



Management's Discussion and Analysis

For the three months ended March 31, 2023

Dated May 24, 2023

FINANCIAL AND OPERATIONAL HIGHLIGHTS SUMMARY

Core Renewable Natural Gas ("RNG") expansion and development projects: EverGen Infrastructure Corp. ("EverGen", "the Company", "we", "our", "us" or "its") continues to progress on its core RNG expansion and development projects and regional expansion across Canada.

Fraser Valley Biogas

Construction at the **Fraser Valley Biogas core RNG expansion project** commenced in Q3 2022, with the initial construction focused on an additional anaerobic digester and improvements to the feedstock processing system, followed by replacement of the RNG upgrader in order to double the expected production capacity of the facility to ~160,000 gigajoules of RNG per year. As at March 31, 2023, EverGen has invested approximately \$4 million into this project. Completion is scheduled for early-Q3 2023 for a total anticipated cost of \$11-\$12 million, which is expected to contribute to an increase in net income and EBITDA during the second half of 2023. Upon completion, EverGen will assess the need for investment into additional digestate storage for an anticipated cost of \$2-\$3 million to reduce expected direct operating expenses associated with additional digestate handling, which if determined accretive to EverGen, would be constructed during 2024.

Pacific Coast Renewables

The **core RNG expansion project at Pacific Coast Renewables** (formerly known as Net Zero Waste Abbotsford – see company Overview section below) is expected to increase the facility's inbound organic feedstock to ~135,000 tonnes per year, from 40,000 tonnes per year, and add RNG production of ~180,000 gigajoules per year. As at March 31, 2023, EverGen has invested approximately \$6 million into equipment and upgrades for this project, which includes upgrades to existing infrastructure completed during Q1 2023 necessary to secure regulatory approvals and optimize the development of construction. The project is expected to cost a total of \$32-\$35 million and is anticipated to commence construction in 2024, following the receipt of regulatory approvals.

GrowTEC

In July 2023, EverGen completed the acquisition of a 67% interest in GrowTEC and subsequently entered into construction on the first phase of a **core RNG expansion project** in Alberta designed to produce ~80,000 gigajoules of RNG per year. Construction and successful commissioning on this project was completed by EverGen in Q1 2023. Following the production of RNG into FortisBC's network, which is expected during Q2 2023, the facility will then move into the second phase of the project, which is expected to produce a total of ~140,000 gigajoules of RNG per year.

Project Radius

In May 2023, EverGen acquired a 50% interest in Project Radius, which is a late-development-stage portfolio of three high-quality, on-farm RNG projects in Ontario, collectively capable of producing ~1.7 million gigajoules of RNG per year and are expected to be constructed throughout late-2023 and 2024.

Financing: In January 2023, EverGen announced that it had signed a definitive agreement with its existing lender, Roynat Capital (a subsidiary of The Bank of Nova Scotia) ("Roynat") and Export Development Canada ("EDC") for a \$31 million syndicated senior term loan (the "Term Loan Facility"). Roynat and EDC are each providing for 50% of the proceeds from the Term Loan Facility. The Term Loan Facility will be used to support the upgrade and construction of the Company's RNG facilities and provides for \$15 million for refinancing of existing debt and construction at Fraser Valley Biogas and \$16 million at Pacific Coast Renewables. In May 2023, EverGen made an initial drawdown on the Term Loan Facility for \$2 million.

Cash and cash equivalents: Cash and cash equivalents received from EverGen's initial public offering ("IPO") have been invested into the Company's core RNG expansion and development projects, resulting in a balance of \$5.8 million as at March 31, 2023, compared to \$8.9 million as at December 31, 2022. The remaining cash and cash equivalents, combined with the \$31 million Term Loan Facility and expected future operating cash flows, is expected to fully-fund EverGen's core RNG expansion projects.

	Three months ended			
	Mar 31, 2023	Mar 31, 2022	\$ Change	% Change
FINANCIAL				
Revenue	1,683	1,427	256	18
Net loss	(996)	(219)	(777)	355
Net loss per share (\$), basic and diluted	(0.07)	(0.02)	(0.05)	250
EBITDA ⁽¹⁾	(188)	481	(669)	(139)
Adjusted EBITDA ⁽¹⁾	18	631	(613)	(97)
Capital expenditures	5,310	1,355	3,955	292
Total assets	88,216	79,771	8,445	11
Total long-term liabilities	18,749	14,522	4,227	29
Cash and cash equivalents	5,814	17,470	(11,656)	(67)
Working capital surplus ⁽¹⁾	1,143	19,196	(18,053)	(94)
COMMON SHARES (thousands)				
Outstanding, end of period	13,845	13,367	478	4
Weighted average – basic & diluted	13,820	13,367	453	3
OPERATING				
Incoming organic feedstock (tonnes)	17,902	16,047	1,855	12
Organic compost and soil sales (yards)	894	5,400	(4,506)	(83)
RNG (gigajoules)	8,866	5,772	3,094	54
Electricity (MWh)	810	-	810	100

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

Revenue: For the three months ended March 31, 2023, revenues of \$1,653 increased, compared to the same period last year, primarily due to higher volumes of incoming organic feedstock at EverGen's Sea to Sky Soils and Composting Inc. organic waste and composting facility.

Net loss: For the three months ended March 31, 2023, net loss of \$996 increased, compared to the same period last year, mainly due to the recognition of insurance proceeds in Q1 2022.

Adjusted EBITDA: For the three months ended March 31, 2023, EverGen recorded adjusted EBITDA of \$18. The decrease in adjusted EBITDA was primarily due to insurance proceeds from previously incurred flood-related costs recognized during the three months ended March 31, 2022.

