EARTHRENEW INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2021 and 2020

(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

(Expressed in Canadian dollars- unaudited)

	Note	March 31, 2021	December 31, 2020
ASSETS			
Current			
Cash		$ 845,492	$ 953,768
Receivables		153,252	113,192
Prepaid expenses		164,032	365,883
Total current assets		1,162,776	1,432,843
Non-current			
Plant and equipment	3	4,234,753	4,176,232
Prepaid expenses		34,000	30,000
TOTAL ASSETS		**$ 5,431,529**	**$ 5,639,075**
LIABILITIES			
Current			
Accounts payable and accrued liabilities	5	$ 709,854	$ 561,288
Current portion of lease liabilities	4(a)	30,623	30,019
Total current liabilites		740,477	591,307
Non-current liabilities			
Long-term portion of lease liabilities	4(a)	355,418	363,304
TOTAL LIABILITIES		**1,095,895**	**954,611**
EQUITY			
Share capital	6	15,165,474	14,515,909
Warrants	6	901,429	1,097,804
Share-based payments reserve	6	1,076,040	1,087,976
Deficit		(12,807,309)	(12,017,225)
TOTAL EQUITY		**4,335,634**	**4,684,464**
TOTAL LIABILITIES AND EQUITY		**$ 5,431,529**	**$ 5,639,075**

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Approved on behalf of the Directors:

"Keith Driver" Director

"Catherine Stretch" Director

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

EARTHRENEW INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars- unaudited)

For the three months ended March 31,	Note	2021	2020
Electricity sales		$ 481,698	$ 145,177
Cost of goods sold		(114,170)	(64,880)
		367,528	80,297
EXPENSES			
Professional, consulting and management fees	5	816,931	569,664
Share-based payments	6	104	-
General and administrative		97,289	47,609
Field studies and engineering costs		25,762	-
Shareholder communications, filing fees and promotions		184,422	56,857
Utilities and maintenance		8,477	43,899
Travel and accommodation		433	2,218
Depreciation	3	72,183	39,561
Foreign exchange loss (gain)		401	964
Total expenses before other items		1,206,002	760,772
OTHER ITEMS			
Other income		48,390	604
Net (loss) and comprehensive (loss) for the period		**$ (790,084)**	**$ (679,871)**
Net (loss) per share - basic and diluted		$ (0.01)	$ (0.02)
Weighted average number of shares outstanding - basic and diluted		54,922,222	38,351,749

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

EARTHRENEW INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars- unaudited)

	Number of shares #	Share capital $	Warrants $	Share-based payment reserve $	Deficit $	Total $
Balance, December 31, 2019	**33,537,097**	**11,241,434**	**35,511**	**947,163**	**(8,391,482)**	**3,832,626**
Private placement, net of issue costs	10,953,333	1,565,990	-	-	-	1,565,990
Warrants granted	-	(96,196)	96,196	-	-	-
Loss for the period	-	-	-	-	(679,871)	(679,871)
Balance, March 31, 2020	**44,490,430**	**12,711,228**	**131,707**	**947,163**	**(9,071,353)**	**4,718,745**
Balance, December 31, 2020	**54,184,857**	**14,515,909**	**1,097,804**	**1,087,976**	**(12,017,225)**	**4,684,464**
Warrants exercised	1,059,665	615,525	(196,375)	-	-	419,150
Share-based compensation	-	-	-	104	-	104
Stock options exercised	100,000	34,040	-	(12,040)	-	22,000
Loss for the period	-	-	-	-	(790,084)	(790,084)
Balance, March 31, 2021	**55,344,522**	**15,165,474**	**901,429**	**1,076,040**	**(12,807,309)**	**4,335,634**

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

EARTHRENEW INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars- unaudited)

