

EARTHRENEW INC.
Management's Discussion and Analysis
For the three months ended March 31, 2021 and 2020
(in Canadian dollars, unless otherwise noted)

Date: May 21, 2021

This Management's Discussion and Analysis ("**MD&A**") provides a discussion and analysis of the financial condition and results of the operations of EarthRenew Inc. ("**EarthRenew**" or the "**Company**"), to enable a reader to assess material changes in the financial condition and results of operations as at and for the three months ended March 31, 2021 and 2020. The MD&A should be read in conjunction with the audited consolidated financial statements as at and for the years ended December 31, 2020 and 2019. All amounts included in the MD&A are expressed in Canadian dollars, unless otherwise specified.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as published by the International Accounting Standards Board. Please refer to Note 2 of the annual audited consolidated financial statements as at and for the years ended December 31, 2020 and 2019, for disclosure of the Company's significant accounting policies.

Additional information about the Company may be found on SEDAR at www.sedar.com, and on the EarthRenew website at www.EarthRenew.ca.

The audit committee of the Company has reviewed this MD&A and the consolidated financial statements for the three months ended March 31, 2021 and 2020, and the Company's Board of Directors approved these documents prior to their release.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to EarthRenew, certain information contained herein constitutes forward-looking information under Canadian securities legislation. Forward-looking information includes, without limitation, statements with respect to power generation and fertilizer aspect: the anticipated benefits of the products; the production rate of our Strathmore Plant; the energy efficiency and net energy costs of our Strathmore Plant; future production; the supply and demand for organic matter fertilizers in agriculture and other industries; emissions reductions and credits from various activities; the development of markets for our organic matter fertilizer and the demand for organic matter fertilizer; anticipated availability and sources of future financing; the commercialization of additional applications of EarthRenew's technology; growth expectations and plans; the ability to enter into additional host agreements; the ability to hire and retain sufficient personnel; operating costs at the Strathmore Plant; and results of trials of products. With respect to forward-looking statements contained in this MD&A, we have made assumptions regarding, among other things: future prices of fertilizer and soil products; future prices of natural gas and electricity; the actual and expected results of manufacturing activities; organic waste composition including qualities and quantities; market acceptance of our products; ability to obtain equipment from suppliers; ability to obtain additional financing on satisfactory terms; ability to obtain and enforce our intellectual property rights; ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the regulatory framework governing our operations and environmental matters in the jurisdictions in which EarthRenew conducts and will conduct its business; future production levels; operating costs associated with the operation of EarthRenew's plants; future capital expenditures to be made by EarthRenew; products will perform as indicated in research trials; ability to execute our growth plans; ability to enter into additional host agreements; ability to quantify and verify emissions reductions and credits within established emissions credit regimes; ability to obtain required permits, grid access and power purchase arrangements for our second generation plants; ability to obtain organic inputs for our plants; the operation of our second generation plants, including in respect of matters referenced elsewhere in this MD&A; and the operation of our Strathmore Plant. The words "anticipates", "plans", "expects", "indicative", "intend", "scheduled", "timeline", "estimates", "forecasts", "guidance", "opportunity", "outlook", "potential", "projected", "schedule", "seek", "strategy", "study" (including, without limitation, as may be qualified by "feasibility" and "pre-feasibility"), "targets", "models", or "believes", or variations of or similar such words and phrases or statements that certain actions, events or results "may", "could", "would", or "should", "might", or "will be taken", "occur" or "be achieved" and similar expressions identify forward-looking

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information. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by EarthRenew and its external professional advisors as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Forward-looking information is provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in the "Risks and Uncertainties" section of this MD&A. These factors are not intended to represent a complete list of the factors that could affect EarthRenew. EarthRenew disclaims any intention or obligation to update or revise any forward-looking information or to explain any material difference between subsequent actual events and such forward-looking information, except to the extent required by applicable law.

Overview

EarthRenew's mission is to support a farm system that puts healthy soils and grower profitability back on the table. Using circular economic principles of upcycling waste products into high value agronomic inputs, we are building an innovative platform of soil health products that will establish EarthRenew as a key player in the regenerative agriculture space. We strive to be a driving part of this movement by offering growers natural fertilizer alternatives that feed the soil to strengthen the earth's ability to restore itself while growing healthy plants. Our regenerative product line is branded under the label "Replenish Nutrients" and is targeted at conventional and organic growers who are seeking solutions to address soil health needs. EarthRenew benefits from multiple revenue streams including, primarily, the sale of regenerative fertilizers, but also enjoys secondary revenue from generating power and selling surplus electricity.

EarthRenew transforms livestock waste into a high performance organic fertilizer to be used by organic and traditional growers in Canada and the United States. Located on a 25,000-head cattle feedlot, the company's flagship Strathmore plant is capable of producing up to four megawatts (MW) per hour of low-cost electricity powered by a natural gas fired turbine. The exhausted heat from the turbine is used to convert manure into certified organic fertilizer.

The Strathmore Plant has the capacity to generate approximately four MW. EarthRenew restarted its electricity generation operations at the Strathmore Plant in 2019. This electricity, which is already synchronized with the electrical grid system, can be used for other applications at the Strathmore Plant or sold to the electrical grid to meet price spikes occasioned by supply shortages and/or sudden surges in the demand for electricity.

EarthRenew intends to use a portion of the electricity generated by the Strathmore Plant to power the fertilizer production equipment and produce pelleted organic fertilizers. The Strathmore Plant (first commissioned in 2008) has proven capable of producing sellable organic fertilizers. Detailed engineering and project design work by Laporte Engineering is nearing completion, and major equipment orders required for the recommissioning process are underway.

The project will be constructed using a two-phase approach:

Phase 1: The first phase will see the installation of drying and mixing equipment, which together will produce a bulk-dried mix product. The completion of Phase 1 is expected to allow EarthRenew to produce a heat-treated organic fertilizer free of seeds, weeds, and pathogens.

