



Management's Discussion and Analysis

For the three and nine months ended September 30, 2022

Dated November 21, 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** commenced in late-Q3 2022, with the initial construction focused on an additional anaerobic digester and improvements to the feedstock processing system. Completion is scheduled for Q1 2023 for an anticipated cost of \$13-\$15 million. 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 late-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: Due to the investment of cash and cash equivalents received from EverGen's IPO into the Company's core RNG expansion and development projects and capital improvements, cash and cash equivalents decreased 38%, or \$8.0 million, to \$12.8 million as at September 30, 2022, compared to September 30, 2021. The remaining uninvested cash, 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 months ended September 30, 2022, revenue of \$1,957 was consistent compared to the same period last year. An increase in revenues from the acquisition of GrowTEC was partially offset by a decrease in RNG revenues due to ongoing issues to RNG production associated with flood-related damage to equipment, which has since been remediated.

For the nine months ended September 30, 2022, revenues of \$5,743 decreased, compared to the same period last year, primarily due to lower volumes of incoming organic feedstock and seasonal impacts on organic compost and soil sales.

Net income (loss): For the three and nine months ended September 30, 2022, net income (loss) of (\$1,819) and (\$2,584) increased \$2,312 and \$1,744, compared to the same periods last year, mainly due to an increase in flood-related costs, the absence of a contingent consideration gain and an increase in general and administrative costs associated with supporting EverGen's growth and transformation, partially offset by the recognition of insurance proceeds.

During 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 initiatives will apply to its core RNG expansion and development projects.

Adjusted EBITDA: For the three months ended September 30, 2022, EverGen recorded adjusted EBITDA of \$650. The decrease in adjusted EBITDA was primarily due to flood-related costs incurred and an increase in general and administrative costs, partially offset by insurance proceeds recognized. During the three months ended September 30, 2022, there was flood-related downtime at FVB and flood-related disposal costs at NZWA, both which are insurable under the Company's insurance policies. The flood-related downtime at FVB has been remediated.

For the nine months ended September 30, 2022, EverGen recorded adjusted EBITDA of \$1,706. EverGen estimates that \$2.3 million of flood-related lost revenue and expenditures were incurred during this period and as at September 30, 2022, \$0.3 million of related insurance recoveries remain outstanding.

RNG Volumes: RNG volumes commenced on April 16, 2021, upon the acquisition of FVB. RNG volumes were impacted 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 on March 2, 2022. Since March 2, 2022, FVB has been operating and producing daily volumes of up to 334 GJ/d. RNG production volumes have been fluctuating from intermittent flood-related issues, which have been remediated as part of the core RNG expansion project at FVB.

| | Three months ended | | | | Nine months ended | | | |
|---|--------------------|--------------|-----------|----------|-------------------|--------------|-----------|----------|
| | Sep 30, 2022 | Sep 30, 2021 | \$ Change | % Change | Sep 30, 2022 | Sep 30, 2021 | \$ Change | % Change |
| FINANCIAL | | | | | | | | |
| Revenue | 1,957 | 1,937 | 20 | 1 | 5,743 | 6,871 | (1,128) | (16) |
| Net income (loss) attributable to shareholders | (1,832) | 493 | (2,325) | (472) | (2,597) | (840) | (1,757) | 209 |
| Net income (loss) per share (\$), basic and diluted | (0.13) | 0.04 | (0.17) | (425) | (0.19) | (0.08) | (0.11) | 138 |
| EBITDA ⁽¹⁾ | (486) | 1,854 | (2,340) | (126) | (159) | 1,348 | (1,507) | (112) |
| Adjusted EBITDA ⁽¹⁾ | 650 | 791 | (141) | (18) | 1,706 | 2,857 | (1,151) | (40) |
| Capital expenditures ⁽²⁾ | 3,546 | 318 | 3,228 | 1,015 | 7,250 | 11,276 | (4,026) | (36) |
| Total assets | 85,692 | 80,933 | 4,759 | 6 | 85,692 | 80,933 | 4,759 | 6 |
| Total long-term liabilities | 17,462 | 15,142 | 2,320 | 15 | 17,462 | 15,142 | 2,320 | 15 |
| Cash and cash equivalents | 12,841 | 20,840 | (7,999) | (38) | 12,841 | 20,840 | (7,999) | (38) |
| Working capital surplus | 10,079 | 21,751 | (11,672) | (54) | 10,079 | 21,751 | (11,672) | (54) |
| COMMON SHARES (thousands) | | | | | | | | |
| Outstanding, end of period | 13,872 | 13,367 | 505 | 4 | 13,872 | 13,367 | 505 | 4 |
| Weighted average – basic | 13,794 | 12,229 | 1,565 | 13 | 13,528 | 10,241 | 3,287 | 32 |
| Weighted average – diluted | 13,794 | 12,344 | 1,450 | 12 | 13,528 | 10,241 | 3,287 | 32 |
| OPERATING | | | | | | | | |
| Incoming organic feedstock (tonnes) | 19,375 | 20,465 | (1,090) | (5) | 59,758 | 68,097 | (8,339) | (12) |
| Organic compost and soil sales (yards) | 8,219 | 12,532 | (4,313) | (34) | 27,397 | 56,671 | (29,274) | (52) |
| RNG (gigajoules) | 14,975 | 23,854 | (8,879) | (37) | 41,001 | 42,698 | (1,697) | (4) |
| Electricity (MWh) | 698 | - | 698 | 100 | 698 | - | 698 | 100 |

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

⁽²⁾ Capital expenditures for the nine months ended September 30, 2022 includes a \$2,054 investment in GrowTEC and a \$1,000 initial investment in an equity-accounted investment (Project Radius).

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 nine months ended September 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 nine months ended September 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 November 21, 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 OTCQX Market ("OTCQX") 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 currently 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"), and a 50% interest in Project Radius.



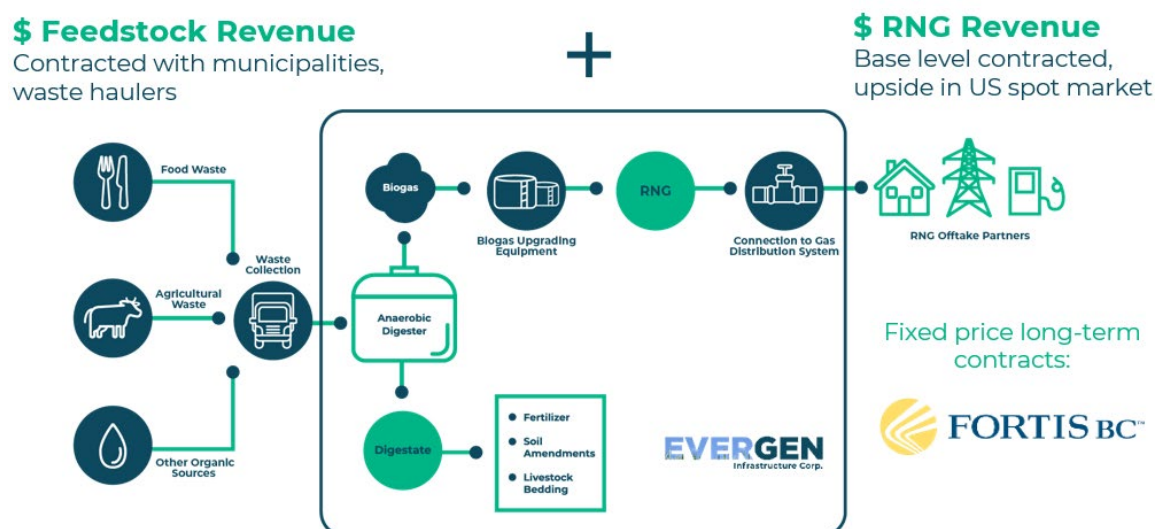
FVB is British Columbia's original RNG facility, which sells RNG under a long-term contract with FortisBC and combines anaerobic digestion and biogas upgrading to produce RNG, primarily by converting agricultural waste from local dairy farms. The FVB RNG facility is currently undergoing a core RNG expansion 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 expected to be \$13-15 million and the construction on the project commenced in Q3-2022, with completion anticipated 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. Related to the core expansion project, EverGen is also investing in capital improvements and 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, for cash consideration of \$2.1 million, subject to working capital adjustments, a commitment for a future contribution of assets to GrowTEC of \$0.3 million, 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 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 core RNG expansion projects;
- Optimizing, diversifying and expanding existing organic waste processing capabilities;
- 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, considers itself a leader in the industry. The recent acquisitions of a 67% interest in GrowTEC and a 50% interest in Project Radius, demonstrates EverGen's ability to drive the consolidation and the growth of the RNG industry, as well as expand its geographical base. EverGen expects to continue to