	Note	Three months ended March 31, 2021	Three months ended March 31, 2020
CASH (USED IN) PROVIDED BY:			
OPERATING ACTIVITIES			
Net (loss)		$ (790,084)	$ (679,871)
Items not affecting cash:			
Depreciation	3	72,183	39,561
Share-based compensation	6	104	-
Interest payable		7,718	2,339
Change in non-cash working capital items:			
Accounts receivable		(40,060)	85,847
Digital assets		-	(2,278)
Prepaid expenses		197,851	(428,384)
Accounts payable and accrued liabilities		17,862	(54,064)
Net cash (used in) operating activities		**(534,426)**	**(1,036,850)**
FINANCING ACTIVITIES			
Private placement proceeds	6	-	1,565,990
Lease payments		(15,000)	(16,500)
Proceeds from exercise of options	6	22,000	-
Proceeds from exercise of warrants	6	419,150	-
Net cash provided by financing activities		**426,150**	**1,549,490**
INCREASE (DECREASE) IN CASH DURING THE PERIOD		(108,276)	512,640
CASH - BEGINNING OF PERIOD		953,768	434,208
CASH - END OF PERIOD		**$ 845,492**	**$ 946,848**
SUPPLEMENTAL CASH FLOW INFORMATION			
Broker warrants issued	6	$ -	$ 96,196

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

1. NATURE OF OPERATIONS AND GOING CONCERN

EarthRenew Inc. (the "Company" or "EarthRenew") was incorporated in the province of Ontario and is a low-cost sustainable power generation company with a patented production process that converts livestock waste to nutrient-rich, slow-release pelleted organic fertilizer. EarthRenew 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, and dry manure feedstock to produce high-value organic fertilizer. The Company has a full-scale commercial facility located on a 25,000-head cattle feedlot in Strathmore, Alberta. The Company's head office is located at 65 Queen Street West, 9th Floor, Toronto, Ontario, Canada, M5H 2M5.

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.

As at March 31, 2021, the Company has working capital of $422,299 (December 31, 2020 – $841,536) and continuing losses, with an accumulated deficit of $12,807,309 (December 31, 2020 - $12,017,225). These matters represent material uncertainties that cast significant doubt as to the Company`s ability to continue as a going concern. The continuation of the Company as a going concern is dependent upon its ability to obtain the necessary equity financing to continue operations, and its ability to attain profitable operations. EarthRenew may periodically have to raise additional capital to fund projects and continue operations and while it has been successful in doing so in the past, there can be no assurance the Company will be able to do so in the future.

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

a) Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and have been prepared in accordance with accounting policies based on International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations. The policies set out in the Company's annual financial statements for the year ended December 31, 2020 were consistently applied to all the periods presented unless otherwise noted below. These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 21, 2021.

2. BASIS OF PRESENTATION (continued)

b) Basis of preparation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are stated at their fair values. 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 audited financial statements for the year ended December 31, 2020.

c) New and future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2021 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

Standards and amendments to be adopted:

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, 2022 and are to be applied retrospectively. 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 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. The amendments are effective for annual periods beginning on or after January 1, 2022. Earlier adoption is permitted.

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. The amendments are effective for annual periods beginning on January 1, 2022.

The Company will adopt these amendments as of their effective dates and is currently assessing their impacts on adoption.

2. BASIS OF PRESENTATION (continued)

d) Principles of consolidation

(i) Subsidiaries

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. At March 31, 2021, the Company has one subsidiary, EarthRenew Strathmore Inc.

(ii) Transactions eliminated on consolidation

Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

e) Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant judgments, estimates and assumptions considered by management in preparing the consolidated financial statements include:

- Assets' carrying values and impairment charges

  In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Contingencies

  Contingencies can be either possible assets or possible liabilities arising from past events, which, by their nature, will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential impact of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

- Depreciation rates

  All plant and equipment are depreciated over a term, which the Company believes is the best approximation of the asset utility to the Company. If the estimated life had been longer than management's estimate, the carrying amount of the asset would have been higher. The Company applies significant estimates to determine the useful lives, considering technological advancements, past experience, expected use and review of useful lives.

2. BASIS OF PRESENTATION (continued)

e) Significant accounting judgments, estimates and assumptions (continued)

- Share-based payments

  Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Income taxes, value added, withholding and other taxes

  The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- Discount rate used in adoption of IFRS 16

  The determination of the Company's lease liabilities, right-of-use assets, and net investment in lease depends on certain assumptions, which include the selection of the discount rate. The discount rate is set by reference to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's consolidated financial statements.