Phase 2: The second phase of the project will add pelletizing or granulation machinery and will also include CCm Technologies Limited's (CCm") upgrading module, as described in the Company's press release dated April 2, 2020. The second phase will build on the knowledge and implementation insights gained

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during phase one deployment, which EarthRenew believes will ensure the delivery of a high-quality product to customers.

Upon completion of the facility redesign, EarthRenew expects to have the ability to create multiple organic fertilizer formulations for different crops and soil types, opening multiple new potential revenue streams. EarthRenew anticipates that its facility will be capable of producing 10 tonnes per hour of dry finished pellets once fully operational, a significant improvement over the 4 tonnes per hour produced by the original facility.

EarthRenew intends to re-start the fertilizer production facility at the Strathmore Plant to produce as much as 60,000 tonnes of fertilizers annually for sale in the Mid-Western United States and Western Canada. EarthRenew has executed an off-take agreement with Sun Country Organics pursuant to which substantially all the organic fertilizer produced by EarthRenew at the Strathmore Plant will be purchased by Sun Country Organics for wholesale and retail distribution. The Company also intends to develop an additional facility in Colorado to access and service markets in the southwestern United States, with the acquisition of Replenish Nutrients Ltd. ("Replenish") creating a strategic United States hub for the blending and granulation of Replenish's product line.

Highlights

The Company continued to generate strong revenues from power generation in 2021. Due to its operation as a peaking plant (whereby electricity is only supplied by the plant to the electrical grid if certain minimum power price thresholds are met), the Company can take advantage of significant price peaking on the grid. The revenue generated from electricity sales offsets costs as the Company moves toward restarting fertilizer production. Once existing operations are recommissioned, the Strathmore Plant will only require approximately 1.5 MW of the 4 MW capacity available from the turbine, creating an important secondary revenue stream.

On February 3, 2021, the Company commenced trading on the OTCQB Venture Market under the symbol "VVVF" and received DTC eligibility by the Depository Trust Company "DTC" allowing the electronic settlement and transfer of its common shares in the United States. The Company's common shares continue to trade on the Canadian Securities Exchange under the symbol "ERTH".

On March 2, 2021, the Company entered into a binding letter of intent with Diamond Feeders, LLC ("Diamond Feeders") for the potential development of EarthRenew's first facility in the United States (the "Colorado Site"). EarthRenew previously completed a feasibility study on the Colorado Site in December 2020. If constructed, the new facility will be located on Diamond Feeders' large feedlot in the western United States, which finishes over 50,000 head of cattle per year and could provide ample feedstock.

We anticipate that the Colorado Site could be a strategic operational location, as it is in close proximity to the southwestern United States, one of the world's largest organic farming markets. Once constructed, we estimate that the facility at the Colorado Site could produce 40,000 tonnes per year of our organic fertilizer pellets for distribution to markets in the southwestern United States, which is twice the capacity of the Company's existing Strathmore, Alberta facility. In addition to the potential direct financial benefits of producing product at the Colorado Site, we anticipate that, following completion of the acquisition of Replenish, the facility could also serve as a strategic United States hub for the blending and granulation of Replenish's product line. For more information about the Acquisition, please see the Company's press release dated February 18, 2021, which is available on the Company's SEDAR profile. Completion of the acquisition remains subject to several closing conditions, including the execution of a definitive agreement.

On March 23, 2021, the Company entered into an agreement with the North American division of Enel-X, a well-established player in the electricity industry, to participate in an operating reserves program in

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Alberta. Under this program, EarthRenew is compensated for its ability to provide short-term power supply to the Alberta power grid to support grid stability. While EarthRenew will continue to be able to provide power to the Alberta grid when electricity prices are significantly elevated, participating in the operating reserves program will allow EarthRenew to generate additional revenue during times when it will not otherwise be generating power. EarthRenew will be compensated to be "on-call" for generation in the event that the market experiences a shortfall of supply and the Alberta Electric System Operator (AESO) requires reserves to balance supply and demand.

On April 14, 2021, the Company received an updated Environmental Protection and Enhancement Act "EPEA" approval from Alberta Environment and Parks to operate a power production facility at the Strathmore Plant. This new EPEA approval enables the Company to operate as a power production facility for a period of 10 years, expiring April 14, 2031.

On April 23, 2021, the Company entered into a power sales agreement with a cryptocurrency mining company to provide off-peak power over a 5-year term for the purposes of cryptocurrency mining. The agreement provides the cryptocurrency mining company access to a portion of the Company's power production and still allows EarthRenew to take advantage of power peaking opportunities.

On May 12, 2021, the Company closed the acquisition 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 a total of 21,264,093 common shares of EarthRenew at a deemed price of \$0.248 per common share. 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.

In addition, the Vendors shall be entitled to nominate three individuals for election to EarthRenew's board of directors at its annual general meeting held each year for so long as the Vendors collectively hold at least 10% of the issued and outstanding EarthRenew Shares.

The acquisition is expected to provide EarthRenew with top line revenue, an existing customer list and distribution channels to sell fertilizer and soil solutions in Western Canada and the United States (North Dakota and Montana). Replenish's senior management team's experience, technical expertise, and existing relationships are expected to enhance EarthRenew's operational capacity.

The Company anticipates that Replenish will continue to operate as a marketing and distribution company as a wholly owned subsidiary of EarthRenew. The combined company is projected to become a leader in the regenerative and organic fertilizer space. The Company expects that the combined entity will have the capacity to manufacture, market, and distribute a broad range of high-value crop inputs.

Outlook

EarthRenew continues to prepare for the restart of the Strathmore production facility. Market development, engineering and regulatory work is proceeding. The acquisition of Replenish Nutrients Ltd. will accelerate the marketing and sales efforts and support the further development of regenerative and organic fertilizer products to meet market needs.

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EarthRenew is seeking to maximize the value of the power generation facilities by building on-site demand (including a neighboring feedlot site). To accomplish this objective, EarthRenew intends to:

- Maximize the value of the electricity through consistent behind the fence load development. This includes direct connection into the neighbouring feedlot and power purchase relationships with cryptocurrency miners.
- Produce excess power on an opportunistic basis to capture periods of elevated pricing available over extended periods on the Alberta electricity grid.
- Develop additional opportunities for consistent base load with on-site and neighbouring site clients.