RNG Volumes: RNG volumes have been impacted as a direct result of flooding events in the Abbotsford and Sumas Prairie regions, which resulted in the shut down of the FVB facility on November 15, 2021, until operations were restored on March 2, 2022. Since March 2, 2022, FVB has been operating and producing daily volumes of up to 334 GJ/d. RNG production volumes have been fluctuating from intermittent downtime associated with the facility being offline as part of the core RNG expansion project at FVB.

BASIS OF PRESENTATION

EverGen has prepared this Management's Discussion and Analysis ("MD&A") for the three months ended December 31, 2023, in accordance with National Instrument 51-102F1, and should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three months ended March 31, 2023, which have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), and the audited consolidated financial statements for the year ended December 31, 2022. All references to "\$" are references to Canadian dollars and all amounts are presented in thousands of dollars, unless otherwise indicated. This MD&A and the unaudited interim consolidated financial statements of EverGen have been prepared by management and approved by the Audit Committee of the Board of Directors as of May 24, 2023.

Additional information relating to the Company, including our Annual Information Form dated April 12, 2023 ("AIF"), is available on SEDAR at www.sedar.com. The Company's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "EVGN" and the OTCQX Market ("OTCQX") under the symbol "EVGIF".

READER ADVISORIES

This MD&A contains certain "forward-looking statements" within the meaning of Canadian securities legislation and introduces financial measures which are not defined under IFRS aimed at helping the reader in making comparisons to metrics similarly disclosed by industry peers. Readers are cautioned that the MD&A should be read in conjunction with the Company's disclosure under "Non-GAAP Measures" and "Forward-Looking Information" included at the end of this MD&A.

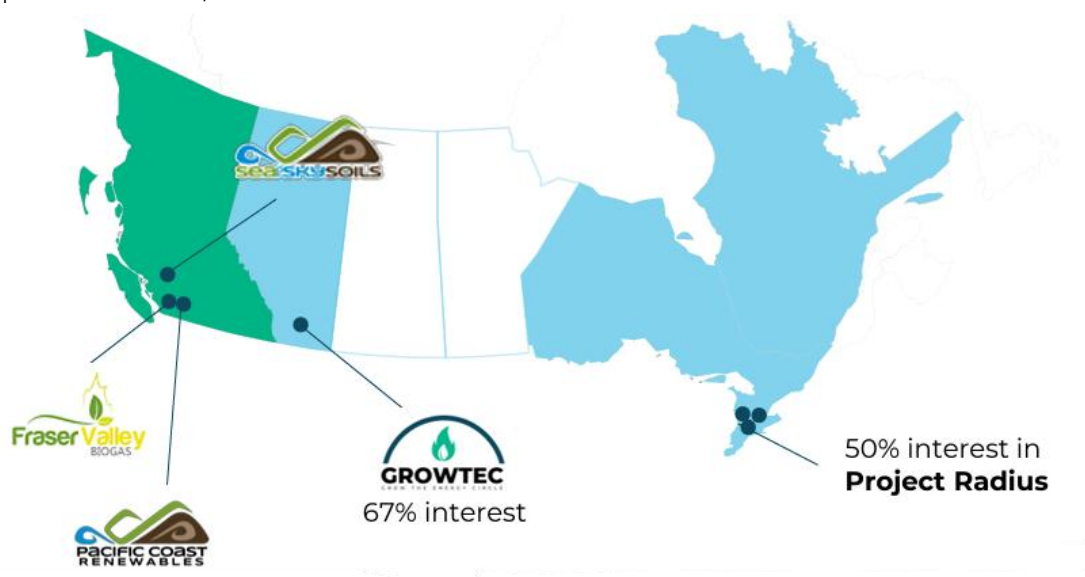
COMPANY OVERVIEW

EverGen, headquartered in Vancouver, British Columbia, is a sustainable infrastructure platform established to acquire, develop, build, own, operate, and consolidate a portfolio of renewable natural gas ("RNG"), waste to energy, and related infrastructure projects in Canada and other regions of North America.

EverGen commenced operations upon incorporation under the laws of British Columbia, Canada, on May 13, 2020.



The Company currently owns and operates four facilities through its subsidiaries: Pacific Coast Renewables Corp. ("PCR") (renamed from Net Zero Waste Abbotsford Inc. in March 2023), Sea to Sky Soils and Composting Inc. ("SSS"), Fraser Valley Biogas Ltd. ("FVB") and Grow the Energy Circle Ltd. ("GrowTEC"), and holds a 50% interest in Project Radius, an entity that holds a portfolio of three RNG projects under development in Ontario, Canada.