- Expected credit losses

  Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

f) Significant accounting policies

The Company's accounting policies and its standards of financial disclosure set out below are in accordance with IFRS and have been applied consistently throughout the periods presented in these condensed interim consolidated financial statements, unless otherwise stated.

2. BASIS OF PRESENTATION (continued)

Functional and presentation currency

The functional currency of the Company and its subsidiary 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 subsidiary.

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.

3. PLANT AND EQUIPMENT

A reconciliation of the carrying amount for the three months ended March 31, 2021 and year ended December 31, 2020 is as follows**:**

	Equipment	Electricity Equipment	Plant and Buildings	Right-of-use assets (land)	Total
Cost as at December 31, 2019	**$ 61,479**	**$ 500,000**	**$ 3,605,804**	**$ 428,659**	**$ 4,595,942**
Disposals	(61,479)	-	-	-	(61,479)
Modification of lease	-	-	-	322,200	322,200
Cost as at December 31, 2020	**$ -**	**$ 500,000**	**$ 3,605,804**	**$ 750,859**	**$ 4,856,663**
Additions	-	-	130,704	-	130,704
Cost as at March 31, 2021	**$ -**	**$ 500,000**	**$ 3,736,508**	**$ 750,859**	**$ 4,987,367**
Accumulated Depreciation					
Balance at December 31, 2019	**$ 25,616**	**$ 50,000**	**$ -**	**$ 342,924**	**$ 418,540**
Charge for the period	14,088	100,000	144,232	43,276	301,596
Disposals	(39,705)	-	-	-	(39,705)
Balance at December 31, 2020	**$ -**	**$ 150,000**	**$ 144,232**	**$ 386,200**	**$ 680,432**
Charge for the period	-	25,000	36,058	11,124	72,182
Balance at March 31, 2021	**$ -**	**$ 175,000**	**$ 180,290**	**$ 397,324**	**$ 752,614**
Net book value as at December 31, 2020	**$ -**	**$ 350,000**	**$ 3,461,572**	**$ 364,659**	**$ 4,176,231**
Net book value as at March 31, 2021	**$ -**	**$ 325,000**	**$ 3,556,218**	**$ 353,535**	**$ 4,234,753**

All of the Company's plant and equipment is domiciled in Canada.

4. LEASE LIABILITIES

(a) Lease liabilities

Upon the adoption of IFRS 16, operating leases were reassessed as lease liabilities for right-of-use assets using an estimated discount rate of 8%. The Company has lease agreements in place for land as well as office premises. The Company is party to an agreement to lease office space. On September 30, 2014, the Company entered into an indemnity agreement with 2227929 Ontario Inc., who agreed to incur all obligations related to this lease agreement and to release the Company from any and all claims, liability for personal injury, and loss of income or damages. The lease was renewed in 2020 and a termination provision was included, allowing the Company to terminate the agreement within 12 months. As a result of the termination provision, the lease is no longer presented as a lease liability and net investment in lease. Subsequent to March 31, 2021, the Company exercised the termination provision and terminated the lease.

(Expressed in Canadian dollars- unaudited)

4. LEASE LIABILITIES (continued)

The following table reflects the lease activity for the three months ended March 31, 2021 and year ended December 31, 2020:

Balance, December 31, 2019	**$**	**419,278**
Interest expense		21,988
Lease payments for the period		(370,143)
Lease renewal		322,200
Balance, December 31, 2020	**$**	**393,323**
Interest expense		7,718
Lease payments for the period		(15,000)
Balance, March 31, 2021	**$**	**386,041**

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

2021	$	45,000
2022		60,000
2023		60,000
2024		60,000
2025		61,500
2026		66,000
2027		66,000
2028		66,000
2029		49,500
Total contractual cash flows	**$**	**534,000**
Less: interest		(147,959)
Lease liabilities	**$**	**386,041**

5. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

Compensation of key management personnel of the Company

In accordance with IAS 24, 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. During the three months ended March 31, 2021 and 2020, the remuneration of directors and other key management personnel are as follows:

	Three months ended March 31,	
	2021	**2020**
Management fees	$ 128,000	$ 75,000

(Expressed in Canadian dollars- unaudited)

5. RELATED PARTY TRANSACTIONS (continued)

At March 31, 2021, the Company had $135,054 (December 31, 2020 - $126,405) owing to its key management. Such amounts are unsecured, non-interest bearing, with no fixed terms of payment or "due on demand", included in accounts payable and accrued liabilities.