pursue RNG consolidation opportunities across North America, investing in truly sustainable operations that contribute to carbon-negative energy production, and positively impacting climate change initiatives.

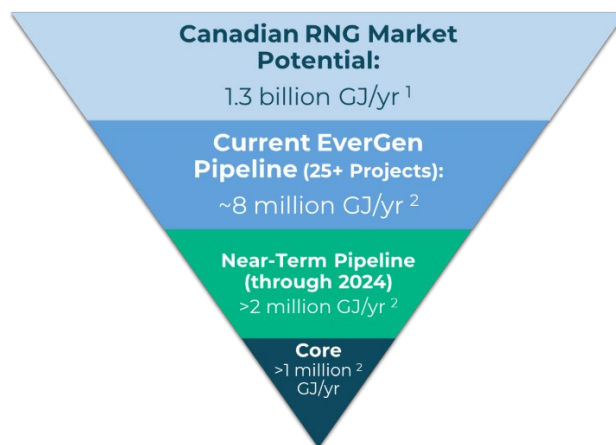
EverGen's ability to continue to grow its business, and generate improvements on its financial performance, depends on the execution of its strategy to build, own, and operate a portfolio of RNG, waste to energy and related sustainable infrastructure projects, including:

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

We believe that EverGen 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 carbon neutral 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 is focused on realizing consolidation opportunities and achieving synergies in cost and margins through the operation and expansion of facilities under a unified business platform. The identification and 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 high-value services and high-quality products through strategically located facilities provide the foundation to continue to consolidate growth and realize operational and capital efficiencies. To do so, we have been investing in a scalable platform and capabilities. This investment will be the basis to realize future operational and capital efficiencies and further enhance our competitive position on top of our existing strong competitive position currently supported by asset management discipline, investment in sustainable infrastructure and collaborative stakeholder relationships. EverGen's continued success depends upon our ability to leverage our scalable network and platform to build relationships with municipal, commercial and utility customers, realize operational and capital efficiencies, and extract procurement and cost synergies.

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 intertwined with our commitment to deliver on societal 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  | <ul style="list-style-type: none">Recycle waste products and reduce GHG emissions in the production of renewable energy, which replaces higher CO₂ sources |
| Social  | <ul style="list-style-type: none">Operate as a community-focused business, receiving and recycling organic waste from local municipalities and businesses and partnering with First Nations communities who host operations and provide a vital workforce. |
| Governance  | <ul style="list-style-type: none">Commitment to strong governance in operations and in planned growth and development of RNG. |

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

RESULTS OF OPERATIONS

Revenue

| | Three months ended | | | Nine months ended | | |
|--------------------------------|--------------------|--------------|----------|-------------------|--------------|-------------|
| | Sep 30, 2022 | Sep 30, 2021 | % Change | Sep 30, 2022 | Sep 30, 2021 | % Change |
| Tipping fees | 1,306 | 1,283 | 2 | 4,185 | 4,776 | (12) |
| Organic compost and soil sales | 182 | 245 | (26) | 614 | 1,131 | (46) |
| RNG sales | 231 | 368 | (37) | 620 | 638 | (3) |
| Electricity sales | 235 | - | 100 | 235 | - | 100 |
| Trucking services and other | 3 | 41 | (93) | 89 | 326 | (73) |
| Total | 1,957 | 1,937 | 1 | 5,743 | 6,871 | (16) |

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. From April 16, 2021, revenue includes RNG sales by FVB under contract with FortisBC and from July 13, 2022, revenue includes electricity sales by GrowTEC to AESO. 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 | | | Nine months ended | | |
|--|--------------------|--------------|----------|-------------------|--------------|----------|
| | Sep 30, 2022 | Sep 30, 2021 | % Change | Sep 30, 2022 | Sep 30, 2021 | % Change |
| Incoming organic feedstock (tonnes) | 19,375 | 20,465 | (5) | 59,758 | 68,097 | (12) |
| Organic compost and soil sales (yards) | 8,219 | 12,532 | (34) | 27,397 | 56,671 | (52) |
| RNG (gigajoules) | 14,975 | 23,854 | (37) | 41,001 | 42,698 | (4) |
| Electricity (MWh) | 698 | - | 100 | 698 | - | 100 |

Tipping fees were consistent for the three months ended September 30, 2022, compared to the same period last year. Tipping fees decreased for the nine months ended September 30, 2022, compared to the same period last year, primarily due to lower volumes of incoming organic feedstock at SSS.

Organic compost and soil sales are exposed to fluctuations due to inherent seasonal demand, which is dependant upon weather conditions. During the first half of 2022, temperatures in Vancouver were generally lower than the same period in 2021, and precipitation was significantly higher. During the third quarter of 2022, temperatures were generally higher than the same period in 2021, and precipitation was significantly lower¹ with many regions experiencing drought-like conditions. This impacted the demand for our compost and soil and, as a result, organic compost and soil sales decreased by \$63, or 26%, and \$517, or 46%, for the three and nine months ended September 30, 2022, respectively, compared to the same periods last year.

Revenue includes RNG sales from FVB from April 16, 2021. RNG production at FVB was halted in November 2021 due to the extraordinary nearly 100-year flooding event 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. RNG revenue decreased by \$137, or 37%, for the three months ended September 30, 2022, compared to the same period last year, primarily due to ongoing issues to RNG production associated with flood-related damage to processing equipment. The lost revenues at FVB are insurable under the Company's insurance policy. Refer to Other income (expense) - net below for additional information on

¹ Source: <https://vancouver.weatherstats.ca/charts/>

insurance proceeds. During Q4 2022, EverGen remediated the causes of the disruptions to production as part of the overall FVB core RNG expansion project.

Revenue includes electricity sales from GrowTEC following the acquisition of a 67% interest on July 13, 2022.

Cost of goods sold

| | Three months ended | | | Nine months ended | | |
|--------------------|--------------------|--------------|----------|-------------------|--------------|----------|
| | Sep 30, 2022 | Sep 30, 2021 | % Change | Sep 30, 2022 | Sep 30, 2021 | % Change |
| Cost of goods sold | 824 | 359 | 130 | 2,595 | 1,822 | 42 |

Cost of goods sold comprises direct costs, including handling, labour, fuel charges and hauling costs associated with RNG and electricity 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 \$465, or 130%, and \$773, or 42% for the three and nine months ended September 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 and the acquisition of GrowTEC in July 2022. The Company has received partial insurance proceeds for the post-flood cleanup and processing costs and further proceeds are expected throughout the remainder of 2022. Refer to Other income (expense) - net below for additional information on insurance proceeds.

