EARTHRENEW INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 and 2021

(Expressed in Canadian dollars)

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements, in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

EARTHRENEW INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

(Expressed in Canadian dollars)	Note	**June 30, 2022**	December 31, 2021
ASSETS			
Current Assets			
Cash		**$ 7,543,599**	$ 1,274,977
Accounts Receivables		**4,361,314**	3,029,633
Inventory	4	**4,121,329**	926,304
Prepaid expenses and deposits		**264,838**	104,105
		16,291,080	5,335,019
Non-current Assets			
Property, plant and equipment	5	**8,849,643**	8,790,922
Intangible assets	6	**10,350,617**	10,943,067
Goodwill		**1,722,983**	1,722,983
TOTAL ASSETS		**$ 37,214,323**	$ 26,791,992
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 6,281,708**	$ 5,204,762
Current portion of lease liabilities	7	**80,719**	65,434
Current portion of long-term debt	8	**551,958**	588,651
Current portion of contingent consideration	12	**2,595,875**	1,868,749
		9,510,260	7,727,596
Non-current liabilities			
Deferred taxes		**2,106,300**	2,346,000
Contingent consideration	12	**3,308,708**	3,184,645
Long-term lease liabilities	7	**388,161**	434,253
Long-term debt	8	**3,313,534**	2,563,198
TOTAL LIABILITIES		**18,626,963**	16,255,693
EQUITY			
Share capital	10	**30,435,452**	24,195,577
Warrants	10	**5,544,199**	1,120,601
Share-based payments reserve	10	**1,118,939**	1,224,504
Deficit		**(18,511,230)**	(16,004,383)
TOTAL EQUITY		**18,587,359**	10,536,299
TOTAL LIABILITIES AND EQUITY		**$ 37,214,323**	$ 26,791,992
Nature of operations and going concern	1		
Commitments and contingencies	12		
Subsequent events	20		

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Approved on behalf of the Directors:

"Keith Driver"
Director

"Catherine Stretch"
Director

EARTHRENEW INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED)

(Expressed in Canadian dollars)	Note	**Three Months Ended June 30 2022**	Three Months Ended June 30 2021	**Six Months Ended June 30 2022**	Six Months Ended June 30 2021
REVENUES	13	**$7,034,294**	$1,585,662	**$10,098,108**	$2,067,360
Cost of goods sold		**(6,060,077)**	(1,165,591)	**(9,370,807)**	(1,288,238)
		974,317	420,071	**727,301**	779,122
EXPENSES					
General and administrative	14	**1,055,289**	1,157,275	**1,987,211**	2,248,632
Bad debt recovery		**(29,761)**	-	**(157,219)**	-
Share-based payments		**-**	-	**-**	104
Research and development		**115,317**	16,321	**132,513**	42,083
Depreciation and amortization	5,6	**453,859**	299,291	**911,923**	371,474
Financing	15	**57,134**	34,889	**102,013**	42,607
Foreign exchange loss		**16,238**	6,531	**14,704**	6,932
		1,668,075	1,514,307	**2,991,144**	2,711,832
Other income	16	**215,510**	31,279	**231,264**	79,669
Loss on asset disposal		**(6,236)**	-	**(6,236)**	-
Deferred taxes		**(36,300)**	-	**239,700**	-
Loss on change in fair value of contingent consideration	12	**(765,928)**	-	**(851,189)**	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		**(1,286,712)**	(1,062,957)	**(2,650,304)**	(1,853,041)
NET LOSS PER SHARE					
Basic and diluted	17	**(0.01)**	(0.02)	**(0.03)**	(0.03)
Weighted average number of shares					
Basic and diluted		**103,179,707**	54,922,222	**97,975,895**	62,602,603

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

EARTHRENEW INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

(Expressed in Canadian dollars)	**Share capital $**	**Warrants $**	**Share-based payment reserve $**	**Deficit $**	**Total Shareholders' Equity $**
Balance, December 31, 2020	14,515,909	1,097,804	1,087,976	(12,017,225)	4,684,464
Warrants exercised	615,525	(196,375)	-		419,150
Share-based payments	-	-	104	-	104
Stock options exercised	34,040	-	(12,040)	-	22,000
Net loss	-	-	-	(790,084)	(790,084)
Balance, March 31, 2021	15,165,474	901,429	1,076,040	(12,807,309)	4,335,634
Balance, December 31, 2021	**24,195,577**	**1,120,601**	**1,224,504**	**(16,004,383)**	**10,536,299**
Prospectus offering, net of issue costs	**9,268,865**				**9,268,865**
Warrants granted	**(4,860,835)**	**4,860,835**			**-**
Warrants exercised	**1,808,541**	**(388,541)**	**-**	**-**	**1,420,000**
Warrants expired	**-**	**(48,697)**	**-**	**48,697**	**-**
Stock options exercised	**23,305**	**-**	**(10,805)**	**-**	**12,500**
Stock options expired	**-**	**-**	**(94,760)**	**94,760**	**-**
Net loss	**-**	**-**	**-**	**(2,650,304)**	**(3,046,011)**
Balance, June 30, 2022	**30,435,453**	**5,544,198**	**1,118,939**	**(18,511,230)**	**18,587,360**