During the three months ended March 31, 2021, an officer of the Company exercised 66,666 stock options, generating gross proceeds of $12,000 (three months ended March 31, 2020: $nil).

6. SHARE CAPITAL

Authorized

Unlimited number of voting common shares, without par value

Issued and outstanding common shares

	Number of Shares #	Amount $
Balance, December 31, 2019	**33,537,017**	**11,241,434**
Private placements	20,647,840	4,551,352
Warrant valuations	-	(1,062,293)
Issuance costs	-	(214,584)
Balance, December 31, 2020	**54,184,857**	**14,515,909**
Warrants exercised	1,059,665	615,525
Options exercised	100,000	34,040
Balance, March 31, 2021	**55,344,522**	**15,165,474**

On June 8, 2020, the Company completed a 3:1 share consolidation. Prior to the consolidation, the Company had 133,471,292 common shares outstanding, and following the consolidation had 44,490,350 common shares outstanding. All current and comparative common share amounts in these condensed interim consolidated financial statements have been retroactively adjusted to reflect the share consolidation.

On February 20, 2020, the Company closed a private placement financing by issuing 10,953,333 common shares at a price of $0.15 per share for gross proceeds of $1,643,000. The Company paid finders fees of $76,510 in cash and issued 510,066 finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of $0.30 per warrant until February 20, 2022. The fair value of the warrants issued was estimated at $116,214 using the Black-Scholes option pricing model with the following assumptions: stock price of $0.09; expected dividend yield of 0%; expected volatility of 203%; risk-free interest rate of 1.45% and an expected life of 2 years. A director of the Company subscribed for 3,700,000 common shares of this private placement for proceeds of $185,000.

On July 24, 2020, the Company closed a private placement financing by issuing 6,977,840 units at a price of $0.30 per unit for gross proceeds of $2,093,352. 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 $0.45 until July 24, 2022. The Company paid finders fees of $79,524 in cash and issued 265,078 finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of $0.45 per warrant until July 24, 2022. The fair value of the 3,488,920 warrants and 265,078 finder warrants was estimated at $605,085 and $59,275, respectively, using the Black-Scholes option pricing model with the following assumptions: stock price of $0.275; expected dividend yield of 0%; expected volatility of 205%; risk-free interest rate of 0.45% and an expected life of 2 years. Directors and officers of the Company subscribed for 3,736,667 common shares of this private placement for proceeds of $1,121,000.

(Expressed in Canadian dollars- unaudited)

6. SHARE CAPITAL (continued)

Issued and outstanding common shares (continued)

If at any time after four months and one day from the closing of the first tranche, the Company's common shares trade at $0.90 per share or higher on the CSE for a period of 30 consecutive days, the Company will have the right (but not the obligation) to accelerate the expiry date of the warrants to the date that is 30 days after the Company issues a news release announcing the exercise of the acceleration right.

On October 14, 2020, the Company closed a private placement financing by issuing 2,716,667 units at a price of $0.30 per unit for gross proceeds of $815,000. 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 $0.45 until October 14, 2022. The Company paid finders fees of $57,050 in cash and issued 190,167 finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of $0.45 per warrant until October 14, 2022. The fair value of the 1,358,334 warrants and 190,167 finder warrants was estimated at $237,216 and $44,503, respectively, using the Black-Scholes option pricing model with the following assumptions: stock price of $0.285; expected dividend yield of 0%; expected volatility of 207%; risk-free interest rate of 0.24% and an expected life of 2 years. A director of the Company subscribed for 2,666,667 common shares of this private placement for proceeds of $800,000.