Gross profit

| | Three months ended | | | Nine months ended | | |
|--------------|--------------------|--------------|----------|-------------------|--------------|----------|
| | Sep 30, 2022 | Sep 30, 2021 | % Change | Sep 30, 2022 | Sep 30, 2021 | % Change |
| Gross profit | 1,133 | 1,578 | (28) | 3,148 | 5,049 | (38) |
| % of revenue | 58 | 81 | (28) | 55 | 73 | (25) |

EverGen's gross profit margin decreased to 58 percent and 55 percent for the three and nine months ended September 30, 2022, respectively, compared to the same periods last year, primarily due to the increased costs associated with the post-flood cleanup and processing at NZWA. The expenses associated with the floods are insurable under the Company's insurance policies. Refer to Other income (expense) - net below for additional information on insurance proceeds.

Operating costs

| | Three months ended | | | Nine months ended | | |
|-----------------|--------------------|--------------|----------|-------------------|--------------|----------|
| | Sep 30, 2022 | Sep 30, 2021 | % Change | Sep 30, 2022 | Sep 30, 2021 | % Change |
| Operating costs | 1,108 | 652 | 70 | 2,690 | 1,295 | 108 |

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 \$456, or 70%, and \$1,395, or 108%, for the three and nine months ended September 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 and the acquisition of GrowTEC in July 2022. Refer to Other income (expense) - net below for additional information on insurance proceeds.

General and administrative expenses

| | Three months ended | | | Nine months ended | | |
|-------------------------------------|--------------------|-----------------|-------------|-------------------|-----------------|-------------|
| | Sep 30, 2022 | Sep 30, 2021 | % Change | Sep 30, 2022 | Sep 30, 2021 | % Change |
| General and administrative expenses | 1,073 | 334 | 221 | 2,920 | 2,021 | 44 |

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

General and administrative expenses increased by \$739, or 221%, and \$899, or 44%, for the three and nine months ended September 30, 2022, respectively, compared to the same periods last year, primarily due to costs incurred during 2022 associated with supporting EverGen's growth and transformation into a growth-orientated publicly traded asset manager and additional platform costs to realize efficiencies for future scale up including an increase in headcount, investor relations costs, legal, accounting, tax and audit fees, in addition to 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 nine months ended September 30, 2021.

Depreciation and amortization

| | Three months ended | | | Nine months ended | | |
|--------------|--------------------|-----------------|-------------|-------------------|-----------------|-------------|
| | Sep 30, 2022 | Sep 30, 2021 | % Change | Sep 30, 2022 | Sep 30, 2021 | % Change |
| Depreciation | 339 | 242 | 40 | 853 | 680 | 25 |
| Amortization | 488 | 521 | (6) | 1,464 | 1,347 | 9 |
| Total | 827 | 763 | 8 | 2,317 | 2,027 | 14 |

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 nine months ended September 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 September 30, 2021, including the acquisition of GrowTEC in July 2022 and 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 | | | Nine months ended | | |
|-----------------------------|--------------------|-----------------|-------------|-------------------|-----------------|-------------|
| | Sep 30, 2022 | Sep 30, 2021 | % Change | Sep 30, 2022 | Sep 30, 2021 | % Change |
| Share-based payment expense | 260 | 437 | (41) | 312 | 1,182 | (74) |

Share-based payment expense includes various non-cash incentive programs awarded to employees, officers, directors, 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 nine months ended September 30, 2022, primarily due to a forfeiture of certain equity incentives during the three months ended March 31, 2022, which resulted in a recovery of \$501 of previously recognized share-based payment expense and 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.

During the nine months ended September 30, 2022, EverGen granted 158,351 RSU awards to certain directors, officers and employees of the Company and 15,000 options to a consultant of the Company. Subsequent to September 30, 2022, the Company granted 40,000 RSUs to an officer and certain employees of the Company, which vest over a three-year period.

Finance costs - net

| | Three months ended | | | Nine months ended | | |
|---------------------------------------|--------------------|-----------------|-------------|-------------------|-----------------|-------------|
| | Sep 30, 2022 | Sep 30, 2021 | % Change | Sep 30, 2022 | Sep 30, 2021 | % Change |
| Interest expense on loans payable | 94 | 54 | 74 | 233 | 133 | 75 |
| Interest expense on lease liabilities | 82 | 49 | 67 | 184 | 147 | 25 |
| Other | 2 | 11 | (82) | (5) | 66 | (108) |
| Interest income | (1) | (1) | - | (6) | (3) | 100 |
| Total | 177 | 113 | 57 | 406 | 343 | 18 |

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, the associated interest expense on lease liabilities and the Company's credit facility entered into during the first quarter of 2021.

Finance costs – net increased by \$64, or 57%, and \$63, or 18%, for the three and nine months ended September 30, 2022, respectively, compared to the same periods last year, primarily due to the increase in interest rates during the third quarter of 2022 and interest expense on leases included in the acquisition of GrowTEC on July 13, 2022.

Other income (expense) - net

| | Three months ended | | | Nine months ended | | |
|--------------------------------------|--------------------|-----------------|-------------|-------------------|-----------------|-------------|
| | Sep 30, 2022 | Sep 30, 2021 | % Change | Sep 30, 2022 | Sep 30, 2021 | % Change |
| Insurance proceeds | 793 | - | 100 | 2,465 | - | 100 |
| Contingent consideration gain (loss) | (90) | 1,500 | (106) | (90) | 633 | (114) |
| Equity-accounted loss | (60) | - | 100 | (60) | - | 100 |
| Other | 179 | 199 | (10) | 300 | 164 | 83 |
| Total | 822 | 1,699 | (52) | 2,615 | 797 | 228 |

During the three and nine months ended September 30, 2022, other income (expense) - net includes the recognition of \$793 and \$2,465, respectively, of insurance proceeds relating to lost revenues and additional flood-related expenditures incurred as a result of the nearly 100-year flooding events which occurred in the Abbotsford and Sumas Prairie regions during late-2021. Further proceeds are expected throughout the remainder of 2022, which will be recorded to Other income to the extent they offset lost revenues and expenses incurred, or alternatively, will be netted against capital expenditures previously incurred.

A contingent consideration loss of \$90 was recognized during the three and nine months ended September 30, 2022, as a result of the accretion of a liability relating to amounts payable relating to the acquisition of GrowTEC, compared to the same periods in 2021, where EverGen recognized a \$633 contingent consideration gain in the re-measurement of a liability as at September 30, 2021, taking into account changes in estimated holdbacks, performance obligations and working capital changes consisting of a \$1,500 fair value gain in the third quarter of 2021 and an \$867 fair value loss in the second quarter of 2021 relating to the NZWA and SSS acquisitions.

During the three and nine months ended September 30, 2022, EverGen recognized a \$60 equity-accounted loss relating to its investment in Project Radius.

During the three and nine months ended September 30, 2022, EverGen also recognized \$179 and \$300 of other income, respectively, which primarily related to carbon credit sales.

Income taxes

| | Three months ended | | | Nine months ended | | |
|---------------------------------|--------------------|-----------------|-------------|-------------------|-----------------|-------------|
| | Sep 30, 2022 | Sep 30, 2021 | % Change | Sep 30, 2022 | Sep 30, 2021 | % Change |
| Current tax expense (recovery) | - | (14) | (100) | 4 | (11) | (136) |
| Deferred tax expense (recovery) | 329 | 499 | (34) | (302) | (171) | 77 |
| Total | 329 | 485 | (32) | (298) | (182) | 64 |

Income taxes consist of current and deferred income taxes.