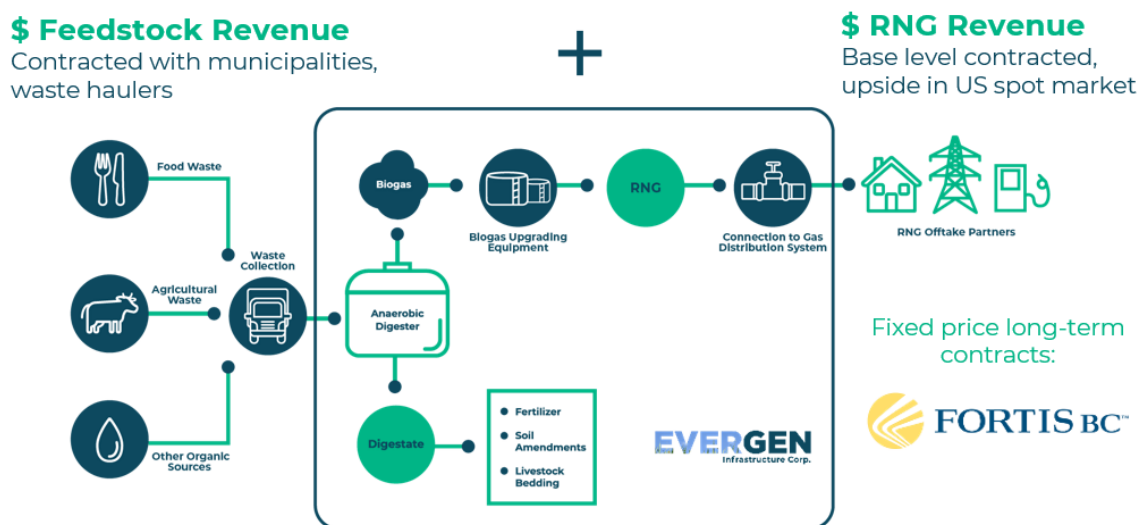
FVB is British Columbia's original RNG facility, which has historically sold its RNG under a long-term offtake contract with FortisBC and combines anaerobic digestion and biogas upgrading to produce RNG, primarily by converting agricultural waste from local dairy farms. In advance of finalizing the terms under a new long-term offtake agreement with FortisBC, the facility is currently operating under an interim offtake contract. The FVB RNG facility is currently undergoing a core RNG expansion project to add additional RNG production that is expected to double the facility's existing capacity and increase RNG production to ~160,000 gigajoules per year.

PCR and SSS are currently operating as organic waste conversion facilities in British Columbia, which process inbound organics, yard waste and biosolids for a contracted tipping fee and produce high-quality organic compost and soils for farmers, gardeners and developers. PCR is undergoing a planned core RNG expansion project, which will add anaerobic digestion capabilities to produce biogas and will then be upgraded to RNG to feed into FortisBC's gas network under an existing 20-year off-take agreement. The expansion is expected to increase the facility's inbound organics throughput to ~135,000 tonnes of feedstock per year and is designed to produce ~180,000 gigajoules of RNG per year. Construction of the upgrade will begin upon receipt of building and regulatory approvals, which applications were submitted during 2023. Construction on the project is expected to begin in 2024. During the fourth quarter of 2022, EverGen commenced construction on improving the existing infrastructure to ensure the readiness of the facility for increased volumes of inbound organics, which was completed during Q1 2023. The majority of the revenue currently earned by the organic waste conversion facilities is sourced under long-term contracts with local municipalities.

GrowTEC is an operating biogas facility located in Lethbridge, Alberta. Following the acquisition of a 67% interest in the facility in Q3 2022, EverGen oversaw the installation of an RNG upgrader, and related equipment, required to upgrade biogas to produce RNG and is being delivered to FortisBC under an existing off-take agreement. The first phase of development is expected to produce 80,000 gigajoules of RNG annually and the second phase of the expansion is then expected to increase the RNG production capacity of the facility to 140,000 gigajoules per year.

In May 2022, EverGen acquired a 50% interest in Project Radius, a late-development stage portfolio of three high-quality, on-farm RNG projects, each capable of producing approximately 550,000 gigajoules of RNG per year and are expected to be constructed throughout late- 2023 and 2024. EverGen is currently working with its partner on developing Project Radius to advance the projects to the notice-to-proceed phase of development.

COMMERCIAL STRATEGY



EverGen was formed to acquire and develop existing underutilized RNG infrastructure, convert existing organic waste facilities into RNG infrastructure and build and operate new RNG infrastructure. From its

existing platform, EverGen plans to further grow and develop RNG projects in its growth pipeline and provide RNG under long-term offtake contracts to FortisBC and other creditworthy customers.

EverGen's purpose is to contribute to the circular economy, promoting socially conscious business models for waste recycling while providing sustainable returns for the planet by using its platform of investments and operational excellence to drive rapid RNG penetration and grid conversion in addition to:

- Completing the development and construction of EverGen's existing portfolio of core RNG expansion projects;
- Optimizing, diversifying and expanding existing organic waste processing capabilities;
- Continuing the growth of EverGen's project portfolio via strategic acquisitions and consolidation opportunities; and
- Developing strategic partnerships and advancing RNG project pipeline.

OUTLOOK

During 2023, we have successfully continued the expansion of our portfolio through the development of our core RNG expansion and development projects, which demonstrates EverGen's ability to drive the consolidation and the growth of the RNG industry, and we continue to expand our geographical base. EverGen plans to continue to grow through the pursuit of RNG consolidation opportunities across North America and the further development of projects within its pipeline. This is driven by underlying investments in sustainable operations that contribute to carbon-negative energy production, and positively impact climate change initiatives.