If at any time after four months and one day from the closing of the second tranche, the Company's common shares trade at $0.90 per share or higher on the CSE for a period of 30 consecutive days, the Company will have the right (but not the obligation) to accelerate the expiry date of the warrants to the date that is 30 days after the Company issues a news release announcing the exercise of the acceleration right.

Warrants

The following is a summary of changes in warrants for the three months ended March 31, 2021 and year ended December 31, 2020:

	No. of warrants #	Weighted Average Exercise Price $	Value of warrants $
December 31, 2019	**266,000**	**0.30**	**35,511**
Granted	5,812,565	0.44	1,062,293
December 31, 2020	**6,078,565**	**0.43**	**1,097,804**
Exercised	(1,059,666)	0.40	(196,375)
March 31, 2021	**5,018,899**	**0.44**	**901,429**

The following summarizes the warrants outstanding as of March 31, 2021:

No. outstanding	No. exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
177,667	177,667	28-Nov-19	28-Nov-21	$ 0.30	$ 23,719	118%	2.00	0%	1.59%
213,733	213,733	20-Feb-20	20-Feb-22	$ 0.30	$ 48,697	203%	2.00	0%	1.45%
2,813,920	2,813,920	24-Jul-20	24-Jul-22	$ 0.45	$ 488,019	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%
1,358,334	1,358,334	13-Oct-20	13-Oct-22	$ 0.45	$ 237,216	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%
5,018,899	**5,018,899**				**$ 901,429**				

(Expressed in Canadian dollars- unaudited)

6. SHARE CAPITAL (continued)

Warrants (continued)

On June 8, 2020, the Company completed a 3:1 share consolidation. Prior to the consolidation, the Company had 2,328,200 warrants outstanding, and following the consolidation had 776,066 warrants outstanding. All current and comparative warrant amounts in these condensed interim consolidated financial statements have been retroactively adjusted to reflect the share consolidation.

During the three months ended March 31, 2021, 1,059,666 of the Company's warrants were exercised (three months ended March 31, 2020: nil), generating proceeds of $419,150 (three months ended March 31, 2020: $nil)
.
The weighted-average remaining contractual life of the warrants as of March 31, 2021 is 1.34 years (December 31, 2020: 1.55 years).

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 is a summary of changes in options for the three months ended March 31, 2021 and year ended December 31, 2020:

	No. of options #	Weighted Average Exercise Price $	Value of options $
December 31, 2019	**2,858,333**	**0.51**	**947,163**
Granted	1,500,000	0.32	392,546
Expired	(593,333)	0.62	(251,733)
December 31, 2020	**3,765,000**	**0.41**	**1,087,976**
Granted	-	-	104
Exercised	(100,000)	(0.22)	(12,040)
March 31, 2021	**3,665,000**	**0.42**	**1,076,040**

On June 8, 2020, the Company completed a 3:1 share consolidation. Prior to the consolidation, the Company had 11,295,000 options outstanding, and following the consolidation had 3,765,000 options outstanding. All current and comparative option amounts in these condensed interim consolidated financial statements have been retroactively adjusted to reflect the share consolidation.

(Expressed in Canadian dollars- unaudited)

6. SHARE CAPITAL (continued)

Share-based payments reserve (continued)

The consolidated number of stock options outstanding as at March 31, 2021 is as follows:

No. outstanding	No. exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
923,333	923,333	18-Jul-17	18-Jul-21	$ 0.75	$ 479,210	100%	4.00	0%	1.48%
291,667	291,667	22-Aug-17	22-Aug-22	$ 0.42	$ 96,250	202%	5.00	0%	1.53%
416,667	416,667	8-Jul-19	8-Jul-24	$ 0.30	$ 32,250	105%	5.00	0%	1.57%
533,333	533,333	25-Oct-19	25-Oct-24	$ 0.18	$ 75,680	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%
1,166,667	1,166,667	5-Jun-20	5-Jun-25	$ 0.33	$ 335,650	135%	5.00	0%	0.52%
3,665,000	**3,665,000**				**$ 1,076,040**				

On April 2, 2020, the Company granted 333,333 options to a consultant of the Company pursuant to the Company's stock option plan. 83,333 options vested on the date of grant and the remaining 250,000 options vested in equal increments of 83,333 every three months thereafter. Each option may be exercised to acquire one common share of the Company at an exercise price of $0.30 for a period of five years from the date of grant. At March 31, 2021, all of the options were vested.

