-month period. Under the NCIB, EverGen may acquire up to an aggregate of 668,370 common shares over the 12-month period, representing approximately 5% of the 13,367,392 issued and outstanding common shares as of June 8, 2022. Shareholders can obtain a copy of the Notice of Intention to make a NCIB, without charge, by contacting EverGen. As of the date of this MD&A the Company had repurchased the following common shares under the NCIB:

All amounts in Canadian $000s, unless otherwise indicated

	Common shares (thousands)	Weighted average price per share $	Total $
June 2022	60	3.63	218
July 2022	26	2.88	75
August 2022	7	2.57	18
Total	**93**	**3.34**	**311**

Use of proceeds

On August 4, 2021, EverGen completed an initial public offering. As at June 30, 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 June 30, 2022	% Change
Project development, construction and expansion	10,750	3,126	(71)
Further development and acquisition activities	6,569	1,000	(85)
Total	**17,319**	**4,126**	**(76)**

The Company intends to use the remaining proceeds to partially fund its core RNG expansion projects and to optimize and apply to potential future accretive projects.

Summary of Cash Flows

	Six months ended		%
	June 30, 2022	June 30, 2021	Change
Net operating cash flow	(319)	(1,340)	(76)
Net investing cash flow	(3,835)	(13,688)	(72)
Net financing cash flow	(735)	16,859	(104)
Total	**(4,889)**	**1,831**	**(367)**

The decrease in the Company's net operating cash outflows for the six months ended June 30, 2022, compared to the same period last year, was primarily as a result of insurance proceeds received relating to lost revenues and additional flood-related costs incurred at FVB and NZWA, partially offset by a decrease in revenues and an increase in flood related expenditures, as described above. The Company generates sufficient amounts of cash and cash equivalents from operating activities to maintain its current level of operations.

Cash used in investing activities for the six months ended June 30, 2022, relates almost entirely to property, plant and equipment expenditures relating to the Company's core RNG expansion projects at NZWA and FVB. Pursuant to its core RNG expansion projects at both its NZWA and FVB facilities, which upon completion are intended to significantly increase EverGen's RNG production, the Company is in the process of purchasing capital assets. In addition, during the six months ended June 30, 2022, EverGen made an initial capital investment of $1,000 in exchange for a 50 percent interest in Project Radius.

Cash used in investing activities for the six months ended June 30, 2021, relates primarily to the acquisition of the FVB facility and contingent consideration payments made pursuant to the NZWA and SSS share purchase agreements.

Cash provided by financing activities during the six months ended June 30, 2022, decreased compared to same period last year, 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, during the six months ended June 30, 2021.

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 material accounting policies in the current period and there are no new or amended accounting standards or interpretations issued during the three and six months ended June 30, 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 and six months ended June 30, 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

All amounts in Canadian $000s, unless otherwise indicated

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.

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 and six months ended June 30, 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 internal controls 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			Six months ended		
	June 30, 2022	June 30, 2021	% Change	June 30, 2022	June 30, 2021	% Change
Salaries and benefits	106	191	(45)	254	369	(31)
Share-based payment expense (recovery)	240	331	(27)	(2)	742	(100)
Total	**346**	**522**	**(34)**	**252**	**1,111**	**(77)**

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 June 30, 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 and six months ended June 30, 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)	June 30, 2022	December 31, 2021	% Change
Current assets	20,168	25,019	(19)
Current liabilities	(3,644)	(4,474)	(19)
Working capital surplus	**16,524**	**20,545**	**(20)**

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 core RNG expansion projects, as well as the expected capital costs, RNG production and inbound organic feedstock capacity;
- 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 recovery of unrecognized insurance proceeds;
- The ability of EverGen to meet its future anticipated obligations incurred from normal ongoing operations;
- The successful completion of the due diligence process for the $31 million debt facility will and that funds received 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 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 and six months ended June 30, 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 and six months ended June 30, 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	June 30, 2022	December 31, 2021
Current assets			
Cash and cash equivalents		17,379	19,597
Restricted cash	3	17	2,688
Accounts receivable	4	1,929	2,122
Prepaid expenses and other assets		843	612
		20,168	**25,019**
Property, plant and equipment	5	19,805	17,007
Intangible assets	6	23,400	24,376
Goodwill		14,208	14,208
Equity accounted investments	7	1,000	-
Total assets		**78,581**	**80,610**
Current liabilities			
Accounts payable and accrued liabilities		2,245	3,197
Loans payable	8	700	700
Lease liabilities	9	384	298
Deferred revenue		36	-
Contingent consideration		279	279
		3,644	**4,474**
Loans payable	8	5,408	5,758
Lease liabilities	9	3,669	2,999
Deferred tax		5,376	6,007
Total liabilities		**18,097**	**19,238**
Shareholders' equity			
Share capital	10b	60,304	60,597
Share warrants		3,484	3,484
Contributed surplus	10a	1,572	1,477
Accumulated deficit	10b	(4,876)	(4,186)
Total shareholders' equity		**60,484**	**61,372**
Total liabilities and shareholders' equity		**78,581**	**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:

Signed: *"Chase Edgelow"*

Chase Edgelow, Director

Signed: *"Mary Hemmingsen"*

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)

	Notes	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenue	11	2,359	3,349	3,786	4,934
Cost of goods sold		1,065	866	1,771	1,463
Gross profit		1,294	2,483	2,015	3,471
Operating costs		1,081	421	1,582	643
General and administrative expenses	12	1,011	441	1,847	1,687
Depreciation and amortization	5,6	757	672	1,490	1,264
Share-based payment expense	10a	277	332	52	745
Finance costs - net	13	117	123	229	230
Contingent consideration loss		-	867	-	867
Other (income) expense - net	14	(921)	(32)	(1,793)	35
Net loss before income tax expense (recovery)		**(1,028)**	**(341)**	**(1,392)**	**(2,000)**
Income tax expense (recovery)					
Current		70	85	4	3
Deferred		(552)	(251)	(631)	(670)
Net loss and comprehensive loss		**(546)**	**(175)**	**(765)**	**(1,333)**
Loss per share – basic and diluted		**($0.04)**	**($0.02)**	**($0.06)**	**($0.14)**
Weighted average number of common shares outstanding		**13,357**	**9,819**	**13,362**	**9,222**

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		-	-	-	-	-	-	-	(765)	(765)
Repurchase of common shares	10b	(60)	(293)	-	-	-	-	-	75	(218)
Share-based payment expense	10a	-	-	-	-	-	-	52	-	52
Capitalized share-based expense		-	-	-	-	-	-	43	-	43
Balance, June 30, 2022		**13,307**	**60,304**	**2,682**	**3,484**	**-**	**-**	**1,572**	**(4,876)**	**60,484**
Balance, December 31, 2020		**8,203**	**32,790**	**340**	**1,068**	**462**	**32**	**252**	**(2,233)**	**31,909**
Net loss for the period		-	-	-	-	-	-	-	(1,333)	(1,333)
Share-based payment expenses		-	-	-	-	-	-	745	-	745
Common shares issued on private placements		375	2,320	-	-	-	-	-	-	2,320
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
Common shares issued as consideration for acquisitions		125	1,000	-	-	-	-	-	-	1,000
Common shares issued on satisfaction of share rights		462	32	-	-	(462)	(32)	-	-	-
Finder Warrants issued for services in connection with Special Warrant Financing non-brokered private placement		-	-	7	12	-	-	-	-	12
Share issue cost, net of tax		-	(843)	-	-	-	-	-	-	(843)
Balance, June 30, 2021		**10,287**	**42,869**	**911**	**2,415**	**-**	**-**	**747**	**(3,566)**	**42,465**

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, 2022	June 30, 2021
Operating activities			
Net loss		(765)	(1,333)
Items not affecting cash:			
Depreciation and amortization	5,6	1,490	1,264
Loss on sale of property, plant and equipment	5	41	-
Share-based payment expense	10b	52	745
Contingent consideration loss		-	867
Deferred income tax recovery		(631)	(670)
Changes in non-cash working capital	17	(506)	(2,213)
Net cash flow used in operating activities		**(319)**	**(1,340)**
Investing activities			
Acquisition		-	(10,690)
Cash and cash equivalents included in acquisition		-	119
Expenditures on property, plant and equipment	5	(2,704)	(268)
Insurance proceeds for property, plant and equipment		302	-
Disposals of property, plant and equipment	5	15	3
Contingent consideration payments		-	(3,389)
Investment in equity-accounted investments	7	(1,000)	-
Grant funds received		-	368
Changes in non-cash working capital	17	(448)	169
Net cash flow used in investing activities		**(3,835)**	**(13,688)**
Financing activities			
Advances of loans payable	8	10	7,000
Repayment of principal portion of loans payable	8	(360)	(223)
Repayment of principal portion of lease liabilities	9	(167)	(128)
Proceeds from Special Warrant Financing		-	8,475
Repurchase of common shares	10b	(218)	-
Proceeds from private placements		-	2,320
Share issue costs		-	(891)
Changes in non-cash working capital	17	-	306
Net cash flow (used in) from financing activities		**(735)**	**16,859**
Net change in cash		(4,889)	1,831
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	**17,396**	**6,834**

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

As at June 30, 2022, EverGen Infrastructure Corp. ("EverGen" or the "Company") operates two 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" and the Over-The-Counter venture exchange ("OTCQB") 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.