Management Changes

On May 17, 2021, Mr. Neil Weins was appointed to the Company's board of directors and will serve as the Company's Chief Technical Officer and head of sales. Mr. Weins will also continue to serve as the President of Replenish Nutrients Ltd., the Company's recently acquired wholly owned subsidiary.

Select Annual Information

Select annual financial information for the years ended December 31, 2020, 2019 and 2018 is presented in the table below:

	December 31, 2020	December 31, 2019	December 31, 2018
Revenues and other income	\$ 572,352	\$ 195,396	\$ 34,967
Net income/(loss)	(3,877,476)	(1,374,289)	(4,516,596)
Net income/(loss) per share	(0.08)	(0.02)	(0.08)
Working capital*	841,536	(305,099)	246,732
Total Assets	5,639,075	5,177,041	5,248,395
Total non-current liabilities	363,304	63,227	-

Select Quarterly Information

Select quarterly financial information for the most recent eight quarters is presented in the table below:

	Q1-2021 \$	Q4-2020 \$	Q3-2020 \$	Q2-2020 \$	Q1-2020 \$	Q4-2019 \$	Q3-2019 \$	Q2-2019 \$
Revenues and other income	530,088	183,138	165,077	78,356	145,781	133,990	50,976	8,634
Net income/(loss)	(790,084)	(912,599)	(949,415)	(1,335,591)	(679,871)	(515,705)	(232,739)	(358,515)
Net income/(loss) per share	(0.01)	(0.01)	(0.02)	(0.03)	(0.02)	(0.01)	(0.00)	(0.01)
Working capital*	422,299	841,536	768,699	(225,544)	605,244	(305,099)	(1,459,073)	(1,226,695)
Total Assets	5,431,529	5,639,075	5,566,328	5,159,103	5,897,683	5,177,041	5,000,777	5,208,906
Total non-current liabilities	355,418	363,304	16,282	32,243	47,890	63,227	78,261	296,299

*Working capital is defined as current assets minus current liabilities. Working capital is a non-IFRS figure without a standardized meaning. Please see "Non-IFRS Measures" for a reconciliation.

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Factors Affecting Comparability of Quarters

Results of operations can vary significantly. The Company's level of activity and expenditures during a specific quarter are influenced by a number of factors, including the level of working capital, the availability of external financing, the nature of activity, and the number of personnel required to advance each individual project.

The Company started earning revenue in Q3-2019 from electricity sales.

Net loss has fluctuated quarterly, reflecting the increase in the Company's operating costs. The increased net losses in 2020 and Q1-2021 are a result of increased professional, engineering, corporate communications, and consulting and management fees in the execution of its corporate strategy.

The adoption of IFRS 16 resulted in a long-term liability being recognized in Q1-2019, which increased significantly in 2020 as a result of the long-term renewal of the Company's Strathmore lease. There were no other significant changes in accounting policies during the eight recent quarters that gave rise to significant variances.

Results of Operations

During the three months ended March 31, 2021, the Company recorded a net (loss) of \$(790,084) or \$(0.01) per share, compared with a net (loss) of \$(679,871) or \$(0.02) per share during the comparable three months ended March 31, 2020. The increased losses were primarily due to additional professional, engineering, consulting and management fees, offset by increased revenue from electricity generation.

Electricity sales were \$481,698 in the three months ended March 31, 2021, compared to \$145,177 during the three months ended March 31, 2020.

Professional, consulting and management fees were \$816,931 in the three months ended March 31, 2021, compared to \$569,664 in the three months ended March 31, 2020. The increase is primarily due to additional consulting and management fees related to corporate development and corporate communications.

General and administrative expenses were \$97,289 in the three months ended March 31, 2021, compared to \$47,609 in the three months ended March 31, 2020. The increase was a result of increased field and office expenses related to product testing.

Field study and engineering costs were \$25,762 in the three months ended March 31, 2021, compared to \$nil in the three months ended March 31, 2020, as the Company continued its engineering and project design work at the Strathmore Plant.

Shareholder communication, filing fees, and promotional expenses were \$184,422 in the three months ended March 31, 2021, compared to \$56,857 in the three months ended March 31, 2020. The increase is a result of additional marketing and promotional fees as the Company works to restart its Strathmore Plant.

Utilities and maintenance expenses and cost of goods sold were \$122,647 in the three and months ended March 31, 2021, compared to \$108,779 in the three months ended March 31, 2020. The increase is related to the increased electricity generation at the Strathmore Plant.

Amortization expense was \$72,183 in the three months ended March 31, 2021, compared to \$39,561 in the three months ended March 31, 2020. The expenses relate to the Company's electricity generation turbine, plant, and building.

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Cash flows

During the three months ended March 31, 2021, the Company (used) cash in operating activities of \$(534,426), compared to \$(1,036,850) in the three months ended March 31, 2020. The decrease was primarily due to changes in non-cash working capital items.

There were no investing activities during the three months ended March 31, 2021 and 2020.

During the three months ended March 31, 2021, financing activities generated \$426,150 cash from the proceeds of exercise of the Company's options and warrants, offset by lease payments. During the three months ended March 31, 2020, financing activities generated \$1,549,490 from a private placement financing, offset by lease payments.

Liquidity and Capital Resources

Given the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon electricity production and re-start to the fertilizer production. Development may take years to complete and the amount of resulting income, if any, is difficult to determine. The Company currently has a negative operating cash flow and finances its operations through equity financings. The Company's financial success will be dependent on the economic viability of its projects.

As at March 31, 2021, the Company had working capital of \$422,299 (December 31, 2020 - \$841,536), which included a cash balance of \$845,492 (December 31, 2020 - \$953,768), amounts receivable of \$153,252 (December 31, 2020 - \$113,192), and prepaid expenses of \$164,032 (December 31, 2020 - \$365,883). These current assets were offset by accounts payable, accrued liabilities, and current lease liabilities of \$740,477 (December 31, 2020- \$591,307).

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. The Facility ensures that the Company has an option to secure the capital necessary to accelerate the recommissioning of the Strathmore Plant and to pursue expansion opportunities.