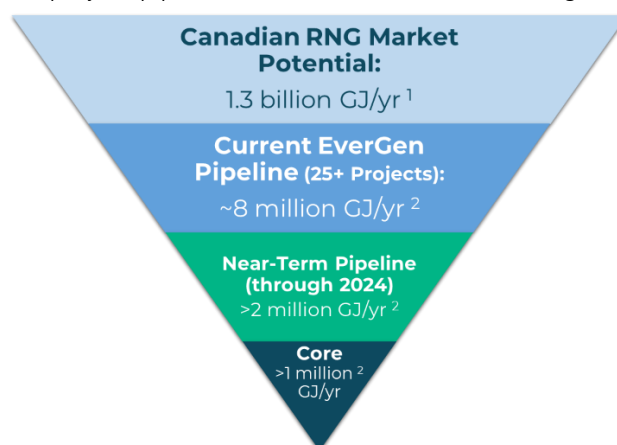
EverGen's growth, and increased financial performance, relies on the execution of its strategy to acquire, develop, build, own, operate and consolidate a portfolio of RNG, waste to energy and related sustainable infrastructure projects, including:

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

We believe that EverGen is uniquely positioned to capitalize on expansion prospects in the RNG market and that the RNG industry is set to grow rapidly over the next several decades based on increased availability of feedstock, through population growth and landfill diversion measures, and increased customer demand for lower carbon energy alternatives. We believe that there is growing societal expectations of carbon neutral and circular economy solutions and increasing government support for these initiatives.

Executing strategic and accretive acquisitions

EverGen's ability to identify and develop projects in our project pipeline, and then execute and integrate these projects as accretive acquisitions into EverGen's platform is a key driver of our growth. Our growth is focused on realizing consolidation opportunities and achieving synergies in cost and margins through the operation and expansion of facilities under a unified business platform. The identification and development of projects, followed by the execution of acquisitions and consolidation opportunities, as well as their integration into a common operating platform with shared services and efficiency optimizations, is a key factor to our success. The successful execution and integration of acquisitions creates further opportunities within the market to EverGen, provides us with additional growth opportunities and drives further procurement and cost synergies across our operations.



¹ Source: Biogas World

² Net to EverGen

Driving cost efficiencies

Our high-value services and high-quality products through strategically located facilities provide a foundation to continue to identify and develop projects in our pipeline, consolidate growth and realize operational and capital efficiencies. To do so, we have been investing in a scalable platform and capabilities. This investment is the basis to realize future operational and capital efficiencies and further enhance our competitive position on top of our existing strong competitive position currently supported by asset management discipline, investment in sustainable infrastructure and collaborative stakeholder relationships. EverGen's continued success depends upon our ability to leverage our scalable network and platform to build relationships with municipal, commercial and utility customers, realize operational and capital efficiencies, and extract procurement and cost synergies.

Building collaborations

EverGen's collaborative approach accelerates growth and extends our execution capabilities across our value chain and supply chain. Key relationships with local developers, First Nations and other stakeholders provide access to projects and leverages our capabilities in sourcing new organic waste streams and extending our business model to fulfill societal and customer expectations of waste recycling and waste to energy production combined with reduced greenhouse gas emissions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our strategy is intertwined with our commitment to deliver on societal expectations of a circular economy and fulfilling ESG values. EverGen was established for the purpose of contributing to a circular economy in waste recycling and waste to energy production through sourcing, operating and developing sustainable infrastructure and fulfilling our ESG values.

EverGen delivers on its ESG values as follows:

Environmental 	Recycle waste products and reduce greenhouse gas emissions in the production of renewable energy, which replaces higher-carbon sources.
Social 	EverGen operates as a community-focused business, receiving and recycling organic waste from local municipalities and businesses. EverGen is focused on partnering with First Nations communities who host its operations and provide a vital workforce.
Governance 	Committed to strong governance in its operations and in planned growth and development of RNG.

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

For full details on EverGen's ESG values and reporting, please refer to the Company's AIF dated April 12, 2023 (see section entitled "Social/Environmental Policies"), which is available on SEDAR at www.sedar.com.

RESULTS OF OPERATIONS

Revenue

Revenue by source:

	Three months ended		
	Mar 31, 2023	Mar 31, 2022	% Change
Tipping fees	1,308	1,189	10
Organic compost and soil sales	25	78	(68)
RNG sales	195	88	122
Electricity sales	155	-	100
Trucking services and other	-	72	(100)
Total	1,683	1,427	18

Revenue is generated primarily through contracted tipping fees charged to municipalities and other customers for the disposal of organic waste at EverGen's facilities, from the sale of high-quality organic compost and soils, from RNG sales under contract with FortisBC and from hauling services associated with delivering organic waste. From July 13, 2023, revenue also includes electricity sales by GrowTEC.

Revenue by segment:

	Three months ended		
	Mar 31, 2023	Mar 31, 2022	% Change
RNG production	414	129	221
Organic waste and composting	1,269	1,298	(2)
Total	1,683	1,427	18

The majority of tipping fees are included in EverGen's organic waste and composting operating segment, with only a minor amount included in the RNG production operating segment. Organic compost sales and soil sales, as well as trucking services and other, are all attributable to EverGen's organic waste and composting operating segment. RNG and electricity sales are all attributable to EverGen's RNG production operating segment. The Company's revenue is exposed to fluctuations because of the inherent seasonality of organic waste processing and the sale of organic compost and soil, which is typically lower during winter months.

	Three months ended		
	Mar 31, 2023	Mar 31, 2022	% Change
Incoming organic feedstock (tonnes)	17,902	16,047	12
Organic compost and soil sales (yards)	894	5,400	(83)
RNG (gigajoules)	8,866	5,772	54
Electricity (MWh)	810	-	100

Revenues tipping fees increased by \$119, or 10%, for the three months ended March 31, 2023, compared to the same period last year, primarily due to increased volumes of incoming organic feedstock at SSS.

RNG production at FVB increased during the three months ended March 31, 2023, compared to the same period last year, primarily due to the 100-year flooding event in the Abbotsford and Sumas Prairie regions in late-2021, which resulted in 108 days of downtime at FVB until production resumed on March 2, 2022. RNG production during the first quarter of 2023 was lower than historical levels due to downtime associated with the FVB core RNG expansion project.