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

EBITDA and Adjusted EBITDA ⁽¹⁾

| | Three months ended | | | Nine months ended | | |
|--|--------------------|-----------------|--------------|-------------------|-----------------|--------------|
| | Sep 30, 2022 | Sep 30, 2021 | % Change | Sep 30, 2022 | Sep 30, 2021 | % Change |
| Net income (loss) | (1,819) | 493 | (469) | (2,584) | (840) | 208 |
| Tax expense (recovery) | 329 | 485 | (32) | (298) | (182) | 64 |
| Depreciation and amortization | 827 | 763 | 8 | 2,317 | 2,027 | 14 |
| Finance costs, net | 177 | 113 | 57 | 406 | 343 | 18 |
| EBITDA ⁽¹⁾ | (486) | 1,854 | (126) | (159) | 1,348 | (112) |
| Share-based payment expense | 260 | 437 | (41) | 312 | 1,182 | (74) |
| Loss on sale of equipment | 5 | - | 100 | 45 | - | 100 |
| Non-recurring general and administrative expenses and other | 778 | - | 100 | 1,415 | 960 | 47 |
| Contingent consideration loss (gain) | 90 | (1,500) | (106) | 90 | (633) | (114) |
| Non-recurring general and administrative expenses and other related to equity-accounted investment | 39 | - | 100 | 39 | - | 100 |
| Adjusted EBITDA attributable to non-controlling interest | (36) | - | 100 | (36) | - | 100 |
| Adjusted EBITDA ⁽¹⁾ | 650 | 791 | (18) | 1,706 | 2,857 | (40) |

⁽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 (\$486) for the three months ended September 30, 2022, decreased compared to \$1,854 during the same period last year, primarily due to an increase in flood-related expenditures and

general and administrative expenses supporting the growth of the Company, as described above, and the contingent consideration gain recognized during the three months ended September 30, 2021, partially offset by the recognition of insurance proceeds during the three months ended September 30, 2022.

EverGen's Adjusted EBITDA of \$650 for the three months ended September 30, 2022, decreased slightly compared to \$791 during the same period last year, primarily due to the decrease in EBITDA, as described above, adjusted for the contingent consideration gain recognized during the three months ended September 30, 2021.

EverGen's EBITDA of (\$159) for the nine months ended September 30, 2022, decreased compared to \$1,348 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, and the contingent consideration gain recognized during the nine months ended September 30, 2021, partially offset by the recognition of insurance proceeds during the nine months ended September 30, 2022 and a decrease in share-based compensation expenses.

EverGen's Adjusted EBITDA of \$1,706 for the nine months ended September 30, 2022, decreased compared to \$2,857 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 nine months ended September 30, 2022.

CAPITAL EXPENDITURES

| | Three months ended | | | Nine months ended | | |
|---|--------------------|-----------------|--------------|-------------------|-----------------|-------------|
| | Sep 30, 2022 | Sep 30, 2021 | % Change | Sep 30, 2022 | Sep 30, 2021 | % Change |
| Capital expenditures – property plant and equipment | 1,492 | 318 | 369 | 4,196 | 586 | 616 |
| Capital expenditures – acquisitions and investments | 2,054 | - | 100 | 3,054 | 10,690 | (71) |
| Total | 3,546 | 318 | 1,015 | 7,250 | 11,276 | (36) |

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

Capital expenditures – property plant and equipment during the three and nine months ended September 30, 2022, related primarily to the Company's core RNG expansion projects at FVB and NZWA, as well as capital improvements at NZWA.

Capital expenditures - acquisitions during the three months ended September 30, 2022, includes the Company's acquisition of a 67 percent interest in GrowTEC and during the nine months ended September 30, 2022 includes the Company's initial capital investment of \$1,000 in exchange for a 50 percent interest in Project Radius. Capital acquisitions for the nine months ended September 30, 2021 related to the Company's acquisition of FVB.

SUPPLEMENTAL QUARTERLY INFORMATION

| | 2022 | | | | 2021 | | | 2020 |
|--|--------------|---------------|----------------------|-----------------------|--------------|---------------|--------------|--------------|
| | Sep 30 Q3 | June 30 Q2 | Mar 31 Q1 | Dec 31 Q4 | Sep 30 Q3 | June 30 Q2 | Mar 31 Q1 | Dec 31 Q4 |
| FINANCIAL | | | | | | | | |
| Revenue | 1,957 | 2,359 | 1,427 | 2,693 | 1,937 | 3,349 | 1,585 | - |
| Net income (loss) attributable to shareholders | (1,832) | (546) | (219) | (1,113) | 493 | (175) | (1,158) | (2,227) |
| Net income (loss) per share (\$), basic and diluted | (0.13) | (0.04) | (0.02) | (0.08) | 0.04 | (0.02) | (0.13) | (6.69) |
| EBITDA ⁽¹⁾ | (486) | (154) | 481 | (512) | 1,854 | 454 | (960) | (2,515) |
| Adjusted EBITDA ⁽¹⁾ | 650 | 426 | 631 | (18) | 791 | 1,863 | 203 | - |
| Capital expenditures – property, plant and equipment | 1,492 | 1,349 | 1,355 | 1,004 | 318 | 122 | 146 | - |
| Capital expenditures – acquisitions | 2,054 | 1,000 | - | - | - | 10,690 | - | 24,498 |
| Total assets | 85,692 | 78,581 | 79,771 | 80,610 | 80,933 | 64,961 | 61,912 | 50,510 |
| Total long-term liabilities | 17,462 | 14,453 | 14,522 | 14,764 | 15,142 | 15,460 | 14,347 | 8,780 |
| Working capital surplus (deficit) ⁽¹⁾ | 10,079 | 16,524 | 19,196 | 20,545 | 21,751 | 2,310 | 11,579 | (2,842) |
| COMMON SHARES (thousands) | | | | | | | | |
| Outstanding, end of period | 13,872 | 13,307 | 13,367 | 13,367 | 13,367 | 10,287 | 9,589 | 8,203 |
| Weighted average – basic | 13,794 | 13,357 | 13,367 | 13,367 | 12,229 | 9,819 | 8,623 | 333 |
| Weighted average – diluted | 13,794 | 13,357 | 13,367 | 13,367 | 12,344 | 9,819 | 8,623 | 333 |
| OPERATING | | | | | | | | |
| Incoming organic feedstock (tonnes) | 19,375 | 24,336 | 16,047 | 26,110 | 20,465 | 30,647 | 17,164 | - |
| Organic compost and soil sales (yards) | 8,219 | 13,778 | 5,400 | 5,119 | 12,532 | 37,053 | 7,087 | - |
| RNG sales (gigajoules) | 14,975 | 20,254 | 5,772 ⁽²⁾ | 12,682 ⁽²⁾ | 23,854 | 18,845 | - | - |
| Electricity (MWh) | 698 | - | - | - | - | - | - | - |

⁽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. During 2022, the regions where the Company's assets operate experienced periods of high precipitation and lower than average temperatures, followed immediately by low precipitation and higher than average temperatures. This impacted the demand for our compost and soil, and we have therefore seen a reduction in organic compost and soil sales during 2022.

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

| | September 30, 2022 | December 31, 2021 | % Change |
|--|-----------------------|----------------------|-------------|
| Cash and cash equivalents | 12,841 | 19,597 | (34) |
| Restricted cash | - | 2,688 | (100) |
| Working capital surplus ⁽¹⁾ | 10,079 | 20,545 | (51) |

⁽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.