The net proceeds of the facility is expected to be used for costs incurred for capital equipment purchases, engineering and construction costs for the redevelopment of the Strathmore facility, feasibility studies on future projects, field and research trials, market development activities, working capital for the ramp-up of operations at the Strathmore facility, and for general corporate purposes.

The Company's estimate of the adequacy of its working capital is a forward-looking statement as it involves known and unknown risks, uncertainties and other factors. Actual results could differ, perhaps materially, with the result that the adequacy of working capital required for fiscal year 2021 expressed by such forward-looking statements is materially different than so stated. Also, the ability of the Company to successfully acquire and develop projects or to continue development of its current project is conditional on its ability to

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secure financing when required. The Company proposes to meet any additional financing requirements through equity financing when required. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or desired by the Company. See "Cautionary Statement Regarding Forward-Looking Information".

Non-IFRS Measures

The Company has included a Non-IFRS performance measure, working capital, throughout this document. This is a common Non-IFRS performance measure but does not have a standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. This Non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following tables provide a reconciliation of working capital to the financial statements as at March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
Current assets		
Cash	\$ 845,492	\$ 953,768
Amounts receivable	153,252	113,192
Prepaid expenses	164,032	365,883
	<u>1,162,776</u>	<u>1,432,843</u>
Current liabilities		
Accounts payable and accrued liabilities	\$ 709,854	\$ 561,288
Current portion of lease liabilities	30,623	30,019
	<u>740,477</u>	<u>591,307</u>
Working Capital, (current assets less current liabilities)	<u>\$ 422,299</u>	<u>\$ 841,536</u>

Capital Risk Management

The Company's capital includes cash and equity, comprised of issued shares, share-based payment reserve and deficit, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support the acquisition and project development. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company is dependent upon external financings to fund activities. In order to carry out planned engineering, test work, advancement and development of projects, and pay for administrative costs, the Company will spend working capital and expects to raise the additional funds from time to time as required. 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.

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

Commitments and Contingencies

Management Contracts

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 the consolidated financial statements. Minimum commitments remaining under these contracts were approximately \$330,000, all due within one year.

Legal 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.

In addition to the leases accounted for in accordance with IFRS 16, 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.

Transactions with Related Parties

The Company shares office space with other companies who may have common officers or directors. The costs associated with this space are administered by an unrelated 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

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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).

Financial Instruments

The carrying value of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and loans from related parties approximate their fair values due to the short maturity of those instruments.

The Company's risk exposures and their impacts on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the three months ended March 31, 2021.

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. All of the receivables from contracts with customers, totaling \$115,272 (December 31, 2020 - \$49,746) are due from three customers (2020 – two customers). There is no history of losses from receivables and there are no overdue receivables as at March 31, 2021. Cash and cash equivalents consist of cash held in financial institutions from which management believes the risk of loss to be remote.

Liquidity risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

As at March 31, 2021, the Company had a cash balance of \$845,492 (December 31, 2020 - \$953,768) to settle current liabilities of \$740,854 (December 31, 2020 - \$591,307).

Currency risk

The Company funds the operations and maintains a head office in Canada. A portion of the Company's expenses are denominated in U.S. 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. The Company does not engage in any hedging activity to mitigate this risk.

Critical Accounting Policies

The Company's significant accounting policies are described in Note 2 to the audited consolidated financial statements for the year ended December 31, 2020. The preparation of statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Risks and Uncertainties

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.

Electricity Generation

Changes in the Price of Electricity

A portion of EarthRenew's revenues will be tied, either directly or indirectly, to the market price for electricity. Market electricity prices are impacted by a number of factors including: the strength of the economy, the available transmission capacity, the price of fuel that is used to generate electricity (and, accordingly, certain of the factors that affect the price of fuel described below); the management of generation and the amount of excess generating capacity relative to load in a particular market; the cost of controlling emissions of pollution, including the cost of carbon; the structure of the particular market; and weather conditions that impact electrical load. As a result, EarthRenew cannot accurately predict future electricity prices and electricity price volatility could have a material adverse effect on EarthRenew.

Regulatory Risk

The regulatory framework under which power generation is governed is impacted by significant shifts in government policy and changes in government, which creates uncertainty about public policy priorities and directions, particularly around electricity and environmental issues. The regulations that govern the competitive wholesale and retail electricity markets in Alberta continue to evolve and the extent to which the government of Alberta may participate in, and make adjustments to, the regulations cannot be foreseen.

Third Party Transmission Systems

The Strathmore Plant relies on a regional transmission system and related facilities that are owned and operated by third parties and have both regulatory and physical constraints that could impede EarthRenew's access to electricity markets. EarthRenew's power generation facilities depend on electric transmission systems and related facilities owned and operated by third parties to deliver the electricity that is generated to delivery points where ownership changes. These grids operate with both regulatory and physical constraints which in certain circumstances may impede access to electricity markets. There may be instances in system emergencies in which power generation facilities are physically disconnected from the power grid, or production curtailed, for short periods of time. In addition, EarthRenew's power generation facilities in the future may not be able to secure access to this interconnection or transmission capacity at reasonable prices, in a timely fashion or at all, which could then cause delays and additional costs in attempting to negotiate or renegotiate applicable power purchase agreements. Any such increased costs and delays could delay the commercial operation dates of any new projects and negatively impact EarthRenew's revenues and financial condition.

Organic Fertilizer Production

Limited Operating History

EarthRenew commenced commercial operations at its Strathmore Plant in April 2008. Future growth plans involve expansion in the United States or Europe where EarthRenew has not developed a plant or produced fertilizer. Accordingly, EarthRenew will have a relatively limited operating history from which an investor can evaluate its business and prospects. EarthRenew has generated net losses and negative cash flow from operations since the commencement of operations and EarthRenew is expected to incur net losses and negative cash flow from operations for a significant period of time as it expands its operations, re-launches organic fertilizer productions and applies for regulatory permits and approvals.