Revenue includes electricity sales from GrowTEC following the acquisition of a 67% interest of the company on July 13, 2023.

Direct operating costs

	Three months ended		
	Mar 31, 2023	Mar 31, 2022	% Change
Direct operating costs	2,333	1,940	20

Direct operating costs are costs incurred to earn revenue and includes all attributable expenses, including labour, fuel charges, disposal costs, freight costs, hauling costs, the preparation and the processing of screening, blending and curing organic waste for conversion into saleable organic compost and soil, repairs and maintenance, equipment rental, insurance, utilities, licenses, permits and depreciation and amortization expenses. EverGen's direct operating costs are exposed to fluctuations because of seasonal weather and the related fluctuations in volumes processed.

Direct operating costs increased by \$491, or 20%, for the three months ended March 31, 2023, compared to the same period last year, primarily due to the acquisition of GrowTEC in July 2023, depreciation associated with the acquisition of property, plant and equipment and right-of-use assets during Q1 2023 and during 2022 and an increase in repairs and maintenance related to insurable flood-related expenses during Q1 2023.

General and administrative expenses

	Three months ended		
	Mar 31, 2023	Mar 31, 2022	% Change
General and administrative expenses	1,152	611	89

General and administrative expenses consist primarily of head office personnel costs, share-based compensation, professional and consulting fees and other general and administrative expenses.

General and administrative expenses increased by \$562, or 89%, for the three months ended March 31, 2023, compared to the same period last year, primarily due to an increase in share-based compensation due to the forfeiture of certain equity securities during the three months ended March 31, 2022.

Finance costs

	Three months ended		
	Mar 31, 2023	Mar 31, 2022	% Change
Interest expense on loans	117	64	83
Interest expense on lease liabilities	116	47	147
Other	(36)	5	(820)
Total	197	116	70

EverGen's finance costs primarily relate to interest expense recognized on loans payable, which were used to finance growth in the Company's asset base, and the associated interest expense on lease liabilities.

Finance costs increased by \$81, or 70%, for the three months ended March 31, 2023, compared to the same period last year, primarily due to the increase in interest rates and new leases to support business growth entered into during 2023 and 2022.

Contingent consideration gain

	Three months ended		
	Mar 31, 2023	Mar 31, 2022	% Change
Contingent consideration gain	430	-	100

A contingent consideration gain of \$430 was recognized during the three months ended March 31, 2023, as a result of an adjustment of the liability relating to amounts payable in connection with the acquisition of GrowTEC, taking into account estimated holdbacks.

Other income - net

	Three months ended		
	Mar 31, 2023	Mar 31, 2022	% Change
Insurance proceeds	282	908	(69)
Other	113	(32)	(453)
Total	395	876	(55)

Other income - net decreased during the three months ended March 31, 2023, compared to the same period last year, primarily due to the recognition of \$282 of insurance proceeds during Q1 2023, compared to \$908 of insurance proceeds during Q1 2022, relating to flood-related expenditures incurred as a result of the flooding events in the Abbotsford and Sumas Prairie regions during late-2021.

Income taxes

	Three months ended		
	Mar 31, 2023	Mar 31, 2022	% Change
Current tax recovery	-	(66)	(100)
Deferred tax recovery	(219)	(79)	177
Total	(219)	(145)	51

Income taxes consist of current and deferred income taxes.

The increase in the income tax recovery for the three months ended March 31, 2023, compared to the same period last year, is primarily due to an increase in net loss.

EBITDA and Adjusted EBITDA ⁽¹⁾

	Three months ended		
	Mar 31, 2023	Mar 31, 2022	% Change
Net loss	(996)	(219)	455
Tax recovery	(219)	(145)	51
Depreciation and amortization	830	733	13
Finance costs	197	116	70
EBITDA ⁽¹⁾	(188)	485	(139)
Share-based payment expense (recovery)	188	(225)	(184)
Loss on sale of equipment	-	41	(100)
Non-recurring general and administrative expenses and other	379	330	15
Contingent consideration gain	(430)	-	100
Non-recurring general and administrative expenses and other related to equity-accounted investment	32	-	100
Adjusted EBITDA attributable to non-controlling interest	37	-	100
Adjusted EBITDA ⁽¹⁾	18	631	(97)

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

Management considers EBITDA and adjusted EBITDA key metrics in analyzing operational performance and the Company's ability to generate cash flow. EBITDA is measured as net income (loss) before interest, tax, depreciation and amortization ("EBITDA"). Adjusted EBITDA is measured as EBITDA adjusted for share-based payment expense (recovery), certain other non-cash items, contingent consideration gains and losses and unusual or non-recurring items. EBITDA and adjusted EBITDA are non-GAAP measures as defined in the non-GAAP measures section of this MD&A.

EverGen's EBITDA of (\$188) for the three months ended March 31, 2023, decreased compared to \$485 during the same period last year, primarily due to a decrease in insurance proceeds recognized, an increase in direct operating costs, as described above, and the absence of a share-based payment recovery, partially offset by an increase in revenues, as described above, and a contingent consideration gain recognized during the three months ended March 31, 2023.

EverGen's Adjusted EBITDA of \$18 for the three months ended March 31, 2023, decreased compared to \$631 during the same period last year, primarily due to the decrease in EBITDA, as described above.

CAPITAL EXPENDITURES

	Three months ended		
	Mar 31, 2023	Mar 31, 2022	% Change
Capital expenditures – property, plant and equipment	5,310	1,355	292

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

Capital expenditures during the three months ended March 31, 2023, related primarily to the Company's core RNG expansion projects at FVB, PCR and GrowTEC. Capital expenditures during the three months ended March 31, 2022, related primarily to the Company's core RNG expansion project at PCR.