On June 5, 2020, the Company granted 1,166,167 stock options to certain directors, officers and consultants of the Company pursuant to the Company's stock option plan. The stock options vested immediately, and each option may be exercised to acquire one common share of the Company at a price of $0.33 for a period of five years from the date of grant.

During the year ended December 31, 2020, 593,333 options were cancelled in accordance with the Plan and $251,733 was recorded against deficit.

During the three months ended March 31, 2021, 100,000 of the Company's stock options were exercised (three months ended March 31, 2020: nil), generating proceeds of $22,000 (three months ended March 31, 2020: $nil).

The weighted average remaining life of the outstanding options at March 31, 2021 is 2.77 years (December 31, 2020: 3.04 years).

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.

7. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity and current liabilities. 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.

7. CAPITAL MANAGEMENT (continued)

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 were no changes to the approach of management and the board of directors to capital management for the three months ended March 31, 2021 and 2020.

The Company and its subsidiary are not subject to any capital requirements imposed by a lending institution or regulatory body.

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 March 31, 2021, no drawdowns under the facility had taken place.

8. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks including market risk (including currency, commodity and cash flow interest rate risk), credit risk, and liquidity risk.

Fair value hierarchy
The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

- 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 carrying value of cash, receivables, accounts payable and accrued liabilities reflected in the consolidated statement of financial position approximate fair value because of the relatively short-term maturities.

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 foreign exchange rates. The Company has not used derivative instruments to reduce its exposure to foreign exchange fluctuations.

Credit risk
Credit risk is the risk of financial loss to the Company is a customer or counterparty fails to meet its contractual obligations and arises principally from cash and receivables.

Cash
Cash consists of cash held in financial institutions from which management believes the risk of loss to be remote.

8. FINANCIAL RISK MANAGEMENT (continued)

Receivables
Management does not believe the Company has significant concentration of credit risk. All of the receivables from contracts with customers, totaling $115,272 (December 31, 2020 - $49,746), are due from three customers (December 31, 2020 – two customers). There is no history of losses from receivables and there are no overdue receivables as at March 31, 2021 and 2020.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 March 31, 2021, 71% of the accounts payable and accrued liabilities was owing to four vendors (December 31, 2020 - 78% to four vendors). As at March 31, 2021 and December 31, 2020, the Company had limited net working capital. 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.

9. 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 $960,000 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 $330,000.

In addition to the leases accounted for in accordance with IFRS 16 (notes 3 and 4), 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 $302,441 due in 2021. Subsequent to March 31, 2021, the Company exercised its termination provision and terminated the lease.

10. SUBSEQUENT EVENTS

On May 12, 2021, the Company closed its acquisition of 100% of the issued and outstanding shares of Replenish Nutrients Ltd. ("Replenish"), a privately held regenerative fertilizer and nutrient company located in Okotoks, Alberta. The Company paid $1,410,000 in cash and issued a total of 21,264,093 common shares of EarthRenew at a deemed price of $0.248 per common share.

10. SUBSEQUENT EVENTS (continued)

As additional consideration, the Company agreed to pay to certain of the Vendors:

- Ongoing earn-out payments totaling 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 (the "EarthRenew Shares"), provided such Vendors continue to be bound by consulting or employment agreements entered into with the Company; and
- 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 EarthRenew Shares and evidenced by promissory notes that have been issued to such Vendors.

Subsequent to March 31, 2021, the Company issued 2,184,663 common shares of the Company at an effective price per share of $0.248 to settle $541,796 of Replenish's outstanding cash indebtedness owed to various creditors.

Subsequent to March 31, 2021, 1,800,000 of the Company's warrants were exercised, generating gross proceeds of $810,000. 266,666 of the warrants were exercised by officers of the Company.