Unproven Products and Unproven Markets

EarthRenew's fertilizer products are relatively new and are unproven in the marketplace. There are no assurances that EarthRenew's products will receive the broad market acceptance required for commercialization. Actual or perceived problems with quality control, performance or cost effectiveness of our products, including in relation to competition or alternative products, may lead to a lack of confidence and harm EarthRenew's ability to successfully commercialize its products.

The market for EarthRenew's products is undeveloped and development of such markets will require significant marketing efforts, working capital and increased sales and marketing staff. This may present difficulties due to limited resources as the price at which EarthRenew may sell its products in commercial quantities has not yet been fully determined. EarthRenew may be required to modify its growth strategy as a result of actual or anticipated competition, customer response, lack of resources, regulatory requirements or other reasons. Operating results and the price at which EarthRenew will be able to sell its products and services will be highly dependent on the existence of a market for such products and overall farm receipts.

Success in marketing and selling products will depend upon multiple factors, including:

- the effectiveness of the products;
- the ability of EarthRenew to locate additional hosts and add sufficient manufacturing capacity at an acceptable cost and in compliance with regulatory requirements;
- the ability to generate commercial sales of products;
- acceptance of products and services by target markets;
- inherent development risks, such as fertilizer products not having the anticipated effectiveness;
- preclusion or obsolescence resulting from a third party developing superior or equivalent products;
- the ability to develop repeatable processes to manufacture our products in sufficient quantities; and
- general economic conditions.

If any of these factors cannot be overcome, EarthRenew may not be able to introduce products to target markets in a timely or cost-effective manner, which could adversely affect future growth and results.

There can be no assurance that illustrative or indicative use information in respect of products contained in this MD&A will reflect actual use of our products by growers. In adopting our products, growers will adopt and use product in accordance with their own circumstances and may in particular stage the adoption of product over time, or blend or use our fertilizer with other fertilizers, which may affect the demand for products.

Operating results and the price at which EarthRenew can sell products will be dependent on demand for products. Demand for products will be affected by a number of factors including weather conditions,

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commodity prices, and government policies. It is likely that the price at which EarthRenew sells its products will fluctuate if there are significant changes in the price and availability of other fertilizer products.

EarthRenew's technology has not yet been commercialized outside of the Strathmore Plant or in other industries. There can be no assurance that EarthRenew will be able to commercialize this technology or that EarthRenew will be able to enter into licensing, joint ventures or other arrangements to develop other applications for this technology at other locations.

Product Price and Margin

Operating results are and will be dependent upon product prices and margins, which are in turn dependent on demand for crop inputs. Demand for crop inputs can be affected by a number of factors including weather conditions, outlook for crop nutrient prices and farmer economics, governmental policies, access of our customers to credit, and build-up of inventories in distribution channels.

Product price and margins are also significantly influenced by competitor actions that change overall industry production capacity, such as decisions to build or close production plants, changes in utilization rates and pricing decisions.

Competition

The fertilizer manufacturing and electricity generation industries in which we operate are highly competitive. Although EarthRenew does not produce the same products as traditional fertilizer producers, management of EarthRenew anticipates that future sales, pricing and margins will be affected by the price and availability of traditional soil products such as nitrogen-based fertilizers, the price of which is highly dependent on inputs such as natural gas. If the price and availability of traditional fertilizer products is attractive, future sales, pricing and margins may suffer which could have a material adverse effect on our business and financial condition. Competitors in the traditional fertilizer industry are larger and have better access to capital and resources than EarthRenew which could affect its ability to compete. A competitor or a new entrant could invent a technology or process that is superior to EarthRenew's technology or process and this would have an adverse effect on its ability to compete. We will also compete for host manure sites and for an adequate supply of inputs. A failure to secure future host sites will have a material adverse effect on the growth prospects of EarthRenew.

Production Process

Under EarthRenew's manufacturing model, it has developed and established, and will continue to develop and establish, manufacturing processes and systems at the Strathmore Plant.

EarthRenew's manufacturing process is a highly automated and complex process that requires extreme precision and quality control throughout each production stage. The Strathmore Plant consists of multiple components, all of which must be run on an integrated and coordinated basis. There can be no assurance that each component will continuously operate as designed or expected or that the necessary levels of integration and co-ordination will continuously be achieved. Any difficulties encountered in our manufacturing process could adversely affect the ability to produce products, thereby affecting EarthRenew's ability to meet customer expectations and may adversely affect the business and financial results.

Intellectual Property

EarthRenew relies on a combination of patents, trademarks, trade secrets, confidentiality agreements and other contractual restrictions on disclosure to protect its intellectual property rights. EarthRenew also enters into confidentiality agreements with employees, consultants, hosts and other third parties, and controls access to and distributions of confidential information.

EarthRenew's success will depend in part on its ability to maintain or obtain and enforce patent and other intellectual property protection for processes, products and technology, to preserve trade secrets and to

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operate without infringing upon the proprietary rights of third parties. Setbacks or failures in these areas could negatively affect EarthRenew's ability to compete and materially and adversely affect its business and financial condition. EarthRenew has obtained patents or filed patent applications in the United States, Canada and internationally and may, in the future, seek additional patents or file additional patent applications. Certain aspects of EarthRenew's technology are currently protected as trade secrets, for which we may or may not file patent applications.

There can be no assurance that EarthRenew's patents or patent applications will be valid, or that patents will issue from the patent applications that have been filed or will be filed. Additionally, there can be no assurances that the scope of any claims granted in any patent will provide adequate protection for the processes used by the Company currently or in the future. EarthRenew cannot be certain that the creators of EarthRenew's technology were the first inventors of inventions and processes covered by patents and patent applications or that they were the first to file. Accordingly, there can be no assurance that EarthRenew's patents will be valid or will afford EarthRenew with protection against competitors with similar technology or processes. Despite efforts to protect proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use proprietary information. Monitoring unauthorized use of confidential information is difficult and there is no certainty that steps EarthRenew take to prevent unauthorized use of patented products or confidential information will be effective.