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

EARTHRENEW INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Expressed in Canadian dollars)	Note	**Three Months Ended June 30** **2022**	2021	**Six Months Ended June 30** **2022**	2021
OPERATING ACTIVITIES					
Net loss		**(1,286,712)**	(1,062,957)	**(2,650,304)**	(1,853,041)
Items not affecting cash:					
Depreciation and amortization	5,6	**453,859**	299,291	**911,923**	371,474
Share-based payments		**-**	-	**-**	104
Loss on disposal		**6,236**	-	**6,236**	-
Interest payable		**-**	30,293	**-**	38,0118
Deferred taxes		**36,300**	-	**(239,700)**	-
Loss on change in fair value of contingent consideration		**765,928**	-	**851,189**	-
Changes in non-cash working capital	19	**(2,992,395)**	397,821	**(3,610,493)**	573,474
Net cash used in operating activities		**(3,016,784)**	(335,552)	**(4,731,149)**	(869,978)
FINANCING ACTIVITIES					
Prospectus proceeds (net)		**9,268,865**	-	**9,268,865**	-
Proceeds from private placement		**-**	628,259	**-**	628,259
Lease liability payments	7	**(14,887)**	(28,662)	**(32,810)**	(43,662)
Long-term debt payments	8	**(91,645)**	(33,513)	**(175,829)**	(33,513)
Proceeds from long-term debt	8	**-**	3,913	**889,472**	3,913
Proceeds from exercise of options	10	**-**	-	**12,500**	22,000
Proceeds from exercise of warrants	10	**700,000**	810,000	**1,420,000**	1,229,150
Net cash provided by financing activities		**9,862,333**	1,379,997	**11,384,199**	1,806,147
INVESTING ACTIVITIES					
Additions to property, plant and equipment	5	**(34,698)**	(354,156)	**(441,523)**	(354,156)
Disposals of property, plant and equipment		**57,095**	-	**57,095**	-
Cash acquired		**-**	18,360	**-**	18,360
Acquisition of Replenish		**-**	(1,412,000)	**-**	(1,412,000)
Net cash used in investing activities		**22,397**	(1,747,796)	**(384,428)**	(1,747,796)
Change in cash during the period		**6,867,946**	(703,351)	**6,286,622**	(811,627)
CASH - BEGINNING OF PERIOD		**675,653**	845,492	**1,274,977**	953,768
CASH – END OF PERIOD		**7,543,599**	142,141	**7,543,599**	142,141

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

(Expressed in Canadian dollars, excepts as otherwise noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

EarthRenew Inc. (the "Company" or "EarthRenew") is a publicly listed company incorporated in the province of Ontario, Canada and its shares are listed on the Canadian Securities Exchange ("CSE"). The Company trades under the symbol "ERTH.CN" on the CSE. The Company's head office is located at 610, 600 6th Avenue SW, Calgary, AB, T2P 0S5.

EarthRenew is engaged in the following business activities:

- Production of regenerative fertilizers for sale to agricultural farmers; and
- Low-cost sustainable power generation.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations, and do not include any adjustments to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Details of deficit and working capital (current assets less current liabilities) of the Company are as follows:

	June 30, 2022	December 31, 2021
Deficit	**$ (18,511,230)**	$ (16,004,383)
Net Loss	**2,650,304**	4,703,041
Working Capital (Deficit)	**6,780,820**	(2,392,577)

The Company will be required to generate cash flows from operations and or may need to raise additional funds through future issuance of securities or debt financing. Although the Company has raised funds in the past, there can be no assurance the Company will be able to raise sufficient funds in the future. It is not possible to predict whether financing efforts will be successful or if the Company will ever attain a profitable level of operations. These conditions indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern.

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. COVID-19 has had a minimal effect on the Company's operations to date. The Company's power generation activities are largely affected by peak power demand for electricity caused by weather-related events pushing up the demand for electricity.

2. BASIS OF PRESENTATION

STATEMENT OF COMPLIANCE

The unaudited condensed interim consolidated financial statements are prepared according to International Accounting Standard (IAS) 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") effective as of June 30, 2022. They do not include all the disclosures required in annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021. The unaudited condensed interim consolidated financial statements are prepared following the same accounting policies used in the Company's audited consolidated financial statements as at December 31, 2021, unless otherwise noted below.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors, on August 25, 2022.

BASIS OF CONSOLIDATION

All entities in which the Company has a controlling interest are fully consolidated from the date that control commences until the date that control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

These unaudited condensed interim consolidated financial statements include the accounts of EarthRenew Inc. and its wholly owned subsidiaries EarthRenew Strathmore Inc. and Replenish Nutrients Ltd, acquired in May 2021. Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions have been eliminated.

BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements are prepared on a historic cost basis; except for financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies, which are outlined in the Company's annual financial statements for the year ended December 31, 2021.

FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which it operates. The Company's condensed interim consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("Foreign Currencies") are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in Foreign Currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

SIGNIFICANT ACCOUNTING POLICIES AND NEW STANDARDS ADOPTED

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those of the previous financial year except as described below.

NEW AND AMENDED STANDARDS ADOPTED

We adopted the following amendment on January 1, 2022.

- IAS 16 – Property, Plant and Equipment ("IAS 16") was amended in May 2020 to prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. Adoption of this amendment did not require any adjustment in our treatment of Property, Plant and Equipment

- IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. Adoption of this amendment did not require any adjustment in our treatment of provisions, contingent liabilities and contingent assets.

- IFRS 3 - Business Combinations ("IFRS 3") was amended in May 2020 to update an outdated reference in the conceptual framework in IFRS 3 without significantly changing its requirements (Amendments to IFRS 3). The amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination; and that for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 to identify the liabilities it has assumed in a business combination. Adoption of this amendment did not require any adjustment in our treatment of business combinations.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new or amended standards or interpretations issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee (IFRIC) do not have to be early adopted in the current period.

The standards issued, but not yet effective, are described below.

- IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. Earlier adoption is permitted.

- IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in February 2021. The IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that require entities to disclose their material accounting policies rather than their significant accounting policies, with guidance to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier adoption is permitted.

- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") was amended in February 2021 to introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier adoption is permitted.

- IAS 12 – Income Taxes ("IAS 12") was amended in May 2021. The IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). The amendments narrowed the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences. The amendments are effective January 1, 2023, with early adoption permitted.

The Company will adopt these amendments as of their effective dates and is currently assessing their impacts on adoption. There are no other standards or interpretations issued, but not yet effective, that the Company anticipates may have a material effect on the consolidated financial statements once adopted.

4. INVENTORY

Total carrying amount of inventory is as follows:

	June 30, 2022	December 31, 2021
Raw materials	**$ 3,926,159**	$ 461,632
Work in progress	**-**	26,725
Finished goods	**195,170**	437,947
Total inventory	**$ 4,121,329**	$ 926,304

During the three and six months ended June 30, 2022, $4,583,550 and $6,745,719 of inventory was recognized as cost of sales (2021-$921,592 and $921,592).

5. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the changes in the carrying amount of property, plant and equipment is as follows:

	Equipment	Electricity Equipment	Plant and Buildings	Vehicles	Land	Right-of-use assets	Total
Cost							
At December 31, 2020	$ -	$ 500,000	$3,605,805	$ -	$ -	$ 750,859	$ 4,856,664
Acquisitions	1,052,500	-	660,650	88,000	1,250,825	16,602	3,068,577
Additions	1,881,131	-	84,716	-	-	-	1,965,847
At December 31, 2021	**2,933,631**	**500,000**	**4,351,171**	**88,000**	**1,250,825**	**767,461**	**9,891,088**
Additions (Disposals)	**49,204**	**-**	**392,319**	**(78,000)**	**-**	**(16,602)**	**346,921**
At June 30, 2022	**$ 2982,835**	**$ 500,000**	**$4,743,489**	**$ 10,000**	**$1,250,825**	**$ 750,859**	**$10,238,009**
Accumulated depreciation							
At December 31, 2020	$ -	$ 150,000	$ 144,232	$ -	$ -	$ 386,200	$ 680,432
Depreciation	85,783	100,000	161,781	11,071	-	61,098	419,734
At December 31, 2021	**85,783**	**250,000**	**306,013**	**11,071**	**-**	**447,298**	**1,100,166**
Depreciation	**156,252**	**50,000**	**85,278**	**5,694**	**-**	**22,248**	**161,838**
Disposals	**-**	**-**	**-**	**(14,669)**	**-**	**(16,602)**	**(31,271)**
At June 30, 2022	**$ 242,035**	**$ 300,000**	**$ 391,291**	**$ 2,097**	**$ -**	**$ 452,944**	**$ 1,388,367**
Net Book Value							
At December 31, 2021	2,846,775	250,000	4,046,231	76,929	1,250,825	320,163	8,790,922
At June 30, 2022	**$ 2,740,800**	**$ 200,000**	**$4,352,198**	**$ 7,903**	**$1,250,825**	**$ 297,915**	**$ 8,849,642**

Included in Equipment are assets that are under financing leases with a net book value of $137,864 at June 30, 2022 (2021 – $144,963).

6. INTANGIBLE ASSETS

A reconciliation of the changes in the carrying amount of intangible assets is as follows:

	Customer Relationships	Brand Name	Assembled Workforce	Total
Cost				
At December 31, 2020	**-**	**-**	**-**	**-**
Acquisitions	$ 6,225,000	$ 5,392,000	$ 116,000	$ 11,733,000
Amortization	(415,000)	(359,467)	(15,466)	(789,933)
At December 31, 2021	**5,810,000**	**5,032,533**	**100,534**	**10,943,067**
Amortization	**311,250**	**269,600**	**11,600**	**592,450**
At June 30, 2022	**$ 5,498,750**	**$ 4,762,933**	**88,933**	**$10,350,617**

7. LEASE LIABILITIES

The Company has lease agreements in place for land as well as office premises.

The changes in lease liabilities are as follows:

	June 30, 2022	December 31, 2021
Balance, beginning of period	**$ 499,687**	$ 393,323
Acquisition	**-**	158,258
Interest expense	**20,461**	39,364
Lease payments	**(52,924)**	(91,258)
Balance, end of period	**467,224**	499,687
Current portion	**80,719**	65,434
Long-term portion	**386,506**	434,253
Lease Liabilities	**$ 467,225**	$ 499,687

The total undiscounted amount of the estimated future cash flows to settle the lease liabilities over the remaining lease term is $596,000.

The following is a reconciliation from the undiscounted lease payments to the lease liabilities:

2022	$ 68,443
2023	106,886
2024	106,886
2025	82,585
2026	61,700
2027	60,000
2028	60,000
2029	49,500
Total contractual cash flows	**596,000**
Less: interest	(128,776)
Lease liabilities	**$ 467,224**

8. LONG TERM DEBT

CANADA EMERGENCY BUSINESS ACCOUNT LOAN

On May 1, 2021, EarthRenew acquired all of the outstanding loans from Replenish, which included a $100,000 interest-free loan from the Canada Emergency Business Account Program (“CEBA”). By repaying the loan before December 31, 2023, the Company will benefit from a $30,000 loan forgiveness, which has been recorded as a government grant in the Consolidated Statement of Loss and Comprehensive Loss. If the loan is not repaid by December 31, 2023, it will be converted into a three-year term loan at an annual interest rate of 5%, with the entire loan to be repaid. The Company intends to repay the balance of $70,000 in December 2023.

The fair value of the CEBA Loan as at June 30, 2022 is $68,275. The fair value of the loan was discounted using an interest rate of 5%. For the three and six months ended June 30, 2022, accretion expense of $846 and $1,682 (2021 - $538) was recorded related to the CEBA loan.

CREDIT FACILITY WITH AGRICULTURE FINANCIAL SERVICES CORPORATION

Effective July 21, 2021, Replenish, a wholly owned subsidiary of EarthRenew, secured new senior secured asset-based credit facilities totalling $3.2 million (the “ABL Facility”) from Agriculture Financial Services Corporation (“AFSC”). On February 28, 2022 the ABL Facility was increased to $3.9 million

The ABL Facility contemplates a five-year term, including interest-only payments until June 1st, 2022. Amounts drawn on the main facility bear interest at a rate of 3.52% per annum, while the inventory loan rate is 2.875% per annum. The ABL Facility is subject to compliance with financial covenants starting in 2022. EarthRenew has provided an unlimited guarantee as security for the ABL Facility. The proceeds of the ABL Facility were primarily used to fully repay previously existing senior debt facilities held by the Bank of Montreal.

As at June 30, 2022, EarthRenew had the following outstanding long-term debt:

	Interest Rate	Maturity	June 30, 2022	December 31, 2021
CEBA loan	5.000%	Dec-2023	$ 68,275	$ 66,592
AFSC loan	2.875%	Jun-2024	500,000	500,000
AFSC loan	3.520%	Dec-2026	2,045,872	1,260,478
AFSC- Building loan	3.520%	Dec-2026	1,239,437	1,250,000
Other asset specific secured loans	0% to 4.99%	Feb 2023 to Aug 2026	11,908	74,778
			$ 3,865,492	$ 3,151,849

	June 30, 2022	December 31, 2021
Current portion of long-term debt	$ 551,958	$ 588,651
Long-term portion of long-term debt	3,313,534	2,562,898
	$ 3,865,492	$ 3,151,549

The changes in long term debt are as follows:

	June 30, 2022	December 31, 2021
Balance, beginning of period	$ 3,151,849	$ -
Debt on acquisition	-	1,775,882
Proceeds of long-term debt	889,472	3,010,478
Discount	-	(5,586)
Interest accretion	1,682	2,179
Debt payments	(177,511)	(1,631,104)
Balance, end of period	$ 3,865,492	$ 3,151,849

9. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity, long-term debt and leases. The Company manages its capital structure and makes adjustments based on the funds available to support the development of its operations. The board of directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the board of directors to sustain future development of the business.