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, except as otherwise stated below.

These interim condensed consolidated financial statements were authorized for issue by the Audit Committee of the Board of Directors of the Company on August 23, 2022.

i. Repurchase of shares

When shares recognized as equity are repurchased, the amount of the consideration paid is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are subsequently cancelled, the resulting surplus or deficit on the transaction is presented within accumulated deficit.

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.

All amounts in Canadian $000s, unless otherwise indicated

3. RESTRICTED CASH

The Company's restricted cash of $2,688 at December 31, 2021 was comprised of acquisition holdbacks held in escrow, which were released to the Company during the three months ended June 30, 2022.

4. ACCOUNTS RECEIVABLE

	June 30, 2022	December 31, 2021
Trade receivables	1,398	2,045
Organic Infrastructure Program receivable	77	77
Other	454	-
	1,929	**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	120	923	1,983	3,325
Capitalized share-based expense	-	-	-	-	43	43
Disposals	-	-	(56)	-	-	(56)
At June 30, 2022	**3,238**	**5,721**	**4,673**	**4,487**	**3,126**	**21,245**
Accumulated depreciation						
At December 31, 2021	-	273	327	326	-	926
Depreciation	-	144	178	192	-	514
At June 30, 2022	**-**	**417**	**505**	**518**	**-**	**1,440**
Carrying value						
At December 31, 2021	3,238	5,149	4,282	3,238	1,100	17,007
At June 30, 2022	**3,238**	**5,304**	**4,168**	**3,969**	**3,126**	**19,805**

6. INTANGIBLE ASSETS

Cost	Brands	Customer contracts and stakeholder relationships	Total
At December 31, 2021 and June 30, 2022	**1,180**	**25,030**	**26,210**
Accumulated amortization			
At December 31, 2021	59	1,775	1,834
Amortization	30	946	976
At June 30, 2022	**89**	**2,721**	**2,810**

All amounts in Canadian $000s, unless otherwise indicated

Carrying value			
At December 31, 2021	1,121	23,255	24,376
At June 30, 2022	**1,091**	**22,309**	**23,400**

7. EQUITY ACCOUNTED INVESTMENTS

During the period ended June 30, 2022, the Company entered into an agreement to acquire a 50% interest in a portfolio of RNG development projects ("Project Radius") in Ontario, Canada, which provides the Company with the right to participate in funding its proportionate share of the capital to construct RNG infrastructure. The following table presents the changes in the balance of the Company's equity-accounted investment in Project Radius:

	Total
At December 31, 2021	-
Capital contribution	1,000
At June 30, 2022	**1,000**

8. LOANS PAYABLE

	Total
At December 31, 2021	6,458
Advances	10
Interest expense (note 14)	139
Repayments	(499)
At June 30, 2022	**6,108**
Less current portion	**(700)**
Long-term portion	**5,408**

As at June 30, 2022 the Company was not in compliance with one of the covenant requirements of its loans payable. The covenant requirement was subsequently amended, and, as of the reporting date of these financial statements, the Company was in compliance with all covenant requirements.

9. LEASE LIABILITIES

	Total
As at December 31, 2021	3,297
Additions	923
Interest expense (note 14)	102
Lease payments	(269)
As at June 30, 2022	**4,053**
Less current portion	**(384)**
Long-term portion	**3,669**

The Company's lease liabilities are calculated using discount rates ranging from 3.9% to 6.0%.

All amounts in Canadian $000s, unless otherwise indicated

10.SHAREHOLDERS' EQUITY

a) Share-based incentive programs and payment plans

Options

The Company has the following outstanding Options as at June 30, 2022:

	Number of Options (thousands) #	Weighted average exercise price $
Outstanding at December 31, 2021	172	9.56
Forfeited	(45)	9.40
Outstanding at June 30, 2022	**127**	**9.62**
Exercisable at June 30, 2022	**34**	**9.40**

PSUs, RSUs and DSUs

The Company has the following outstanding PSUs, RSUs and DSUs as at June 30, 2022:

(thousands)	Number of PSUs #	Number of RSUs #	Number of DSUs #
Outstanding at December 31, 2021	600	120	28
Granted	-	133	-
Forfeited	(170)	(100)	-
Outstanding at June 30, 2022	**430**	**153**	**28**

Restricted share units

During the six months ended June 30, 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 June 30, 2022, the Company had 153,351 RSUs outstanding, which vest over a remaining weighted average period of 0.9 years, with a weighted average grant date fair value of $4.23 per RSU.