EarthRenew may deem it necessary or advisable to commence litigation to enforce our intellectual property rights. Others may claim that EarthRenew has infringed upon their intellectual property rights and commence litigation against EarthRenew. EarthRenew's commercial success depends in part on its ability to operate without infringing the patents and other proprietary rights of third parties. Infringement proceedings relating to intellectual property are often lengthy, costly and time-consuming and their outcome is uncertain. Moreover, if competitors prepare and file patent applications to claim technology that is also claimed by EarthRenew, EarthRenew may be forced to participate in interference proceedings to determine priority of invention. Litigation and participation in such proceedings could result in substantial costs and diversion of the efforts of EarthRenew, even if the eventual outcome is favourable. Litigation could also subject EarthRenew to significant liabilities to third parties, require disputed rights to be licensed from third parties or require EarthRenew to cease using certain technology. If EarthRenew becomes involved in any patent litigation, interference, opposition or other administrative proceedings, EarthRenew will incur substantial expense and the efforts of technical and management personnel will be significantly diverted. As a result of such litigation or proceedings EarthRenew could lose its proprietary position and be restricted or prevented from manufacturing products, incur significant damage awards, including punitive damages, or be required to seek third-party licenses that may not be available on commercially acceptable terms, if at all. In addition, EarthRenew may lack the resources, whether financial or otherwise, to monitor, prosecute and enforce intellectual property rights.

Host Industry Risks and Dependence on Hosts

EarthRenew's operations will be exposed to the same industry risks faced by hosts it engages with for power generation and organic fertilizer production. These risks include the risk of diseases such as BSE, avian flu or hoof and mouth disease. New regulations resulting from these diseases may have a negative impact on hosts and, as a consequence, EarthRenew's operations. If any area in which EarthRenew operates is affected by these diseases, plants may be shut down or substantially impeded in their operation which could have a material adverse effect on business and financial conditions. Risks faced by hosts do include those risks associated with cattle, dairy or poultry operations, as the case may be; including weather, pricing and availability of other inputs, product prices and all other matters affecting their commercial operation and viability.

EarthRenew will depend on hosts for the materials needed to manufacture organic matter fertilizers. It is expected that each plant will be dependent on a single host and the loss of any such host would result in a disruption in production from such plant. If this were to occur, it may be difficult to arrange a replacement supplier, because such plants cannot easily be physically relocated. Hosts may encounter problems in providing EarthRenew with an adequate supply of the inputs required due to a variety of reasons, including

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failure to comply with applicable regulations and environmental factors. If hosts are unable to provide sufficient quantities of the inputs that are depended on to manufacture products on a timely basis or if delays or contractual or other difficulties in relationships with hosts are encountered, then the manufacturing of products may be disrupted, which could have a materially adverse effect on operations, revenues and financial condition: EarthRenew intends to enter into long term agreements with hosts; however there is no guarantee that such hosts will be able to meet their commitments under such agreements nor is there any assurance that EarthRenew will enter into a sufficient number of such long- term agreements. It is anticipated that host agreements will provide for the delivery of specified amounts of input for such plants. These required specified amounts may not be sufficient to operate these plants at expected or full rates and the host may not be able to supply amounts in addition to the specified amounts. In these circumstances, EarthRenew may have to source additional inputs to operate at expected levels and there is no assurance EarthRenew will be able to find additional input supply. It is also expected that host agreements provide that in certain circumstances, including in unusually wet weather conditions, or, after an initial five year period in the case where the host is unable to operate at a profit and so reduces the number of cattle maintained at its site, the host is excused from its obligations to provide input to its plants. In addition, as plants will be located on property leased from various hosts, EarthRenew may become liable for a failure by its hosts, or any other person owning the real property upon which such plants are located, to comply with environmental laws and regulations.

Dependence on Single Plant

EarthRenew currently depends on a single plant to manufacture its product and generate revenue. All of EarthRenew's anticipated revenue for the foreseeable future will be derived from product and electricity that is produced at the Strathmore Plant. The Strathmore Plant is not operating at its base load production level. If the Strathmore Plant does not operate as planned or does not reach its targeted base load production level, EarthRenew may need to incur additional expense and spend additional time to increase production at that plant, which may temporarily reduce production levels and increase production costs.

Volatility of Electricity and Natural Gas Prices

EarthRenew's future revenue will be dependent on the market prices of electricity and natural gas. The market rates of electricity and natural gas may be affected by changes in regulations and government policy and in demand and capacity supply, including cyclical changes, as well as the overall economy. Electricity markets are subject to regulatory developments within the jurisdictions in which EarthRenew operates (or intends to operate) or sell electricity and other external factors outside its control, which developments or factors may negatively impact electricity markets, pricing, transmission development and investment. This volatility may have a material adverse effect on EarthRenew's business and financial condition.

To the extent that electricity prices do not increase in tandem with any future increases in natural gas prices, EarthRenew's operating results will be adversely affected as it will not be able to sell the electricity produced by these plants at levels sufficient to offset a majority of the cost of the natural gas it will have to purchase to power such plants.

Government Regulation

EarthRenew's operations will be subject to a variety of federal, provincial, state and local laws, regulations, and guidelines, including laws and regulations relating to health and safety, manure management, production and sale of fertilizers, including for organic farming use, the conduct of operations, the protection of the environment, the operation of equipment used in operations, the sale of electricity and the transportation and the import and export of products. EarthRenew believes that it is currently in compliance with such laws and regulations. EarthRenew intends to invest financial and managerial resources to ensure such compliance in the future. Although such expenditures historically have not been material, such laws or regulations are subject to change. Accordingly, it is impossible for the Company to predict the cost or impact of such laws and regulations on its future operations.

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Organic Approvals

To sell EarthRenew's fertilizer for use in certified organic crop production, EarthRenew will be reliant on being approved for such use by various approval agencies in accordance with applicable regulatory standards. EarthRenew's products are currently approved for use in certified organic crop production in the U.S. and Canada. There can be no assurance that EarthRenew will be able to obtain approval for use of its products for organic agriculture in, or export to, other countries, in particular in Europe.