The Company is dependent upon external financing to fund its activities. To continue to carry out the Company's planned development and funding of ongoing administrative expenses the Company will utilize its existing working capital and will raise additional capital as appropriate.

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets. There have not been any significant changes in the Company's capital management approach during 2022.

On October 8, 2020, the Company entered into an equity financing facility (the "Facility") for up to $10,000,000 with Alumina Partners (Ontario) Ltd. ("Alumina"), an affiliate of New York-based private equity firm Alumina Partners LLC. The investment agreement provides the Company with an at-will financing facility over a period of 24 months during which the Company can draw down, at its sole discretion, equity private placement tranches of up to $500,000. Each tranche will be composed of units, with each unit consisting of one common share of the Company and one common share purchase warrant, at discounts between 15 and 25 percent of the closing price of the common shares on the day prior to the Company's drawdown notice to Alumina. The exercise price of the warrants will be at a 25 percent premium over market at the time of issuance and the warrants will have a term of 60 months. Each draw down from the Facility may be subject to approval of the Canadian Securities Exchange. All securities issued pursuant to a financing under the Facility will be subject to a statutory hold period that expires four months and one day from issuance. As at June 30, 2022, no drawdowns under the facility had taken place.

The Company is required to maintain the following financial covenants under the ABL facility for the year ended December 31, 2022 and onwards:

- a minimum debt service ratio of 1.25:1
- a minimum current ratio of 1.2: 1
- a maximum debt to equity ratio of 3:1

The Company's financial covenants are reviewed regularly and controls are in place to maintain compliance with the covenants.

Debt service ratio is the ratio of (i) annual debt payments to (ii) earnings before tax, interest, depreciation and amortization. Current ratio is the ratio of (i) current assets to (ii) current liabilities. Debt to equity ratio is the ratio of (i) total debt to (ii) total shareholders' equity.

10. SHARE CAPITAL

AUTHORIZED

The Company is authorized to issue an unlimited number of voting common shares, without par value.

ISSUED AND OUTSTANDING COMMON SHARES

A reconciliation of the number and dollar amount of outstanding shares at June 30, 2022 is shown below.

Common Shares	Number	Amount
Balance at December 31, 2020	54,184,857	$ 14,515,909
Shares issued for acquisitions	21,264,093	5,273,496
Shares issued for debt settlement	2,184,663	541,796
Shares issued for settlement of contingent consideration	2,840,957	599,443
Private placements	8,895,027	2,048,259
Warrants exercised	2,859,665	1,739,309
Warrants granted	-	(556,675)
Options exercised	100,000	34,040
Balance, December 31, 2021	**92,329,262**	**24,195,577**
Warrants exercised	**7,100,000**	**1,808,541**
Options exercised	**50,000**	**23,305**
Common share offering	**41,804,500**	**10,451,125**
Warrant granted	**-**	**(4,860,835)**
Issuance costs	**-**	**(1,182,260)**
Balance, June 30, 2022	**141,283,762**	**$ 30,435,452**

On May 12, 2021, EarthRenew acquired all of the issued and outstanding securities of Replenish Nutrients Ltd. which included the issuance of 21,264,093 common shares of EarthRenew at a deemed price of $0.248 per EarthRenew common share. The acquisition has an effective date of May 1, 2021.

On May 21, 2021, the Company completed its shares for debt settlements with certain creditors of the Company's wholly-owned subsidiary, Replenish. The Company issued 2,184,663 common shares of the Company at a deemed price of $0.248 per share at a 25% discount to market in satisfaction of outstanding debt of $541,796.

On May 27, 2021, the Company closed a private placement financing by issuing 1,795,027 units at a price of $0.35 per unit for gross proceeds of $628,259. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, entitling the holder of a whole warrant to acquire one additional common share at an exercise price of $0.475 for a period of 36 months from issuance.

The fair value of the 897,513 warrants was estimated at $168,134, using the Black-Scholes option pricing model with the following assumptions: stock price of $0.2564; expected dividend yield of 0%; expected volatility of 147%; risk-free interest rate of 0.51% and an expected life of 3 years.

On October 12, 2021, the Company paid the first earn-out payments for the period ending June 30, 2021 with respect to the Replenish Acquisition in the aggregate amount of $999,070, of which $599,443 was settled by the issuance of 2,840,957 common shares of the Company, each with a deemed issuance price of $0.211 at the 30 day weight average price of shares.

On October 20, 2021, the Company successfully closed the over-subscription of its non-brokered private placement financing of 7,100,000 units at a price of $0.20 per unit, which was equal to market price, for gross proceeds of $1,420,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share, at an exercise price of $0.20 per common share, for a period of six months from the date of issuance.

On June 21, 2022, the Company successfully closed the over-subscribed prospectus share offering of 41,804,500 units at a price of $0.25 per unit, for gross proceeds of $10,451,125. Each unit consists of one common share of the Company and one common share warrant. Each warrant entitles the holder to acquire one common share, at an exercise price of $0.32 per common share, for a period of 48 months from the date of issuance. The Company spent cost of issuance of $1,182,260 for the prospectus offering and issued 2,508,270 broker warrants. Each broker warrant is exercisable into one common share and one warrant in the Company at a price of $0.25 until June 21, 2024.

The fair value of the 41,804,500 warrants and 2,508,270 finder warrants was estimated at $4,619,692 and $241,144, respectively, using the Black-Scholes option pricing model with the following assumptions: stock price of $0.14; expected dividend yield of 0%; expected volatility of 144%; risk-free interest rate of 3.31% and an expected life of 4 and 2 years respectively.