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.

Primarily due to investment in property, plant and equipment relating to the Company's core RNG expansion projects at NZWA and FVB, capital improvements at NZWA, EverGen's initial investment in Project Radius and the acquisition of GrowTEC on July 13, 2022, EverGen's cash and cash equivalents and working capital surplus decreased as at September 30, 2022, compared to December 31, 2021.

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 September 30, 2022 and December 31, 2021:

| (thousands) | September 30, 2022 | December 31, 2021 | % Change |
|-------------------------------------|-----------------------|----------------------|-------------|
| Common shares | 13,872 | 13,367 | 4 |
| Share warrants | 2,682 | 2,682 | - |
| Options | 142 | 172 | (17) |
| Performance share units | 430 | 600 | (28) |
| Restricted share units | 168 | 120 | 40 |
| Deferred share units | 28 | 28 | - |
| Total outstanding securities | 17,322 | 16,969 | 2 |

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 | 13,855 |
| Share warrants | 2,682 |
| Options | 142 |
| Performance share units | 430 |
| Restricted share units | 208 |
| Deferred share units | 28 |
| Total outstanding securities | 17,345 |

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:

| | Common shares (thousands) | Weighted average price per share \$ | Total \$ |
|----------------|------------------------------|---|-------------|
| June 2022 | 60 | 3.63 | 218 |
| July 2022 | 26 | 2.88 | 75 |
| August 2022 | 10 | 2.97 | 30 |
| September 2022 | 4 | 2.94 | 12 |
| October 2022 | 11 | 2.07 | 22 |
| November 2022 | 6 | 2.07 | 13 |
| Total | 117 | 3.16 | 370 |

Use of proceeds

On August 4, 2021, EverGen completed an initial public offering. As at September 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 September 30, 2022 | % Change |
|---|---------------------------------|---|-------------|
| Project development, construction and expansion | 10,750 | 3,917 | (64) |
| Further development and acquisition activities | 6,569 | 3,054 | (54) |
| Total | 17,319 | 6,971 | (60) |

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

Summary of Cash Flows

| | Nine months ended | | % |
|-------------------------|-----------------------|-----------------------|--------------|
| | September 30, 2022 | September 30, 2021 | Change |
| Net operating cash flow | (504) | (1,044) | (52) |
| Net investing cash flow | (7,493) | (14,451) | (48) |
| Net financing cash flow | (1,447) | 34,019 | (104) |
| Total | (9,444) | 18,524 | (151) |

The decrease in the Company's net operating cash outflows for the nine months ended September 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 nine months ended September 30, 2022, relates to property, plant and equipment expenditures relating to the Company's core RNG expansion projects at NZWA and FVB and capital improvements at NZWA. 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 nine months ended September 30, 2022, EverGen made an initial capital investment of \$1,000 in exchange for a 50 percent

interest in Project Radius and completed the acquisition of a 67% interest in GrowTEC for initial cash consideration of \$2,054.

Cash used in investing activities for the nine months ended September 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 nine months ended September 30, 2022, decreased compared to same period last year, primarily as a result of the drawdown of a credit facility for a senior secured term loan of \$7,000, proceeds from private placements and the initial public offering of the Company's common shares and Special Warrant Financing during the nine months ended September 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 nine months ended September 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 nine months ended September 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 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 nine months ended September 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 | | | Nine months ended | | |
|-----------------------------|--------------------|-----------------|-------------|-------------------|-----------------|-------------|
| | Sep 30, 2022 | Sep 30, 2021 | % Change | Sep 30, 2022 | Sep 30, 2021 | % Change |
| Salaries and benefits | 106 | 241 | (56) | 360 | 610 | (41) |
| Share-based payment expense | 242 | 367 | (34) | 240 | 1,109 | (78) |
| Total | 348 | 608 | (43) | 600 | 1,719 | (65) |

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 September 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 nine months ended September 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.

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, unusual or non-recurring items and non-controlling interests in adjusted EBITDA. 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) | September 30, 2022 | December 31, 2021 | % Change |
|--------------------------------|-----------------------|----------------------|-------------|
| Current assets | 15,430 | 25,019 | (38) |
| Current liabilities | (5,351) | (4,474) | 20 |
| Working capital surplus | 10,079 | 20,545 | (51) |

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.



Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

All amounts in Canadian \$000s, unless otherwise indicated

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 nine months ended September 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.

EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

All amounts in Canadian \$000s, unless otherwise indicated

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

| As at | Notes | September 30, 2022 | December 31, 2021 |
|---|-------|-----------------------|----------------------|
| Current assets | | | |
| Cash and cash equivalents | | 12,841 | 19,597 |
| Restricted cash | | - | 2,688 |
| Accounts receivable | 4 | 1,771 | 2,122 |
| Prepaid expenses and other assets | | 818 | 612 |
| | | 15,430 | 25,019 |
| Property, plant and equipment | 5 | 26,972 | 17,007 |
| Intangible assets | 6 | 26,412 | 24,376 |
| Goodwill | 3 | 15,938 | 14,208 |
| Equity-accounted investment | 7 | 940 | - |
| Total assets | | 85,692 | 80,610 |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | 1,868 | 3,197 |
| Loans payable | 8 | 700 | 700 |
| Lease liabilities | 9 | 510 | 298 |
| Deferred revenue | | 124 | - |
| Contingent consideration | 10 | 2,149 | 279 |
| | | 5,351 | 4,474 |
| Loans payable | 8 | 5,232 | 5,758 |
| Lease liabilities | 9 | 4,902 | 2,999 |
| Contingent consideration | 10 | 1,110 | - |
| Deferred tax | | 6,218 | 6,007 |
| Total liabilities | | 22,813 | 19,238 |
| Shareholders' equity | | | |
| Share capital | 11b | 61,700 | 60,597 |
| Share warrants | | 3,484 | 3,484 |
| Contributed surplus | 11a | 1,835 | 1,477 |
| Accumulated deficit | 11b | (6,630) | (4,186) |
| Non-controlling interest | 3 | 2,490 | - |
| Total shareholders' equity | | 62,879 | 61,372 |
| Total liabilities and shareholders' equity | | 85,692 | 80,610 |

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

Subsequent events note 20

On behalf of the board of directors:

Signed: "Chase Edgelow"

Chase Edgelow, Director

Signed: "Mary Hemmingsen"

Mary Hemmingsen, Director

EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

All amounts in Canadian \$000s, unless otherwise indicated

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

(Unaudited)

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

| | Notes | Three months ended | | Nine months ended | |
|---|-------|--------------------|--------------|-------------------|----------------|
| | | Sep 30, 2022 | Sep 30, 2021 | Sep 30, 2022 | Sep 30, 2021 |
| Revenue | 12 | 1,957 | 1,937 | 5,743 | 6,871 |
| Cost of goods sold | | 824 | 359 | 2,595 | 1,822 |
| Gross profit | | 1,133 | 1,578 | 3,148 | 5,049 |
| Operating costs | | 1,108 | 652 | 2,690 | 1,295 |
| General and administrative expenses | 13 | 1,073 | 334 | 2,920 | 2,021 |
| Depreciation and amortization | 5,6 | 827 | 763 | 2,317 | 2,027 |
| Share-based payment expense | 11a | 260 | 437 | 312 | 1,182 |
| Finance costs - net | 14 | 177 | 113 | 406 | 343 |
| Equity-accounted loss | 7 | 60 | - | 60 | - |
| Contingent consideration loss (gain) | 10 | 90 | (1,500) | 90 | (633) |
| Other income - net | 15 | (972) | (199) | (2,765) | (164) |
| Net income (loss) before income tax expense (recovery) | | (1,490) | 978 | (2,882) | (1,022) |
| Income tax expense (recovery) | | | | | |
| Current | | - | (14) | 4 | (11) |
| Deferred | | 329 | 499 | (302) | (171) |
| Net income (loss) and comprehensive income (loss) | | (1,819) | 493 | (2,584) | (840) |
| Non-controlling interest in net income (loss) and comprehensive income (loss) | | 13 | - | 13 | - |
| Net income (loss) and comprehensive income (loss) attributable to shareholders | | (1,832) | 493 | (2,597) | (840) |
| Income (loss) per share - basic and diluted | | (\$0.13) | \$0.04 | (\$0.19) | (\$0.08) |
| Weighted average number of common shares outstanding | | | | | |
| Basic | | 13,794 | 12,229 | 13,528 | 10,241 |
| Diluted | | 13,794 | 12,344 | 13,528 | 10,241 |

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

EverGen Infrastructure Corp.