SUPPLEMENTAL QUARTERLY INFORMATION

	2023 Mar 31 Q1	Dec 31 Q4	2022 Sep 30 Q3	Jun 30 Q2	Mar 31 Q1	Dec 31 Q4	2021 Sep 30 Q3	Jun 30 Q2
FINANCIAL								
Revenue	1,683	1,716	1,957	2,359	1,427	2,693	1,937	3,349
Net (loss) income	(996)	(1,526)	(1,819)	(546)	(219)	(1,113)	493	(175)
Net (loss) income per share (\$), basic and diluted	(0.07)	(0.11)	(0.13)	(0.04)	(0.02)	(0.08)	0.04	(0.02)
EBITDA ⁽¹⁾	(188)	(914)	(486)	(154)	485	(512)	1,854	454
Adjusted EBITDA ⁽¹⁾	18	274	650	426	631	(18)	791	1,863
Capital expenditures – property, plant and equipment	5,310	3,473	1,492	1,349	1,355	1,004	318	122
Capital expenditures – acquisitions	-	250	2,054	1,000	-	-	-	10,690
Total assets	88,216	85,956	85,692	78,581	79,771	80,610	80,933	64,961
Total long-term liabilities	18,749	17,463	17,462	14,453	14,522	14,764	15,142	15,460
Working capital surplus ⁽¹⁾	1,143	6,125	10,079	16,524	19,196	20,545	21,751	2,310
COMMON SHARES (thousands)								
Outstanding, end of period	13,845	13,809	13,872	13,307	13,367	13,367	13,367	10,287
Weighted average – basic	13,820	13,847	13,794	13,357	13,367	13,367	12,229	9,819
Weighted average – diluted	13,820	13,847	13,794	13,357	13,367	13,367	12,344	9,819
OPERATING								
Incoming organic feedstock (tonnes)	17,902	16,972	19,375	24,336	16,047	26,110	20,465	30,647
Organic compost and soil sales (yards)	894	6,575	8,219	13,778	5,400	5,119	12,532	37,053
RNG sales (gigajoules)	8,866	10,847	14,975	20,254	5,772	12,682	23,854	18,845
Electricity (MWh)	810	572	698	-	-	-	-	-

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

The Company's revenue is exposed to fluctuations as a result of the inherent seasonality of organic waste processing and the sale of organic compost and soil. As a result, the Company typically sees higher revenues, net (loss) income, EBITDA and Adjusted EBITDA during Q2 and Q3 of a given year, when compared to Q1 and Q4, due to higher incoming organic feedstock and organic compost and soil sales during these periods.

During Q4 of 2021, certain of EverGen's operating facilities were impacted by severe flooding, which resulted in higher than seasonal incoming organic feedstock and impacted RNG production at the FVB RNG facility, which was not operational during periods in Q4 2021 and Q1 2022. During Q2 and Q3 2022, unseasonable weather impacted the demand, and resulted in a decrease, in organic compost and soil sales during these periods. During Q4 2022 and Q1 2023, FVB RNG production volumes have been fluctuating from intermittent downtime from planned downtime with the facility being offline as part of the core RNG expansion project and unplanned downtime due to equipment availability.

LIQUIDITY AND CAPITAL RESOURCES

	March 31, 2023	December 31, 2022	% Change
Cash and cash equivalents	5,814	8,852	(34)
Working capital surplus ⁽¹⁾	1,143	6,125	(81)

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

We consider our capital to consist of shareholders' equity, debt, including lease liabilities, less cash and cash equivalents. The Company's objective when managing capital is to maintain adequate levels of funding to support the growth and development of its business and maintain the necessary corporate and

administrative functions to facilitate these activities. The Company actively monitors its capital and operational spending activities to ensure that it can meet its future anticipated obligations incurred from normal ongoing operations, which may require the Company to adjust its capital structure. To maintain or adjust its capital structure, the Company may issue additional common shares, repay existing debt, seek additional debt financing or adjust its spending or capital expenditures. There is no assurance that any of these will be on acceptable terms to EverGen.

EverGen assesses its ability to meet its on-going obligations using the non-GAAP measures of EBITDA and adjusted EBITDA. These metrics are key measures of liquidity and the management of capital resources.

Primarily due to investment in property, plant and equipment relating to the Company's core RNG expansion projects at PCR and FVB, and the acquisition of GrowTEC, EverGen's cash and cash equivalents and working capital surplus decreased as at March 31, 2023, compared to December 31, 2022. As at March 31, 2023, EverGen was committed to \$9 million of future capital expenditure, primarily related to the core RNG expansion project at FVB and the final payments under the existing RNG construction contract at GrowTEC. These commitments will be funded by existing liquidity and the liquidity being made available under EverGen's \$31 million syndicated senior term loan (see below).

In January 2023, EverGen announced that it had entered into a definitive agreement for a \$31 million syndicated senior term loan, which provides sufficient funding for the Company's planned core RNG expansion projects, when combined with the Company's existing liquidity and expected future operating cash flows. In May 2023, EverGen made an initial drawdown of \$2.0 million under this senior term loan.

Share capital

The Company had the following outstanding common shares and equity instruments as at March 31, 2023, and December 31, 2022:

(thousands)	March 31, 2023	December 31, 2022	% Change
Common shares	13,845	13,809	0
Share warrants	1,772	1,772	-
Options	142	142	-
Performance share units	430	430	-
Restricted share units	162	209	(22)
Deferred share units	28	28	-
Total outstanding securities	16,379	16,390	0

A description of EverGen's equity instruments can be found in Note 15 to the annual consolidated financial statements for the year ended December 31, 2022.