WARRANTS

A summary of the change in Company's common share purchase warrants as at June 30, 2022 is shown below.

	Number	Weighted Average Exercise Price	Value of Warrants
December 31, 2020	6,078,565	$ 0.43	$ 1,097,804
Granted	7,997,513	0.23	556,675
Exercised	(2,859,665)	0.43	(510,159)
Expired	(177,668)	0.30	(23,719)
December 31, 2021	**11,038,745**	**0.29**	**1,120,601**
Granted	**44,312,770**	**0.32**	**4,860,835**
Exercised	**(7,100,000)**	**0.20**	**(388,541)**
Expired	**(213,733)**	**0.30**	**(48,697)**
June 30, 2022	**48,037,782**	**$ 0.33**	**$ 5,544,198**

The following summarizes the warrants outstanding as of June 30, 2022:

Outstanding	Exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Expected Volatility	Expected Life	Expected Dividend Yield	Risk free interest rate
2,347,254	2,347,254	24-Jul-20	24-Jul-22	$ 0.45	$ 407,085	205%	2.00	0%	0.45%
265,078	265,078	24-Jul-20	24-Jul-22	$ 0.45	$ 59,275	205%	2.00	0%	0.45%
25,000	25,000	13-Oct-20	13-Oct-22	$ 0.45	$ 4,366	207%	2.00	0%	0.24%
190,167	190,167	13-Oct-20	13-Oct-22	$ 0.45	$ 44,503	207%	2.00	0%	0.24%
897,513	897,513	27-May-21	27-May-24	$ 0.475	$ 168,134	147%	3.00	0%	0.51%
2,508,270	2,508,270	21-Jun-22	21-Jun-24	$ 0.25	$ 241,114	144%	2.00	0%	3.31%
41,804,500	41,804,500	21-Jun-22	21-Jun-26	$ 0.32	$ 4,619,721	144%	4.00	0%	3.31%
48,037,782	**48,037,782**				**$ 5,544,198**				

During the three and six months ended June 30, 2022, 3,500,000 and 7,100,000 of the Company's warrants were exercised (three and six months ended June 30, 2021: 2,859,666 and 2,440,516), generating proceeds of $700,000 and $1,420,000 (three and six months ended June 30, 2021: $1,229,150 and $810,000). The weighted-average remaining contractual life of the warrants as of June 30, 2022 is 4.72 years (December 31, 2021: 0.54 years).

During the three and six months ended June 30, 2022, nil and 213,733 warrants were expired (three and six months ended June 30, 2021 – nil and nil) and $nil and $48,697 was recorded against deficit (three and six months ended June 30, 2021 – $nil and $nil).

The Company's outstanding warrants were valued at the fair value of the instruments issued, determined using the Black-Scholes option pricing model, using the above inputs.

SHARE-BASED PAYMENTS RESERVE

Stock options

The Company has an amended stock option compensation plan for executives and employees. In accordance with the terms of the plan, officers, non-independent directors, employees and consultants of the Company may be granted options to purchase common shares at exercise prices determined at the time of grant. The Company has adopted a Floating Stock Option Plan (the "Plan"), whereby the number of common shares reserved for issuance under the Plan is equivalent to up to 10% of the issued and outstanding shares of the Company. Options under the Plan which have been exercised or which have expired shall be available for subsequent grants. The option vesting terms are determined at the discretion of the board of directors.

Each employee share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following summarizes the change in options as of June 30, 2022:

	Number	Weighted Average Exercise Price	Value of options
December 31, 2020	3,765,000	$ 0.41	$ 1,087,976
Granted	3,890,000	0.25	840,732
Exercised	(100,000)	0.22	(12,040)
Expired	(923,325)	0.75	(479,210)
Forfeited	(780,017)	0.34	(212,954)
December 31, 2021	**5,851,658**	**0.26**	**1,224,504**
Exercised	**(50,000)**	**0.25**	**(10,805)**
Expired	**(499,998)**	**0.28**	**(94,760)**
June 30, 2022	**5,301,660**	**$ 0.26**	**$ 1,118,939**

The number of stock options outstanding as at June 30, 2022 is as follows:

Outstanding	Exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Expected Volatility	Expected Life	Expected Dividend Yield	Risk free interest rate
233,331	233,331	8-Jul-19	8-Jul-24	$0.30	$ 18,059	105%	5.00	0%	1.57%
366,665	366,665	25-Oct-19	25-Oct-24	$0.18	$ 52,030	110%	5.00	0%	1.57%
333,333	333,333	2-Apr-20	2-Apr-25	$0.30	$ 57,000	147%	5.00	0%	0.59%
668,331	668,331	5-Jun-20	5-Jun-25	$0.33	$ 192,280	135%	5.00	0%	0.52%
3,700,000	3,700,000	3-Aug-21	3-Aug-26	$0.25	$ 799,570	132%	5.00	0%	0.85%
5,301,660	**5,301,660**				**$1,118,939**				

On July 30, 2021, the Company granted 3,890,000 stock options to certain officers, directors, employees, and consultants of the Company pursuant to the Company's stock option plan. The stock options vested immediately and may be exercised at a price of $0.25 per option for a period of five years from the date of grant.

During the three and six months ended June 30, 2022, nil and 50,000 of the Company's stock options were exercised (three and six months ended June 30, 2021: nil and 100,000), generating proceeds of $nil and $12,500 (three and six months ended June 30, 2021: $nil and $22,000). The weighted average remaining life of the outstanding options at June 30, 2022 is 3.65 years (December 31, 2021: 4.09 years).

During the three and six months ended June 30, 2022, nil and 499,998 options were forfeited (three and six months ended June 30, 2021 – nil and nil) in accordance with the Plan and $nil and $94,760 was recorded against deficit (three and six months ended June 30, 2021 – $nil and $nil).

The fair value of options issued is determined using the Black-Scholes option pricing model, using the above inputs. Volatility is estimated by using the historical volatility of the Company, adjusted for the Company's expectation of volatility going forward. The expected life in years represents the period of time that the options granted are expected to be outstanding. The risk-free interest rate is based on Bank of Canada government bonds with a remaining term equal to the expected life of the options.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments are measured at amortized cost or fair value. Fair value represents the estimated amounts at which financial instruments could be exchanged between knowledgeable and willing parties in an arm's length transaction. Determining fair value requires management judgement.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The Company uses quoted market prices when available to estimate fair value. Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Management's judgement as to the significance of a particular input may affect placement within the fair value hierarchy levels.