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 \$ | Non- controlling Interest \$ | Total \$ |
|--|-------|-----------------------|------------------------|------------------------|-------------------------|----------------------|-----------------------|------------------------------|------------------------------|---------------------------------------|---------------|
| Balance, December 31, 2021 | | 13,367 | 60,597 | 2,682 | 3,484 | - | - | 1,477 | (4,186) | - | 61,372 |
| Net income (loss) for the period | | - | - | - | - | - | - | - | (2,597) | 13 | (2,584) |
| Repurchase of common shares | 11b | (100) | (488) | - | - | - | - | - | 153 | - | (335) |
| Share-based payment expense | 11a | - | - | - | - | - | - | 312 | - | - | 312 |
| Capitalized share-based expense | 5 | - | - | - | - | - | - | 75 | - | - | 75 |
| Acquisition of subsidiary | 3 | 600 | 1,560 | - | - | - | - | - | - | 2,477 | 4,037 |
| Common shares issued upon vesting of RSUs and other | 11a | 5 | 31 | - | - | - | - | (29) | - | - | 2 |
| Balance, September 30, 2022 | | 13,872 | 61,700 | 2,682 | 3,484 | - | - | 1,835 | (6,630) | 2,490 | 62,879 |

EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

All amounts in Canadian \$000s, unless otherwise indicated

(Thousands of Canadian Dollars and shares)

| | Notes | Share capital # | Share capital \$ | Share warrants # | Share warrants \$ | Share rights # | Share rights \$ | Contributed surplus \$ | Accumulated deficit \$ | Non-controlling Interest \$ | Total \$ |
|---|-------|--------------------|---------------------|---------------------|----------------------|-------------------|--------------------|---------------------------|---------------------------|--------------------------------|---------------|
| Balance, December 31, 2020 | | 8,203 | 32,790 | 340 | 1,068 | 462 | 32 | 252 | (2,233) | - | 31,909 |
| Net loss for the period | | - | - | - | - | - | - | - | (840) | - | (840) |
| Share-based payment expenses | | - | - | - | - | - | - | 1,182 | - | - | 1,182 |
| 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 |
| Initial Public Offering | | 3,080 | 19,034 | 1,540 | 986 | - | - | - | - | - | 20,020 |
| Over-allotment Share Warrant Units issued | | - | - | 231 | 83 | - | - | - | - | - | 83 |
| Share issue cost, net of tax | | - | (2,452) | - | - | - | - | - | - | - | (2,452) |
| Balance, September 30, 2021 | | 13,367 | 60,294 | 2,682 | 3,484 | - | - | 1,184 | (3,073) | - | 61,889 |

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

EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

All amounts in Canadian \$000s, unless otherwise indicated

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

| | | Nine months ended | |
|--|-------|-------------------|-----------------|
| | Notes | Sep 30, 2022 | Sep 30, 2021 |
| Operating activities | | | |
| Net loss attributable to shareholders | | (2,597) | (840) |
| Net income attributable to non-controlling interests | | 13 | - |
| Net loss | | (2,584) | (840) |
| Items not affecting cash: | | | |
| Depreciation and amortization | 5,6 | 2,317 | 2,027 |
| Loss on sale of property, plant and equipment | 5 | 45 | - |
| Share-based payment expense | 11a | 312 | 1,182 |
| Equity-accounted loss | 7 | 60 | - |
| Contingent consideration loss (gain) | 10 | 90 | (633) |
| Deferred income tax recovery | | (302) | (171) |
| Changes in non-cash working capital | 18 | (442) | (2,609) |
| Net cash flow used in operating activities | | (504) | (1,044) |
| Investing activities | | | |
| Acquisition | 3 | (2,054) | (10,690) |
| Cash and cash equivalents included in acquisition | 3 | 59 | 119 |
| Expenditures on property, plant and equipment | 5 | (4,197) | (586) |
| Insurance proceeds for property, plant and equipment | 5 | 532 | - |
| Disposals of property, plant and equipment | 5 | 33 | 3 |
| Contingent consideration payments | | - | (3,889) |
| Investment in equity-accounted investments | 7 | (1,000) | - |
| Grant funds received | | - | 368 |
| Changes in non-cash working capital | 18 | (866) | 224 |
| Net cash flow used in investing activities | | (7,493) | (14,451) |
| Financing activities | | | |
| Advances of loans payable | 8 | 10 | 7,000 |
| Repayment of principal portion of loans payable | 8 | (536) | (367) |
| Repayment of principal portion of lease liabilities | 9 | (315) | (197) |
| Proceeds from Special Warrant Financing | | - | 8,475 |
| Repurchase of common shares | 11b | (335) | - |
| Proceeds from private placements | | - | 2,320 |
| Proceeds from Initial Public Offering | | - | 20,020 |
| Proceeds from Over-Allotment Warrants | | - | 83 |
| Share issue costs | | - | (3,096) |
| Changes in non-cash working capital | 18 | (271) | (219) |
| Net cash flow (used in) from financing activities | | (1,447) | 34,019 |
| Net change in cash | | (9,444) | 18,524 |
| Cash, cash equivalents and restricted cash at beginning of period | | 22,285 | 5,003 |
| Cash, cash equivalents and restricted cash at end of period | | 12,841 | 23,527 |

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

Supplemental cash flow information note 18

EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

All amounts in Canadian \$000s, unless otherwise indicated

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. NATURE OF BUSINESS

As at September 30, 2022, EverGen Infrastructure Corp. ("EverGen" or the "Company") operates two organic waste management facilities and two renewable natural gas ("RNG") production facilities, both of which are currently under construction to increase the RNG production capacity.

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

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

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 November 21, 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.

ii. Non-controlling interest

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in the Company's capital in addition to changes in ownership interests. Total net income (loss) and comprehensive income (loss) is attributed to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

All amounts in Canadian \$000s, unless otherwise indicated

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. BUSINESS COMBINATIONS

a) Transaction overview

On July 13, 2022, the Company completed the acquisition of a 67% interest in an RNG facility under construction, Grow the Energy Circle Ltd. ("GrowTEC"), in exchange for cash consideration of \$2,054, subject to working capital adjustments, a commitment for a future contribution of assets to GrowTEC of \$300 and the issuance of 600,000 common shares of the Company. The common shares were valued at \$2.60 per common share using the share price of the Company on the acquisition date. Additional cash consideration of up to \$4.0 million will be paid upon the achievement of certain operational milestones.