As of the date of this MD&A, the following equity instruments were outstanding:

(thousands)	
Common shares	13,845
Share warrants	1,772
Options	142
Performance share units	430
Restricted share units	164
Deferred share units	28
Total outstanding securities	16,381

Use of proceeds

On August 4, 2022, EverGen completed an initial public offering. As at March 31, 2023, the Company has used the proceeds from the offering, compared to the intended use of the proceeds, as follows:

	Intended use of net proceeds	Use of net proceeds as at March 31, 2023	% Change
Project development, construction and expansion	10,750	10,750	-
Further development and acquisition activities	6,569	3,304	(50)
Total	17,319	14,054	(19)

The Company intends to use the remaining proceeds for future accretive projects.

Summary of Cash Flows

	Three months ended		%
	March 31, 2023	March 31, 2022	Change
Net operating cash flow	(184)	(285)	(36)
Net investing cash flow	(2,552)	(1,601)	59
Net financing cash flow	(302)	(241)	26
Total	(3,038)	(2,127)	43

The Company's net operating cash outflows improved for the three months ended March 31, 2023, compared to the same period last year.

EverGen continued to focus on investment in facilities with cash used in investing activities for the three months ended March 31, 2023, associated with property, plant and equipment expenditures relating to the Company's core RNG expansion projects at GrowTEC, FVB and PCR. Pursuant to its core RNG expansion projects at the facilities, which upon completion are intended to significantly increase EverGen's RNG production, net income and EBITDA, the Company is in the process of purchasing capital assets. Additionally, during the three months ended March 31, 2023, EverGen advanced a loan to Project Radius of \$500, which is due and payable to EverGen on June 30, 2023.

Cash used in investing activities for the three months ended March 31, 2022, relates almost entirely to property, plant and equipment expenditures relating to the Company's core expansion project at PCR.

ACCOUNTING STANDARDS, CHANGES AND PRONOUNCEMENTS

The Company's material accounting policies are included in Note 3 to the Company's annual consolidated financial statements for the year ended December 31, 2022. The Company did not adopt any new material accounting policies in the current period and there are no new or amended accounting standards or interpretations issued during the three months ended March 31, 2023, that are expected to have a material impact on the Company's financial statements.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of financial statements requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant in the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The Company's uses of estimates, judgements and assumptions are included in Note 2 to the Company's annual consolidated financial statements for the year ended December 31, 2022. There have been no significant changes to the Company's critical accounting estimates, judgments and assumptions during the three months ended March 31, 2023.

MANAGEMENTS REPORT ON INTERNAL CONTROLS

Management is responsible for the preparation and integrity of the Company's consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls, and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. Disclosure controls and procedures should be designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified under the Canadian securities law.

We have designed disclosure controls and procedures, as defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), to provide reasonable assurance that material information is identified and communicated to management, including the Chief Executive Officer and Chief Financial Officer, in a timely manner, to allow decisions regarding required disclosures.

We have also designed internal controls over financial reporting ("ICFR"), as defined in NI 52-109, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

A control system, including EverGen's disclosure controls and procedures and ICFR, no matter how well designed, has inherent limitations and can only provide reasonable, not absolute, assurance that the objectives of the control system will be met, and it should not be expected that the disclosure controls and procedures and ICFR will prevent all misstatements and instances of fraud, if any.

During three months ended March 31, 2023, there were no changes in internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

EverGen is not required to certify the design and evaluation of its disclosure controls and procedures and ICFR and has not completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement, on a cost-effective basis, disclosure controls and procedures and ICFR for EverGen may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RELATED PARTY TRANSACTIONS

Key management compensation

The value of compensation and other fees paid to board of directors and members of executive management of EverGen is as follows:

	Three months ended		
	Mar 31, 2023	Mar 31, 2022	% Change
Salaries and benefits	154	147	5
Share-based payment expense (recovery)	176	(242)	(173)
Total	330	(95)	(447)

Other related party transactions

In July 2023, GrowTEC entered into a lease agreement with a related party to lease the land on which the GrowTEC facility is located for a term of ten years, with the option to extend for an additional two five-year periods, at the option of the EverGen. The lease agreement is with entities which the minority shareholders of GrowTEC control. The lease payments for the initial term are \$270 for the first year of the lease and \$120 per year for the remaining nine years. During the three months ended March 31, 2023, the Company incurred lease expenses of \$68 relating to this lease (three months ended March 31, 2022 - \$nil).

Effective April 1, 2023, EverGen entered into a loan agreement with the non-controlling interest holders of a subsidiary of the Company to provide proceeds of \$710 to EverGen to fund the non-controlling interest

holders proportionate share of capital expenditure. The loan is repayable over a five-year term and bears interest at a rate of 4.0%.

OFF BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

As at March 31, 2023, the Company's financial instruments consists of cash and cash equivalents, restricted cash, accounts receivable, carbon emission credits, accounts payable and accrued liabilities, contingent consideration, lease liabilities and loans. There have been no significant developments, including the associated risks, in the Company's financial instruments as included in the Company's annual consolidated financial statements as at and for the year ended December 31, 2022.

There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the three months ended March 31, 2023.