The fair value hierarchy is as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and,
- Level 3 – Inputs that are not based on observable market data.

The valuation methods used to determine the fair value of each financial instrument and its associated level in the fair value hierarchy is described below.

Financial Instruments	Fair Value Method
Measured at Amortized Cost	
Cash, accounts receivable, lease labilities and accounts payable and accrued liabilities	Measured initially at fair value, then at amortized cost after initial recognition. Fair value approximates carrying value due to their short-term nature.
Long-term debt	Measured initially at fair value, then at amortized cost after initial recognition using the effective interest method. Fair value is determined using discounted cash flows at the current market interest rate. (Level 2)
Measured at Fair Value	
Contingent consideration	Measured at fair value through profit or loss.

MARKET RISK

The Company's activities expose it to a variety of market risks, including foreign currency risk, interest rate risk, credit risk, and liquidity risk.

Management has overall responsibility for the establishment of risk management strategies and objectives. EarthRenew's risk management policies are established to identify the risks faced, to set appropriate risk limits, and to monitor adherence to risk limits. Risk management policies are reviewed regularly to reflect changes in market conditions and EarthRenew's activities.

Foreign currency risk

The Company funds the operations and maintains a head office in Canada. A portion of the Company's expenses are denominated in United States dollars. Consequently, the Company is exposed to fluctuations in the Canadian dollar relative to the United States dollar. The Company has not used derivative instruments to reduce its exposure to foreign exchange fluctuations.

The Company estimates that a 10% strengthening or weakening of the Canadian dollar against the United States dollar would result in a $14,000 decrease or $12,000 increase in net loss and comprehensive net loss.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in interest rates. The Company's interest-bearing liabilities include long-term debt. Changes in the prime interest rate may cause fluctuations in cashflow and interest expense.

Credit risk

EarthRenew is exposed to credit risk if a customer or counterparty fails to meet its contractual obligations. The maximum credit risk that the Company is exposed to is the carrying value of cash and accounts receivable.

The Company's accounts receivables of $ 3,649,519 at June 30, 2022 are non-interest bearing. The Company historically has not experienced any significant collection issues with customers as a significant portion of these receivables are with farmers who generally pay invoices when their crops are harvested in the fall. The Company continues to expect that its receivables are substantially collectible at June 30, 2022, and that the Company does not have a significant concentration of credit risk.

The Company maintains an allowance for doubtful accounts for the expected credit losses resulting from the inability of its customers to make required payments.

	June 30, 2022	December 31, 2021
Balance, beginning of year	**$ (931,855)**	$ -
Additions (doubtful accounts expense)	**204,280**	(931,855)
Balance, end of year	**$ (727,575)**	$ (931,855)

In determining the allowance, the Company considers factors such as the number of days the customer account is past due, the Company's past collection history and changes in business circumstances. Uncollectible accounts receivables are charged against the allowance account based on the age of the account and payment history. The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk.

The ECL impairment model measures the credit losses using the following three-stage approach based on the extent of credit deterioration of the financial assets since initial recognition:

- Stage 1 – Where there has not been a significant increase in credit risk since initial recognition of a financial instrument, an amount equal to twelve months ECL is recorded. The ECL is computed using a probability of default occurring over the next twelve months. The 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. For those instruments with a remaining maturity of less than twelve months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a significant increase in credit risk after initial recognition but is not considered to be in default, it is included in stage 2. This requires the computation of ECL based on the probability of default over the remaining estimated life of the financial instrument.

- Stage 3 – Financial instruments that are in default are included in this stage. Similar to stage 2, the allowance for credit losses captures lifetime ECL.

The determination of whether the ECL on a financial instrument is calculated on a twelve-month period or lifetime basis is dependent on the stage the financial asset falls into at the reporting date. A financial instrument moves across stages based on an increase or decrease in its risk of default at the reporting date compared to its risk of default at initial recognition. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis.

The measurement of ECL for each stage and the assessment of significant increase in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

The Company considers a financial instrument to be in default when: (i) the borrower is unlikely to pay its credit obligations to the Company in full, without recourse like the existence of a general security agreement (if any is held); or (ii) the borrower is past due more than 90 days on any material credit obligation to the Company. The Company classifies a receivable as impaired when, in its opinion, there is a reasonable doubt as to the timely collectability, either in whole or in part, of principal or interest, or the loan is past due greater than 90 days.

The Company's receivables are summarized as follows:

	June 30, 2022	December 31, 2021
Trade receivables	**$ 5,089,219**	$ 3,961,488
Less: Allowance for expected credit loss	**(727,575)**	(931,855)
	$ 4,361,314	$ 3,029,633

The following is an aging of the Company’s accounts receivable:

	June 30, 2022	December 31, 2021
Current (less than 30 days)	**$ 3,579,017**	$ 2,197,295
31 – 90 days	**367,977**	472,202
Over 90 days	**414,320**	360,136
Total receivables	**$ 4,361,314**	$ 3,029,633

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Liquidity is managed through cash, debt and equity management strategies, when available.

The Company is exposed to liquidity risk primarily through its accounts payable and accrued liabilities. All of the Company’s accounts payable and accrued liabilities have a contractual maturity of less than one year. As at June 30, 2022, the Company has a working capital surplus of $6,385,113. The Company expects to complete future equity or other debt financings, as required and available. However, there is no assurance that funds will be available on terms acceptable to the Company at all.

The table below summarizes the Company’s contractual obligations as at June 30, 2022:

	Recognized in Financial Statements	**Total**	**Less than 1 year**	**2-3 years**	**4-5 years**	**More than 5 years**
Accounts payable and accrued liabilities [1]	Yes-Liability	$ 6,281,708	$ 6,281,708	$ -	$ -	$ -
Long-term debt	Yes-Liability	3,865,493	584,584	1,404,610	1,005,906	67,773
Contingent Consideration[(3)]	Yes-Liability	7,000,000	2,730,176	4,269,824	-	-
Minimum lease payments	Yes-Liability	596,000	106,886	213,772	144,285	131,057
Interest payable [2]	No	381,577	119,220	173,544	88,813	-

1) Accounts payable and accrued liabilities exclude interest payable on long-term debt.