Operating Risks and Insurance

EarthRenew's operations will be subject to hazards inherent in the fertilizer manufacturing and sale and electrical generation industries, such as labour disruptions and unscheduled downtime, equipment defects, malfunctions and failures, loss of product in processing, and natural disasters, that can cause personal injury, loss of life, suspension of operations, damage to plants, business interruption and damage to or destruction of property, equipment and the environment. These risks could expose us to substantial liability for personal injury, wrongful death, property damage, pollution, and other environmental damages and the imposition of civil or criminal penalties. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators. In the event of equipment defects, malfunctions or failures, there can be no assurance that supplier warranties will be effective to compensate us for any losses.

EarthRenew will continuously monitor its activities for quality control and safety. However, there are no assurances that safety procedures will always prevent the damages described above. Although EarthRenew will maintain insurance coverage that it believes to be adequate and customary in the industries in which it operates, there are no assurances that such insurance will be adequate to cover all liabilities. In addition, there are no assurances that EarthRenew will be able to maintain adequate insurance in the future at rates it considers reasonable and commercially justifiable. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits, or a claim at a time when EarthRenew is not able to obtain liability insurance, could have a material adverse effect on its ability to conduct normal business operations.

Defects in its products or failures in quality control could impair EarthRenew's ability to sell products or could result in product liability claims, litigation and other significant events with substantial additional costs. Detection of any significant defects in its products or failure in our quality control procedures may result in, among other things loss of sales and market acceptance of our products, diversion of development resources and injury to EarthRenew's reputation.

The costs EarthRenew may incur in correcting any product defects may be substantial. Additionally, errors, defects or other performance problems could result in financial or other damages to customers, which could result in litigation. Product liability litigation, even if unsuccessful, would be time consuming and costly to defend. EarthRenew's product liability insurance may not be adequate to cover claims.

Environmental and Regulatory Risk

EarthRenew's operations are subject to environmental risks and regulatory compliance and there are no assurances that its plants will be in compliance with all regulatory requirements. New or amended environmental laws and regulations may require EarthRenew to curtail or stop operations at one or more plants, or may require expenditures by us to install environmental control equipment or modify operations. Failure to comply could subject EarthRenew to fines or penalties.

There can be no assurances that EarthRenew will not experience difficulties in its efforts to comply with such laws and regulations in future years, or that the costs associated with EarthRenew's continued compliance efforts will not have a material adverse effect on its business and financial condition. The ability to use its product in organic agriculture is a key component to the marketability of such product. Should any regulatory body prohibit organic matter fertilizers for use in organic agriculture it would materially adversely affect the marketability of the products of EarthRenew.

Inability to Adapt or Incorporate New Technological Processes

The development and implementation of new technologies may result in a significant reduction in the costs of fertilizer production. Technological advances by other fertilizer producers in methods to convert minerals, green wastes, biosolids and manures into fertilizer could increase efficiency and decrease the cost of production, which could increase competition. In addition, EarthRenew will rely on animal manure as an input to its process. The development of new technologies that utilize manure may increase competition for manure which could limit its access to manure and increase costs. EarthRenew cannot predict when new technology may become available, the rate of acceptance of new technologies by its competitors or the costs associated with new technologies. It is also possible that EarthRenew may not be able to incorporate new technological processes into its production process which could place the Company at a competitive disadvantage.

Cross Contamination

Although EarthRenew's high heat process of up to 1,000 Fahrenheit degrees destroys pathogens there is no assurance its product will not be associated with a pathogen outbreak due to cross contamination with other crop inputs. Although EarthRenew attempts to restrict the use of its product with potentially risky inputs such as manures and composts, there can be no assurance that growers will not use its product in combination with these inputs. Association with a pathogen outbreak could damage EarthRenew's reputation and cause it to become involved in costly and time-consuming legal or regulatory proceedings which would divert the attention of management and key personnel from its business operations, which could adversely affect the business.

Sales Cycle

EarthRenew is affected by seasonality risk due to weather and the potential buying patterns of major customers. EarthRenew's revenue may therefore be affected by these buying patterns, notably a potential slowdown in sales over the winter and early spring.

Personnel and Strategic Allies

The successful operation of our business will depend upon the abilities, expertise, judgment, discretion, integrity and good faith of our management, executive officers, general managers, employees, consultants and strategic allies. In addition, our ability to expand will depend upon our ability to attract qualified personnel as needed, including marketing, sales and operational personnel. The demand for skilled employees is high, and the supply can be limited, particularly in the Alberta market. The unexpected loss of our key personnel or strategic partners, or the inability to retain or recruit skilled personnel could have a material adverse effect on our business and financial condition.

Marketing and Distribution Expertise

Achieving market success will require substantial marketing efforts and the expenditure of funds to inform potential customers of the distinctive benefits and characteristics of our fertilizer. EarthRenew's long term success will depend on its ability to expand current marketing capabilities. EarthRenew will, among other things, need to attract and retain experienced marketing and sales personnel. No assurance can be given that EarthRenew will be able to attract and retain such personnel or that any efforts undertaken by such personnel will be successful.

Weather and Climate

Adverse weather conditions represent a very significant operating risk affecting potential hosts and customers for products. Weather conditions affect the types of crops grown, the quality and quantity of production and the levels of farm inputs which, in turn, will affect demand for our products. Adverse weather conditions, such as drought or excessive rains, can result in both reduced production of the inputs we need to manufacture products by our hosts, reduced crop production by customers for products and increased costs to operate plants. During the winter and wet seasons, EarthRenew expects the amount of

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inputs produced by hosts to decline. A reduction in the production of the inputs needed to manufacture our products or crop input sales because of adverse weather conditions could have a material adverse effect on operating results and financial condition.

Management Estimates and Assumptions

A number of matters set forth in this MD&A including, without limitation, engineering matters, energy efficiency, product performance and costs are based on certain assumptions and estimates made by management. These estimates and assumptions may prove to be inaccurate.

Litigation Risks

EarthRenew may become involved in, named as a party to, or the subject of, various legal proceedings, including contract disputes, regulatory proceedings, tax proceedings and legal actions relating to intellectual property, product liability, personal injuries, property damage, property taxes, land rights, and the environment. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to EarthRenew and as a result, could have a material adverse effect on its assets, liabilities, business, financial condition and results of operations. Even if EarthRenew prevails in any such legal proceeding, the proceedings could be costly and time-consuming and would divert the attention of management and key personnel from business operations, which could adversely affect its financial condition.