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

b) Net assets acquired and consideration paid

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

| | Total |
|--|----------------|
| Fair value of assets acquired and liabilities assumed | |
| Cash and cash equivalents | 59 |
| Accounts receivable | 67 |
| Property, plant and equipment | 6,234 |
| Intangible assets | 3,500 |
| Goodwill | 1,730 |
| Accounts payable and accrued liabilities | (228) |
| Lease liabilities | (1,507) |
| Deferred tax liabilities | (617) |
| Fair value of net assets acquired | 9,238 |
| Non-controlling interest in fair value of net assets acquired | (2,477) |
| Shareholders interest in fair value of net assets acquired | 6,761 |
| Consideration paid | |
| Cash | 2,054 |
| Working capital adjustment | (43) |
| Assets contributed to GrowTEC | 300 |
| Common shares | 1,560 |
| Contingent consideration | 2,890 |
| Total consideration paid | 6,761 |

EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

All amounts in Canadian \$000s, unless otherwise indicated

The non-controlling interest in the fair value of the net assets acquired was measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

The preliminary purchase price allocation is based on management's best estimate of the assets acquired and liabilities assumed, based on information available at that time. Amendments may be required to estimates used to value the net assets acquired once values subject to estimation are finalized.

The contingent consideration is payable in two installments of \$2 million each upon the successful completion of two separate phases of commissioning the GrowTEC RNG facility. The contingent consideration is initially measured at fair value on the date of acquisition using widely accepted valuation techniques (level 3), using the probability-weighted average of payouts associated with each possible outcome, discounted using the estimated weighted average cost of capital for the Company. The Company has assumed a virtually certain probability of the first phase of commissioning occurring and assigned a probable weighting to the second phase of commissioning occurring. Applying a virtually certain probability to the second phase of commissioning would have resulted in an increase of the contingent consideration of \$290 at the acquisition date.

Intangible assets consist of customer contracts valued at \$3,500.

The consolidated statement of income (loss) and comprehensive income (loss) includes the results of operations for the period following the close of the transaction on July 13, 2022, which for the three and nine months ended September 30, 2022 includes revenues of \$236 and net income of \$45. If the closing of the acquisition had occurred on January 1, 2022, EverGen's consolidated revenue and net income (loss) would have increased by \$669 and decreased by \$106, respectively.

4. ACCOUNTS RECEIVABLE

| | September 30, 2022 | December 31, 2021 |
|---|-----------------------|----------------------|
| Trade receivables | 1,361 | 2,045 |
| Organic Infrastructure Program receivable | 77 | 77 |
| Other | 333 | - |
| | 1,771 | 2,122 |

5. PROPERTY, PLANT AND EQUIPMENT

| Cost | Buildings and leasehold improvements | | | | | Assets under construction | Total |
|---------------------------------|--------------------------------------|-------------------------------|---------------------|--------------|--------------|---------------------------|-------|
| | Land | Equipment, vehicles and other | Right-of-use assets | | | | |
| At December 31, 2021 | 3,238 | 5,422 | 4,609 | 3,564 | 1,100 | 17,933 | |
| Additions | - | 359 | 1,096 | 923 | 2,742 | 5,120 | |
| Acquisition (note 3) | - | 540 | 1,060 | 1,363 | 3,271 | 6,234 | |
| Capitalized share-based expense | - | - | - | - | 75 | 75 | |
| Insurance proceeds | - | (258) | (190) | (84) | - | (532) | |
| Disposals | - | - | (79) | - | - | (79) | |
| At September 30, 2022 | 3,238 | 6,063 | 6,496 | 5,766 | 7,188 | 28,751 | |
| Accumulated depreciation | | | | | | | |
| At December 31, 2021 | - | 273 | 327 | 326 | - | 926 | |
| Depreciation | - | 232 | 292 | 329 | - | 853 | |
| At September 30, 2022 | - | 505 | 619 | 655 | - | 1,779 | |

EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

All amounts in Canadian \$000s, unless otherwise indicated

| Carrying value | | | | | | |
|-----------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| At December 31, 2021 | 3,238 | 5,149 | 4,282 | 3,238 | 1,100 | 17,007 |
| At September 30, 2022 | 3,238 | 5,558 | 5,877 | 5,111 | 7,188 | 26,972 |

As at September 30, 2022, the Company was committed to \$7.3 million of future capital expenditure.

6. INTANGIBLE ASSETS

| Cost | Brands | Customer contracts and stakeholder relationships | Total |
|---------------------------------|--------------|--|---------------|
| At December 31, 2021 | 1,180 | 25,030 | 26,210 |
| Acquisition (note 3) | - | 3,500 | 3,500 |
| At September 30, 2022 | 1,180 | 28,530 | 29,710 |
| Accumulated amortization | | | |
| At December 31, 2021 | 59 | 1,775 | 1,834 |
| Amortization | 45 | 1,419 | 1,464 |
| At September 30, 2022 | 104 | 3,194 | 3,298 |
| Carrying value | | | |
| At December 31, 2021 | 1,121 | 23,255 | 24,376 |
| At September 30, 2022 | 1,076 | 25,336 | 26,412 |

7. EQUITY ACCOUNTED INVESTMENTS

In May 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 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 |
| Equity-accounted loss | (60) |
| At September 30, 2022 | 940 |

8. LOANS PAYABLE

| | Total |
|----------------------------|--------------|
| At December 31, 2021 | 6,458 |
| Advances | 10 |
| Interest expense (note 14) | 233 |
| Repayments | (769) |
| At September 30, 2022 | 5,932 |
| Less current portion | (700) |
| Long-term portion | 5,232 |

EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

All amounts in Canadian \$000s, unless otherwise indicated

9. LEASE LIABILITIES

| | Total |
|----------------------------|--------------|
| As at December 31, 2021 | 3,297 |
| Additions | 923 |
| Acquisition (note 3) | 1,507 |
| Interest expense (note 14) | 184 |
| Lease payments | (499) |
| As at September 30, 2022 | 5,412 |
| Less current portion | (510) |
| Long-term portion | 4,902 |

The Company's lease liabilities are calculated using discount rates ranging from 3.9% to 6.3%.

10. CONTINGENT CONSIDERATION

| | Total |
|--------------------------|----------------|
| As at December 31, 2021 | 279 |
| Acquisition (note 3) | 2,890 |
| Accretion | 90 |
| As at September 30, 2022 | 3,259 |
| Less current portion | (2,149) |
| Long-term portion | 1,110 |

11. SHAREHOLDERS' EQUITY

a) Share-based incentive programs and payment plans

Options

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

| | Number of Options (thousands) # | Weighted average exercise price \$ |
|--|--|---|
| Outstanding at December 31, 2021 | 172 | 9.56 |
| Granted | 15 | 2.75 |
| Forfeited | (45) | 9.40 |
| Outstanding at September 30, 2022 | 142 | 8.89 |
| Exercisable at September 30, 2022 | 59 | 9.87 |

Options granted to consultant

In September 2022, the Company granted 15,000 stock options to a consultant of the Company at an exercise price of \$2.75 each. These options vest quarterly over a one-year period and are exercisable for a period of three years from the grant date to purchase one common share for each Option held.

EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

All amounts in Canadian \$000s, unless otherwise indicated

PSUs, RSUs and DSUs

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

| (thousands) | Number of PSUs # | Number of RSUs # | Number of DSUs # |
|--|------------------------|------------------------|------------------------|
| Outstanding at December 31, 2021 | 600 | 120 | 28 |
| Granted | - | 158 | - |
| Forfeited | (170) | (105) | - |
| Vested | - | (5) | - |
| Outstanding at September 30, 2022 | 430 | 168 | 28 |

Restricted share units

During the nine months ended September 30, 2022, the Company granted 158,351 RSU awards to certain directors, officers and employees of the Company, which vest over a three-year period and had a weighted average grant date fair value of \$3.79 per RSU.