2) Excludes interest payable on lease liabilities
3) Contingent Consideration shown as non-discounted. Present value $5,138,655

12. COMMITMENTS AND CONTINGENCIES

The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any ending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations.

A former consultant of the Company has initiated a legal action seeking approximately $51,400 for fees owed and damages, plus interest. The Company is currently defending the matter, and accordingly no provision for loss has been recognized.

The Company is party to certain management contracts. These contracts require that additional payments of up to approximately $1,856,333 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Minimum commitments upon termination under these contracts are approximately $958,667.

In addition to the leases accounted for in accordance with IFRS 16 (note 7), the Company has decided to avail itself of the IFRS exemption for short-term leases. Pursuant to a short-term lease, the Company has obligations of $52,000 due in 2022 (2021 - $91,200).

CONTINGENT CONSIDERATION

The Company has agreed to pay the security holders of Replenish ongoing earn-out payments totalling an aggregate of up to $7,000,000 based on qualifying gross annual revenue of Replenish multiplied by an earn-out factor for each of its 12-month fiscal periods ending June 30, 2025 payable by a combination of cash payments and the issuance of common shares of EarthRenew, provided the security holders of Replenish continue to be bound by consulting or employment agreements entered into with the Company.

The Company has also agreed to pay the security holders of Replenish supplemental earn-out payments of an aggregate amount of up to $2,000,000 based on certain sales parameters, which shall be payable by a combination of cash payments and the issuance of common shares of EarthRenew and evidenced by promissory notes that have been issued to the security holders of Replenish.

The contingent consideration, payable by the Company, was initially recognized at fair value and subsequently remeasured at each reporting date, with the changes to fair value recognized in the consolidated statement of net loss.

For the remeasurement of contingent consideration at each reporting date, management uses a time value of money calculation using certain key assumptions such as (i) qualifying gross annual revenue, (ii) discount rates and (iii) the assessment of certain sales parameters.

On October 12, 2021, the Company paid the first earn-out payments for the period ending June 30, 2021 with respect to the Replenish acquisition in the aggregate amount of $999,070, of which $599,442 was settled by the issuance of 2,840,957 common shares of the Company, each with a deemed issuance price of $0.211.

As at June 30, 2022, contingent consideration amounted to $5,904,583.

The following table summarizes the movement in the Company's contingent consideration:

	June 30, 2022	December 31, 2021
Balance, beginning of period	**$ 5,053,394**	$ -
Contingent arrangements entered into during the year (Note 5)	**-**	5,326,000
Changes in expected payment recorded through profit or loss	**851,189**	726,464
Settlements	**-**	(999,070)
Balance, end of period	**$ 5,904,583**	$ 5,053,394

13. SEGMENTED INFORMATION

The company's operating segments are reported based on the nature of their products and services and management responsibility. Intersegment amounts are eliminated on consolidation.

The Company's operating segments are as follows:

- Production of compost-based fertilizers for sale to agricultural farmers - The Company services the organic farming and horticultural communities with the unique blend of rock phosphate, elemental sulphur, and compost-based fertilizers. The Company's products are certified for organic inputs by Canadian Organic Standards and the USDA National Organic Program. In addition to organic fertilizer supply, the Company has entered into strategic partnerships that provide the option for seamless product application. The Company also engages in the sale of agricultural machinery to farmers.

- Low-cost sustainable power generation – The Company converts natural gas to electricity from an industrial-sized gas turbine, which it intends to capitalize on through various revenue drivers, including selling surplus electricity to the electrical grid or to cryptocurrency miners, which can co-locate on site.

Results by operating segment for the three and six months ended June 30 are shown below:

Three Months Ended June 30, 2022	Fertilizer	Electricity	Corporate	Total
REVENUES	**7,006,817**	**27,577**	**-**	**7,034,394**
Cost of goods sold	**(5,856,346)**	**(203,730)**	**-**	**(6,060,076)**
	1,150,470	**(176,153)**	**-**	**974,318**
EXPENSES				
General and administrative	**544,173**	**35,628**	**475,488**	**1,055,289**
Bad debt recovery	**(29,761)**	**-**	**-**	**(29,761)**
Research and development	**115,317**	**-**	**-**	**115,317**
Depreciation and amortization	**381,677**	**72,181**	**-**	**453,858**
Financing	**49,933**	**7,253**	**(52)**	**57,135**
Foreign exchange loss	**16,241**	**-**	**(3)**	**16,238**
	1,077,580	**115,062**	**475,433**	**1,668,075**
Other income	**215,510**	**-**	**-**	**215,510**
Deferred taxes	**(36,300)**	**-**	**-**	**(36,300)**
Loss on asset disposal	**(6,236)**	**-**	**-**	**(6,236)**
Loss on change in value of contingent consideration	**-**	**-**	**(765,928)**	**(765,928)**
NET INCOME (LOSS) AND COMPREHENSIVE LOSS FOR THE PERIOD	**245,865**	**(291,215)**	**(1,241,361)**	**(1,286,712)**
TOTAL ASSETS	**25,745,645**	**3,971,291**	**7,497,388**	**37,214,323**
GOODWILL	**1,722,983**	**-**	**-**	**1,722,983**

Six Months Ended June 30, 2022	**Fertilizer**	**Electricity**	**Corporate**	**Total**
REVENUES	**9,922,908**	**175,200**	**-**	**10,098,108**
Cost of goods sold	**(9,051,831)**	**(318,976)**	**-**	**(9,370,807)**
	871,077	**(143,776)**	**-**	**727,301**
EXPENSES				
General and administrative	**810,360**	**127,515**	**1,049,336**	**1,987,211**
Bad debt recovery	**(157,219)**	**-**	**-**	**(157,219)**
Share-based payments	**-**	**-**	**-**	**-**
Research and development	**132,513**	**-**	**-**	**132,513**
Depreciation and amortization	**767,558**	**144,364**	**-**	**911,922**
Financing	**87,287**	**14,492**	**234**	**102,013**
Foreign exchange loss	**14,706**	**-**	**(2)**	**14,704**
	1,655,204	**286,371**	**1,049,568**	**2,991,143**
Other income	**228,115**	**-**	**3,149**	**231,264**
Deferred taxes	**239,700**	**-**	**-**	**239,700**
Loss on asset disposal	**(6,236)**	**-**	**-**	**(6,236)**
Loss on change in value of contingent consideration	**-**	**-**	**(851,189)**	**(851,189)**
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**(322,549)**	**(430,147)**	**(1,897,608)**	**(2,650,303)**
TOTAL ASSETS	**25,745,645**	**3,971,291**	**7,497,388**	**37,214,323**
GOODWILL	**1,722,983**	**-**	**-**	**1,722,983**

