Green Impact Partners

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As At and For the Three and Six Months Ended June 30, 2022 and 2021

(UNAUDITED)

August 23, 2022

REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated interim financial statements of Green Impact Partners Inc. have been prepared by management and are the responsibility of management.

Green Impact Partners Inc.'s independent auditor has not performed a review of the accompanying unaudited condensed consolidated interim financial statements in accordance with the standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

GREEN IMPACT PARTNERS INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Thousands of Canadian dollars)

	Note	June 30, 2022	December 31, 2021
ASSETS			
Current Assets			
Cash and cash equivalents		4,158	4,498
Trade and other receivables	4	24,585	16,535
Inventory		502	1,038
Other current assets	4	1,052	1,489
Total Current Assets		**30,297**	**23,560**
Property, plant and equipment	6	173,131	143,795
Long-term investments		2,803	2,803
Intangible assets	7	1,708	1,781
Goodwill		3,001	3,001
Deferred income tax assets		1,540	1,130
Total Assets		**212,480**	**176,070**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	4	30,235	21,020
Current portion of long-term debt	8	286	232
Other current liabilities	9	8,221	-
Total Current Liabilities		**38,742**	**21,252**
Risk management contracts	5	800	-
Long-term debt	8	36,717	136
Other long-term liabilities	9	1,837	9,288
Asset retirement obligation	10	8,268	14,287
Deferred income tax liabilities		3,154	3,368
Total Liabilities		**89,518**	**48,331**
Shareholders' Equity			
Share capital	11	109,146	112,856
Contributed surplus	13	1,082	36
Accumulated other comprehensive income		1,164	293
Retained earnings		(2,279)	1,759
Total Shareholder's Equity		**109,113**	**114,944**
Non-controlling interests	14	13,849	12,795
Total Liabilities and Shareholders' Equity		**212,480**	**176,070**

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

Approved by the Board of Directors of Green Impact Partners Inc.

(signed) "Geeta Sankappanavar"
GEETA SANKAPPANAVAR, DIRECTOR

(signed) "Jesse Douglas"
JESSE DOUGLAS, DIRECTOR & CEO

GREEN IMPACT PARTNERS INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30,
(Unaudited)
(Thousands of Canadian dollars)

	Note	Three Months Ended 2022	Three Months Ended 2021	Six Months Ended 2022	Six Months Ended 2021
Revenue		68,885	27,066	113,672	54,854
Direct costs		67,999	25,910	110,414	51,700
Gross Margin		**886**	**1,156**	**3,258**	**3,154**
Operating Expenses					
Depreciation and amortization	6,7	1,616	1,091	2,921	2,161
Salaries and wages		409	371	825	939
Selling, general and administration		1,179	587	1,929	711
		3,204	**2,049**	**5,675**	**3,811**
Loss from Operations		**(2,318)**	**(893)**	**(2,417)**	**(657)**
Non-Operating Expense (Income)					
Listing expense		-	2,523	-	2,523
Finance costs	15	229	353	350	870
Unrealized loss on risk management contracts	5	796	-	796	-
Share-based compensation	13	661	-	1,046	-
Gain on debt forgiveness		-	(257)	-	(257)
Realized (gain) loss on foreign exchange		10	-	10	-
		1,696	**2,619**	**2,202**	**3,136**
Loss Before Income Tax		**(4,014)**	**(3,512)**	**(4,619)**	**(3,793)**
Income Tax					
Current tax recovery		22	-	34	-
Deferred tax recovery		(551)	(688)	(639)	(788)
		(529)	**(688)**	**(605)**	**(788)**
Net Loss		**(3,485)**	**(2,824)**	**(4,014)**	**(3,005)**
Net loss Attributable to:					
Shareholders of the Company		(3,493)	(2,939)	(4,039)	(3,120)
Non-controlling interest	14	8	115	25	115
		(3,485)	(2,824)	(4,014)	(3,005)
Currency translation adjustment		1,317	91	871	91
Comprehensive loss		**(2,168)**	**(2,733)**	**(3,143)**	**(2,914)**
Comprehensive Loss Attributable to:					
Shareholders of the Company		(2,219)	(2,866)	(3,200)	(3,047)
Non-controlling interest		51	133	57	133
		(2,168)	(2,733)	(3,143)	(2,914)
Net Loss per Common Share					
Basic and diluted		(0.17)	(0.20)	(0.20)	(0.25)

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

GREEN IMPACT PARTNERS INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30,
(Unaudited)
(Thousands of Canadian dollars)

	Note	2022	2021
OPERATING ACTIVITIES			
Net income (loss) including non-controlling interest		(4,014)	(3,005)
Items not affecting cash:			
Depreciation and amortization	6,7	2,921	2,161
Deferred income tax (recovery)/expense		(639)	(788)
Share-based compensation	13	1,046	-
Unrealized loss on risk management contracts	5	796	-
Finance costs	15	350	870
Gain on debt forgiveness		-	(257)
Non-cash portion of listing expense		-	2,346
Funds from operations		**460**	**1,327**
Asset retirement expenditures	10	(352)	-
Changes in non-cash working capital		1,427	332
Cash from operations		**1,535**	**1,659**
INVESTING ACTIVITIES			
Additions to property, plant and equipment	6	(34,141)	(3,509)
Settlement of assumed liabilities	9	(418)	-
Cash used in investing activities		**(34,559)**	**(3,509)**
FINANCING ACTIVITIES			
Subscription receipts exchanged for cash		-	100,000
Share issue costs before tax effect		-	(8,659)
Proceeds from/(repayment) of debt		35,301	(220)
Interest paid on long-term debt		(152)	(736)
Settlement of promissory note to parent		-	(49,815)
Change in net parent investment		-	1,621
Sale of negative working capital to parent		-	50
Treasury shares acquired	11	(3,710)	(651)
Funds received for non-controlling interest	14	1,029	-
Cash from (used in) financing activities		**32,468**	**41,590**
Impact of foreign currency translation on cash		**216**	**9**
Increase (decrease) in cash and equivalents		**(340)**	**39,749**
Cash & cash equivalents (borrowings) beginning of period		4,498	2
Cash and cash equivalents (borrowings) end of period		**4,158**	**39,751**