RISKS AND UNCERTAINTIES

Risk is inherent in all business activities and cannot be entirely eliminated. EverGen's business and financial performance, which includes our results of operations and cash flows, are impacted by a number of risks. For full details on the risks and uncertainties affecting EverGen, please refer to the Company's AIF dated April 12, 2023 (see section entitled "Risk Factors"), which is available on SEDAR at www.sedar.com. The risks and uncertainties described in our AIF are not the only ones that we face. Additional risks and uncertainties, including those that we do not currently know of or that we deem immaterial, could materially and adversely affect the Company's investments, prospects, cash flows, results of operations or financial condition.

EverGen's management is committed to proactively monitoring, and where possible, mitigating risk. Issues affecting, or with the potential to affect, the Company's assets, operations and/or reputation, are generally of a strategic nature or are emerging issues that can be identified early and then managed, but occasionally include unforeseen issues that arise unexpectedly and must be managed on an urgent basis. EverGen takes a proactive approach to the identification and management of issues that may affect the Company's assets, operations and/or reputation and has established consistent and clear policies, procedures, guidelines and responsibilities for issue identification, management and mitigation.

NON-GAAP MEASUREMENTS

EverGen uses certain financial measures referred to in this MD&A to quantify its results that are not prescribed by IFRS. The following terms: "EBITDA", "adjusted EBITDA", and "working capital surplus" are not recognized measures under IFRS and may not be comparable to that reported by other companies. EverGen believes that, in addition to measures prepared in accordance with IFRS, the non-GAAP measurements provide useful information to evaluate the Company's performance and ability to generate cash, profitability and meet financial commitments.

These non-GAAP measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

EBITDA and Adjusted EBITDA

Management considers EBITDA and adjusted EBITDA key metrics in analyzing operational performance and the Company's ability to generate cash flow. EBITDA is measured as net income (loss) before interest, tax, depreciation and amortization. Adjusted EBITDA is measured as EBITDA adjusted for share-based payment expense (recovery), certain other non-cash items, unusual or non-recurring items, contingent consideration gains and losses, and non-controlling interests in adjusted EBITDA. A reconciliation of the non-GAAP measures, EBITDA and adjusted EBITDA to the applicable IFRS measure can be found under the Results of Operations section of this MD&A.

Working capital surplus

Working capital is calculated as current assets less current liabilities. The following table provides a reconciliation of working capital, a non-GAAP measure, to the applicable IFRS measurements for the Company:

(thousands)	March 31, 2023	December 31, 2022	% Change
Current assets	9,866	13,236	(25)
Current liabilities	(8,723)	(7,111)	23
Working capital surplus	1,143	6,125	(81)

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and forward-looking information (collectively "forward-looking statements") within the meaning of applicable Canadian securities laws that involve risks, uncertainties and assumptions and relate to the Company's current expectations and views of future events. All statements other than statements of present or historical fact are forward-looking statements.

Forward-looking statements can often, but not always, be identified by the use of words such as "forecast", "target", "goal", "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "project", "predict", or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. In particular, this MD&A contains forward-looking statements including, but not limited to:

- The timing of the completion of the Company's core RNG expansion projects, as well as the expected capital costs, RNG production, increase in net income and EBITDA, and inbound organic feedstock capacity;
- EverGen's plans to grow and develop RNG facilities and construct a platform of sustainable infrastructure and reduce carbon emissions;
- Optimization, diversification and expansion of organic waste processing facilities and RNG feedstock;
- Continued growth through strategic acquisitions and consolidation opportunities;
- Developing strategic partnerships and advancing RNG project pipelines;
- EverGen's expectation to continue to pursue opportunities within its core markets and across North America;
- The ability to secure and optimize long-term contracts for RNG offtake and feedstock inputs;
- Continued growth of the feedstock opportunity from municipal and commercial sources and our ability to build relationships with municipal, commercial and utility customers;
- The ability to create efficiencies through the integration of talent, systems and processes across acquired capital;
- The growth of the RNG industry;
- The growth and success of EverGen focussed on realizing consolidation opportunities and achieving synergies in cost and margin;
- That successful acquisitions provide EverGen with additional growth opportunities;
- The ability of EverGen to meet its future anticipated obligations incurred from normal ongoing operations;
- That funds received under the \$31 million debt term loan facility will be sufficient to fund the core RNG expansion projects; and
- That EverGen generates sufficient amounts of cash and cash equivalents from operating activities to maintain the current level of operations.

Such statements are based on certain assumptions of future events and actual results could vary from these assumptions. Events or circumstances may cause actual results to differ materially from those

predicted as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of EverGen. These include, but are not limited to, risks associated with renewable energy sources, such as market competition, volatility of prices, currency fluctuations, environmental risk, and competition from other producers and ability to access sufficient capital from internal and external sources.

Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, it can give no assurance that such expectations will prove to be accurate, as results and future events could differ materially from those expected or estimated in such statements. Forward-looking-statements, by their nature, involve risks and uncertainties. Certain of these risks are included in "Risks and Uncertainties" in this MD&A and "Risk Factors" in the Company's AIF dated April 12, 2023, which factors should not be considered exhaustive and should be read together with the other cautionary statements in this MD&A. Given these risks, uncertainties and assumptions, readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements contained in this MD&A are made as of the date hereof, and the Company undertakes no obligation to update or revise these forward-looking statements or information as a result of new information or future events, other than as required by applicable securities laws. The forward-looking statements and information contained in this MD&A may not be appropriate for other purposes. In the event that subsequent events are reasonably likely to cause actual results to differ materially from forward-looking statements previously disclosed by the Company for a period that is not yet complete, EverGen will provide disclosure on such events and the anticipated impact of such events.