Three Months Ended June 30, 2021	**Fertilizer**	**Electricity**	**Corporate**	**Total**
REVENUES	$ 1,411,407	$ 174,255	$ -	$ 1,585,662
Cost of goods sold	(1,064,218)	(101,373)	-	(1,165,591)
	347,189	72,882	-	420,071
EXPENSES				
General and administrative	312,503	104,021	740,751	1,157,275
Bad debt recovery	-	-	-	-
Research and development	16,321	-	-	16,321
Depreciation and amortization	227,110	72,181	-	299,291
Financing	26,758	8,131	-	34,889
Foreign exchange loss	9,720	-	(3,189)	6,531
	592,412	184,333	737,562	1,514,307
Other income	6,242	-	25,037	31,279
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ (238,981)	$ (111,451)	$ (712,525)	$ (1,062,957)
TOTAL ASSETS	16,024,683	2,762,321	5,505,060	24,292,064
GOODWILL	$ 2,530,025	$ -	$ -	$ 2,530,025

Six Months Ended June 30, 2021	Fertilizer	Electricity	Corporate	Total
REVENUES	$ 1,411,407	$ 655,953	$ -	$ 2,067,360
Cost of goods sold	(1,064,218)	(224,020)	-	(1,288,238)
	347,189	431,933	-	779,122
EXPENSES				
General and administrative	312,503	238,025	1,698,104	2,248,632
Share-based payments	-	-	104	104
Research and development	16,321	-	25,762	42,083
Depreciation and amortization	227,110	144,364	-	371,474
Financing	26,758	15,849	-	42,607
Foreign exchange loss	9,720	-	(2,788)	6,932
	592,412	398,238	1,721,182	2,711,832
Other income	6,242	-	73,427	79,669
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(238,981)	33,695	(1,647,755)	(1,853,041)
TOTAL ASSETS	16,024,683	2,762,321	5,505,060	24,292,064
GOODWILL	$ 2,530,025	$ -	$ -	$ 2,530,025

14. GENERAL AND ADMINISTRATIVE

The following is a summary of the general and administrative expenses:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2022	2021	**2022**	2021
Salaries and benefits	**569,106**	403,163	**988,588**	512,165
Professional fees	**30,722**	174,327	**123,007**	224,797
Consulting and management fees	**156,601**	290,785	**414,733**	948,243
Advertising and promotion	**149,924**	29,301	**156,466**	172,522
Shareholder communications and filing fees	**37,446**	28,952	**51,209**	73,736
Travel	**27,327**	7,296	**64,028**	13,513
Rent and office	**84,163**	223,451	**189,180**	303,656
	1,055,289	1,157,274	**1,987,211**	2,248,632

15. FINANCING

Financing costs are comprised of interest expense on long-term debt and the lease liabilities, and accretion of discount on the CEBA loan. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

The components of financing costs are summarized below.

	Three Months Ended June 30		**Six Months Ended June 30**	
	2022	2021	**2022**	2021
Interest on long-term debt	**35,231**	10,287	**66,705**	10,287
Interest on lease liabilities	**10,368**	24,043	**20,461**	31,761
Accretion	**846**	559	**1,682**	559
	46,445	34,889	**88,849**	42,607

16. OTHER INCOME

The significant components recognized in other income are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	**2022**	2021
Government grants	**173,259**	14,924	**175,857**	62,788
Interest income	**-**	335	**556**	861
Rental income	**-**	-	**12,600**	-
Other income	**42,250**	16,020	**-**	16,020
	215,510	31,279	**231,264**	**79,669**

17. LOSS PER SHARE

Net loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for potentially dilutive instruments. For the three and six months ended June 30, 2022, there is no dilution in the net loss per share as there are no potential dilutive instruments outstanding.

The loss and average number of shares used to calculate loss per share are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	**2022**	2021
Weighted average shares outstanding (basic and diluted)	**103,179,707**	54,922,222	**97,975,895**	62,602,603
Net loss for the period	**(1,286,712)**	(618,131)	**(2,650,303)**	(1,853,041)
Net loss per share (basic and diluted)	**(0.01)**	(0.01)	**(0.03)**	(0.03)

18. RELATED PARTY TRANSACTIONS

During the three and six months ended June 30, 2022, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company:

- Received $440,501 and $597,883 (2021 - $362,489 and $520,321) in fertilizer sales and spreading services revenue from a company controlled by an officer of the Company.

As at June 30, 2022, accounts receivable and accounts payable and accrued liabilities due from and due to officers of the Company for services provided amounted to $19,360 and $249,460 (December 31, 2021 – accounts payable and accrued liabilities of $657,640). The amounts outstanding are unsecured and non-interest bearing.

KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee having regard to the performance of individuals and market trends.

Compensation to key management personnel was comprised of:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	**2022**	2021
Management fees	**194,500**	175,958	**417,750**	303,958
Office rent	**9,450**	-	**18,900**	-
	203,950	175,958	**436,650**	303,958

19. SUPPLEMENTAL CASH FLOW INFORMATION

The changes in non-cash working capital are summarized below:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	**2022**	2021
Accounts receivable	**(2,893,896)**	260,964	**(1,331,681)**	220,904
Prepaid expenses and deposits	**(200,774)**	(52,524)	**(160,733)**	145,327
Inventory	**(841,334)**	395,666	**(3,195,025)**	395,666
Accounts payable and accrued liabilities	**943,609**	(206,285)	**1,076,946**	(188,423)
	(2,992,395)	397,821	**(3,610,493)**	573,474

20. SUBSEQUENT EVENTS

There have been no subsequent events.