Share-based payment expenses (recoveries)

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Options	22	112	(10)	129
PSUs	191	203	94	404
RSUs	64	17	(32)	19
DSUs	-	-	-	193
Total	**277**	**332**	**52**	**745**

b) Common Share Repurchase

As at June 30, 2022, the Company had repurchased 60,000 shares for total consideration of $218 and resulted in a gain on repurchase of $75 which is recorded in accumulated deficit at June 30, 2022.

All amounts in Canadian $000s, unless otherwise indicated

11.REVENUE

The Company's revenues for the three and six months ended June 30, 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.

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Tipping fees	1,691	2,238	2,880	3,493
Organic compost and soil sales	354	691	432	886
RNG sales	301	270	389	270
Trucking services	13	150	85	285
Total	**2,359**	**3,349**	**3,786**	**4,934**

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

12.GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Salaries and wages	364	229	610	404
Professional and consulting fees	358	89	758	1,050
Other	289	123	479	233
Total	**1,011**	**441**	**1,847**	**1,687**

13.FINANCE COSTS - NET

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Interest expense on loans payable (note 8)	75	69	139	79
Interest expense on lease liabilities (note 9)	54	49	102	98
Other	(11)	5	(7)	55
Interest income	(1)	-	(5)	(2)
Total	**117**	**123**	**229**	**230**

14. OTHER INCOME (EXPENSE) - NET

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Insurance proceeds	764	-	1,672	-
Other	157	32	121	(35)
Total	**921**	**32**	**1,793**	**(35)**

All amounts in Canadian $000s, unless otherwise indicated

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 and six months ended June 30, 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 and six months ended June 30, 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.

The expected timing of cash outflows relating to financial liabilities include in the Company's Interim Condensed Consolidated Statement of Financial Position as at June 30, 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	2,245	-	-	-	-	-	2,245
Contingent consideration	279	-	-	-	-	-	279
Loan payments [(1)]	1,000	5,631	-	-	-	-	6,631
Lease payments [(1)]	610	555	520	447	362	3,324	5,818
Total	**4,134**	**6,186**	**520**	**447**	**362**	**3,324**	**14,973**

[(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:

All amounts in Canadian $000s, unless otherwise indicated

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Salaries and benefits	106	191	254	369
Share-based payment expense (recovery)	240	331	(2)	742
Total	**346**	**522**	**252**	**1,111**

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:

	Six months ended	
	June 30, 2022	June 30, 2021
Net changes in non-cash working capital:		
Accounts receivable	193	(786)
Prepaid expenses and other assets	(231)	88
Accounts payable and accrued liabilities	(952)	(1,040)
Deferred revenue	36	-
	(954)	**(1,738)**
Net changes in non-cash working capital related to:		
Operating activities	(506)	(2,213)
Investing activities	(448)	169
Financing activities	-	306
	(954)	**(1,738)**
Interest paid	139	178
Taxes paid	43	472

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 and six months ended June 30, 2022, the Company had two (three months ended June, 2021 – two, three months ended March 31, 2021 - one) operating segments. The Company's segments are based on the type of operation and include RNG production and organic waste tipping and composting as follows:

For the three-months ended June 30, 2022	RNG production	Organic waste and composting	Corporate and other	Total
Revenue	389	1,970	-	2,359
Cost of goods sold	(105)	(960)	-	(1,065)
Gross margin	284	1,010	-	1,294

All amounts in Canadian $000s, unless otherwise indicated

For the three-months ended June 30, 2021				
Revenue	331	3,018	-	3,349
Cost of goods sold	(74)	(792)	-	(866)
Gross margin	257	2,226	-	2,483
For the six-months ended June 30, 2022				
Revenue	518	3,268	-	3,786
Cost of goods sold	(159)	(1,612)	-	(1,771)
Gross margin	359	1,656	-	2,015
For the six-months ended June 30, 2021				
Revenue	331	4,603	-	4,934
Cost of goods sold	(74)	(1,389)	-	(1,463)
Gross margin	257	3,214	-	3,471
As at June 30, 2022				
Total assets	18,087	53,820	6,674	78,581
As at December 31, 2021				
Total assets	17,279	57,589	5,742	80,610

19. SUBSEQUENT EVENTS

a) On July 13, 2022, the Company completed the acquisition of a 67% interest in Alberta's Grow the Energy Circle Ltd. ("GrowTEC"). The Company acquired a 67% interest in GrowTEC for cash consideration of $2.1 million, subject to working capital adjustments, and the issuance of 600,000 common shares of the Company. Additional cash consideration of up to $4.0 million will be paid upon the achievement of certain operational milestones.

b) Subsequent to June 30, 2022, the Company granted 25,000 RSUs to a director and certain employees of the Company, which vest over a three-year period.