Credit Risk

A substantial portion of EarthRenew's accounts receivable will be with customers involved in the agricultural industry whose revenues may be impacted by fluctuations in commodity prices and all other factors affecting the economics of the agricultural industry. Collection of these receivables could be influenced by economic factors affecting the agricultural industry as a whole.

Foreign Exchange and Interest Rates

EarthRenew will incur costs in United States dollars, particularly in relation to equipment and parts purchased from the United States. Accordingly, EarthRenew is subject to risk from fluctuations in the rates of currency exchange between the United States dollar and Canadian dollar, and such fluctuations may materially affect its business and financial condition.

Catastrophic Event Risk

EarthRenew's operations are exposed to potential damage, including partial or full loss, resulting from disasters such as an earthquake, hurricane, fire, explosion, flood, severe storm, terrorist attack or other comparable events. Both the Strathmore Plant and future plants owned by hosts could be exposed to effects of severe weather conditions, natural disasters and potentially catastrophic events such as a major accident or incident at our plants. A pandemic or an assault or an action of malicious destruction, sabotage or terrorism committed at our plants or with respect to our fertilizer could also disrupt our ability to produce and sell fertilizer. The occurrence of a significant event that disrupts the ability of our plants to produce fertilizer for an extended period could have a material adverse effect on our business, financial condition and results of operations.

General Business and Market Risks

Key Personnel

The senior officers of EarthRenew will be critical to its success. In the event of the departure of a senior officer, EarthRenew believes that it will be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as EarthRenew grows is critical to its success. As EarthRenew's business activity grows, it will require additional key financial, administrative and technical personnel as well as additional operations staff. If EarthRenew is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected,

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which could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of EarthRenew.

Conflicts of Interest

Directors and officers of EarthRenew are or may become directors or officers of other reporting companies or have significant shareholdings in other fertilizer or electrical generation companies. EarthRenew and its directors and officers will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of EarthRenew, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, EarthRenew will establish a special committee of independent directors to review a matter in which one or more directors, or officers, may have a conflict. In determining whether or not EarthRenew will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to EarthRenew, the degree of risk to which EarthRenew may be exposed and its financial position at that time. Other than as indicated, EarthRenew has no other procedures or mechanisms to deal with conflicts of interest.

Additional Financing

EarthRenew will require additional financing in order to make further investments or take advantage of future opportunities and to grow its business. The ability of EarthRenew to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of EarthRenew. There can be no assurance that EarthRenew will be successful in its efforts to arrange additional financing on terms satisfactory to EarthRenew. If additional financing is raised by the issuance of Common Shares or other forms of convertible securities from treasury, control of EarthRenew may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, EarthRenew may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business. If EarthRenew is unable to generate such revenues or obtain such additional financing, any investment in EarthRenew may be lost. In such event, the probability of resale of the securities of EarthRenew would be diminished.

Profitability

There is no assurance that EarthRenew will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue EarthRenew's business development and marketing activities. If EarthRenew does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

Management of Growth

EarthRenew may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of EarthRenew to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of EarthRenew to deal with this growth may have a material adverse effect on EarthRenew's business, financial condition, results of operations and prospects.

Issuance of Debt

From time to time, EarthRenew may enter into transactions to acquire assets or seek to obtain additional working capital. These transactions may be financed in whole or in part with debt, which may increase EarthRenew's debt levels. Depending on future plans, EarthRenew may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms to EarthRenew. EarthRenew's constating documents do not limit the amount of indebtedness that may be incurred and it is not expected that EarthRenew's constating documents will contain such restrictions. As a

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result, the level of EarthRenew's indebtedness from time to time could impair its ability to operate or otherwise take advantage of business opportunities that may arise.

Dilution

EarthRenew may make future acquisitions or enter into financings or other transactions involving the issuance of securities of EarthRenew which may be dilutive to the holdings of existing shareholders.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of EarthRenew in creating revenues, cash flows or earnings. The value of the Common Shares will be affected by such volatility. A public trading market in the Common Shares having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of Common Shares at any given time, which, in turn is dependent on the individual decisions of investors over which EarthRenew has no control. There can be no assurance that an active trading market in securities of EarthRenew will be established and sustained. The market price for EarthRenew's securities could be subject to wide fluctuations, which could have an adverse effect on the market price of EarthRenew. The stock market has, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance, net asset values or prospects of particular companies. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

Dividends

EarthRenew has not paid any dividends on its outstanding shares. Any payments of dividends on the Common Shares will be dependent upon the financial requirements of EarthRenew to finance future growth, the financial condition of EarthRenew and other factors which EarthRenew's board of directors may consider appropriate in the circumstance. It is unlikely that EarthRenew will pay dividends in the immediate or foreseeable future.

Markets for Securities

There can be no assurance that an active trading market in the Common Shares will be established and sustained. The market price for the Common Shares could be subject to wide fluctuations. Factors such as agriculture commodity prices, government regulation, the demand for fertilizer, electricity prices, interest rates, share price movements of EarthRenew's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of EarthRenew.

General Economic Conditions May Adversely Affect EarthRenew's Growth

Events in global financial markets can have a profound impact on the global economy in general and the fertilizer industry in particular. Many industries can be negatively impacted by these market conditions. A slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, tax rates may adversely affect EarthRenew.

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Outstanding Share Data

As at the date of this MD&A, the Company has 80,593,278 common shares outstanding;

- 1) 3,665,000 stock options outstanding with expiry dates ranging between July 18, 2021 and June 5, 2025. If all of the options are exercised, 3,664,977 shares would be issued for gross proceeds of \$1,520,990.
- 2) 3,218,893 warrants outstanding with expiry dates ranging from November 28, 2021 to October 13, 2022. If all of the warrants are exercised, 3,218,893 shares would be issued for gross proceeds of \$1,389,792.