As at September 30, 2022, the Company had 168,716 RSUs outstanding, which vest over a remaining weighted average period of 0.9 years, with a weighted average grant date fair value of \$3.95 per RSU.

Share-based payment expenses

| | Three months ended | | Nine months ended | |
|--------------|--------------------|-----------------|-------------------|-----------------|
| | Sep 30, 2022 | Sep 30, 2021 | Sep 30, 2022 | Sep 30, 2021 |
| Options | 23 | 149 | 13 | 278 |
| PSUs | 191 | 205 | 285 | 609 |
| RSUs | 46 | 83 | 14 | 102 |
| DSUs | - | - | - | 193 |
| Total | 260 | 437 | 312 | 1,182 |

b) Common Share Repurchase

As at September 30, 2022, the Company had repurchased 100,000 common shares for total consideration of \$335 and recorded a gain on repurchase of \$153 which is included in accumulated deficit as at September 30, 2022.

12. REVENUE

The Company's revenue for the three and nine months ended September 30, 2022 and 2021 all relate to goods and services transferred at a point in time and all of the Company's revenues are revenues from contracts with customers.

| | Three months ended | | Nine months ended | |
|--------------------------------|--------------------|-----------------|-------------------|-----------------|
| | Sep 30, 2022 | Sep 30, 2021 | Sep 30, 2022 | Sep 30, 2021 |
| Tipping fees | 1,306 | 1,283 | 4,185 | 4,776 |
| Organic compost and soil sales | 182 | 245 | 614 | 1,131 |
| RNG sales | 231 | 368 | 620 | 638 |
| Electricity sales | 235 | - | 235 | - |
| Trucking services and other | 3 | 41 | 89 | 326 |
| Total | 1,957 | 1,937 | 5,743 | 6,871 |

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

EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

All amounts in Canadian \$000s, unless otherwise indicated

13. GENERAL AND ADMINISTRATIVE EXPENSES

| | Three months ended | | Nine months ended | |
|----------------------------------|--------------------|------------|-------------------|--------------|
| | Sep 30, | Sep 30, | Sep 30, | Sep 30, |
| | 2022 | 2021 | 2022 | 2021 |
| Salaries and wages | 328 | 288 | 938 | 692 |
| Professional and consulting fees | 320 | (120) | 1,078 | 930 |
| Other | 425 | 166 | 904 | 399 |
| Total | 1,073 | 334 | 2,920 | 2,021 |

14. FINANCE COSTS - NET

| | Three months ended | | Nine months ended | |
|--|--------------------|------------|-------------------|------------|
| | Sep 30, | Sep 30, | Sep 30, | Sep 30, |
| | 2022 | 2021 | 2022 | 2021 |
| Interest expense on loans payable (note 8) | 94 | 54 | 233 | 133 |
| Interest expense on lease liabilities (note 9) | 82 | 49 | 184 | 147 |
| Other | 2 | 11 | (5) | 66 |
| Interest income | (1) | (1) | (6) | (3) |
| Total | 177 | 113 | 406 | 343 |

15. OTHER INCOME - NET

| | Three months ended | | Nine months ended | |
|----------------------------------|--------------------|------------|-------------------|------------|
| | Sep 30, | Sep 30, | Sep 30, | Sep 30, |
| | 2022 | 2021 | 2022 | 2021 |
| Insurance proceeds | 793 | - | 2,465 | - |
| Sale of carbon credits and other | 179 | 199 | 300 | 164 |
| Total | 972 | 199 | 2,765 | 164 |

16. 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.

EverGen Infrastructure Corp.

Unaudited Interim Condensed Consolidated Financial Statements

All amounts in Canadian \$000s, unless otherwise indicated

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 nine months ended September 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 nine months ended September 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 September 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 | 1,870 | - | - | - | - | - | 1,870 |
| Contingent consideration | 2,149 | - | 1,110 | - | - | - | 3,259 |
| Loan payments ⁽¹⁾ | 1,079 | 5,433 | - | - | - | - | 6,512 |
| Lease payments ⁽¹⁾ | 818 | 673 | 621 | 534 | 480 | 5,002 | 8,128 |
| Total | 5,916 | 6,106 | 1,731 | 534 | 480 | 5,002 | 19,769 |

⁽¹⁾ Includes principal and interest.

17. RELATED PARTY BALANCES AND TRANSACTIONS

Key management compensation

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

| | Three months ended | | Nine months ended | |
|-----------------------------|--------------------|--------------|-------------------|--------------|
| | Sep 30, 2022 | Sep 30, 2021 | Sep 30, 2022 | Sep 30, 2021 |
| Salaries and benefits | 106 | 241 | 360 | 610 |
| Share-based payment expense | 242 | 367 | 240 | 1,109 |
| Total | 348 | 608 | 600 | 1,719 |

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Unaudited Interim Condensed Consolidated Financial Statements

All amounts in Canadian \$000s, unless otherwise indicated

18. SUPPLEMENTARY CASH FLOW INFORMATION

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

| | Nine months ended | |
|---|-------------------|----------------|
| | Sep 30, 2022 | Sep 30, 2021 |
| Net changes in non-cash working capital: | | |
| Accounts receivable | 461 | (323) |
| Prepaid expenses and other assets | (307) | 10 |
| Accounts payable and accrued liabilities | (1,857) | (2,291) |
| Deferred revenue | 124 | - |
| | (1,579) | (2,604) |
| Net changes in non-cash working capital related to: | | |
| Operating activities | (442) | (2,609) |
| Investing activities | (866) | 224 |
| Financing activities | (271) | (219) |
| | (1,579) | (2,604) |
| Interest paid | 233 | 290 |
| Taxes paid | 43 | 661 |

19. 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 nine months ended September 30, 2022 and September 30, 2021, the Company had two 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:

| | Organic | | | Total |
|--|----------------|----------------------|---------------------|-------|
| | RNG production | waste and composting | Corporate and other | |
| For the three months ended Sep 30, 2022 | | | | |
| Revenue | 561 | 1,396 | - | 1,957 |
| Cost of goods sold | 134 | 690 | - | 824 |
| Gross margin | 427 | 706 | - | 1,133 |
| For the three months ended Sep 30, 2021 | | | | |
| Revenue | 469 | 1,468 | - | 1,937 |
| Cost of goods sold | 71 | 288 | - | 359 |
| Gross margin | 398 | 1,180 | - | 1,578 |
| For the nine months ended Sep 30, 2022 | | | | |
| Revenue | 1,079 | 4,664 | - | 5,743 |
| Cost of goods sold | 293 | 2,302 | - | 2,595 |
| Gross margin | 786 | 2,362 | - | 3,148 |
| For the nine months ended Sep 30, 2021 | | | | |
| Revenue | 800 | 6,071 | - | 6,871 |
| Cost of goods sold | 146 | 1,676 | - | 1,822 |
| Gross margin | 654 | 4,395 | - | 5,049 |

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As at September 30, 2022

| | | | | |
|--------------|--------|--------|-------|--------|
| Total assets | 29,015 | 52,720 | 3,957 | 85,692 |
|--------------|--------|--------|-------|--------|

As at December 31, 2021

| | | | | |
|--------------|--------|--------|-------|--------|
| Total assets | 17,279 | 57,589 | 5,742 | 80,610 |
|--------------|--------|--------|-------|--------|

20.SUBSEQUENT EVENTS

- a) Subsequent to September 30, 2022, the Company granted 40,000 RSUs to an officer and certain employees of the Company, which vest over a three-year period.