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

GREEN IMPACT PARTNERS INC.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
FOR THE SIX MONTHS ENDED JUNE 30,
(Unaudited)
(Thousands of Canadian dollars)

	Note	2022	2021
NET PARENT INVESTMENT			
Balance, beginning of period		-	22,896
Changes in net parent investment		-	(4,105)
Reclassification of net parent investment to share capital			(18,791)
Balance, end of period		**-**	**-**
SHARE CAPITAL			
Balance, beginning of period		112,856	-
Reclassification of net parent investment		-	18,791
Deemed share issuance on transaction		-	2,346
Subscription receipts exchanged for cash		-	100,000
Share issue costs, net of tax effect		-	(6,866)
Treasury shares acquired	11	(3,710)	(651)
Balance, end of period		**109,146**	**113,620**
CONTRIBUTED SURPLUS			
Balance, beginning of period		36	-
Share-based compensation	13	1,046	-
Balance, end of period		**1,082**	**-**
ACCUMULATED OTHER COMPRENSIVE LOSS			
Balance, beginning of period		293	-
Currency translation adjustment		871	91
Balance, end of period		**1,164**	**91**
RETAINED EARNINGS			
Balance, beginning of period		1,759	2,555
Net loss attributable to shareholders' of the Company		(4,038)	(3,120)
Balance, end of period		**(2,279)**	**(565)**
Total Shareholders' Equity		**109,113**	**113,146**

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

1. DESCRIPTION OF THE BUSINESS

Green Impact Partners Inc. ("GIP" or the "Company") was incorporated on May 2, 2011, under the British Columbia Business Corporations Act. The Company's common shares are traded on the TSX Venture Exchange under the symbol "GIP". The Company's registered address is 666 Burrard St. #2500, Vancouver, British Columbia, V6C 2X8.

The Company is a clean energy company with an operating portfolio of water and solids treatment and recycling facilities in North America. The Company also has a portfolio of renewable natural gas ("RNG") and clean energy development projects.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated interim financial statements (the "financial statements") have been prepared by management using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. The financial statements do not include all the information required for full annual statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2021 and 2020.

These financial statements were approved by the Company's Board of Directors on August 23, 2022.

b) Basis of Measurement

These consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments, which have been measured at fair value. All values are rounded to the nearest thousand dollar, except where otherwise indicated.

These consolidated financial statements are presented in Canadian dollars which is the presentation currency of the Company and its subsidiaries. The functional currency of the Company and its subsidiaries is Canadian dollars except for three subsidiaries which have a functional currency of US dollars.

The accounting policies and significant accounting judgments, estimates, and assumptions used in these unaudited interim condensed consolidated financial statements are consistent with those described in Notes 3, 4 and 5 of the Company's audited consolidated financial statements for the years ended December 31, 2021 and 2020.

3. SIGNIFICANT ESTIMATES AND JUDGMENTS

The timely preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported assets, liabilities, revenues, expenses, gains, losses, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The estimates and underlying assumptions are reviewed by management on an ongoing basis, with any adjustments recognized in the period in which the estimate is revised.

The key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include those related to the determination of cash generating units, depreciation and amortization, recoverability of assets, asset retirement obligations and accretion, other provisions and contingent liabilities, inventories, deferred income taxes, provision for expected credit losses, fair value of financial instruments, purchase price equations, and net investments in foreign subsidiaries. Readers are cautioned that the preceding list is not exhaustive and other items may also be affected by estimates and judgments.

(All tabular amounts presented in thousands of Canadian dollars except share amounts)

4. FINANCIAL RISK MANAGEMENT

a) Accounts receivable and other current assets

	June 30, 2022	December 31, 2021
Trade receivables	3,075	3,441
Other receivables	21,510	13,094
	24,585	**16,535**

Aged trade receivables		
Current (<30 days)	2,314	2,450
31-60 days	210	543
61-90 days	71	165
>90 days	480	283
	3,075	**3,441**

Other receivables represent amounts accrued on energy marketing revenue, which is collected in the month following the associated sales and is therefore all current. The entire balance was collected subsequent to June 30, 2022.

Other current assets
The composition of other current assets is as follows:

	June 30, 2022	December 31, 2021
Prepaid expenses	1,052	778
Short-term promissory note	-	711
	1,052	**1,489**

The short-term promissory note of $0.6 million USD ($0.7 million CAD) at December 31, 2021 represented a payment made in relation to a pre-development RNG project in the Iowa. The payment was made by way of a promissory note that was to remain outstanding while definitive agreement negotiations between the Company and the developer proceeded. The intent of the definitive agreements was to provide the Company the opportunity to invest future equity into the project. During the six months ended June 30, 2022, definitive agreements were executed and consequently this promissory note was converted into an interest in the project. In addition to the conversion of the promissory note to an interest in the project, the Company incurred a $0.7 million USD ($0.9 million CAD) developer fee that has been recorded as other current and/or long-term liabilities as outlined in Note 9.

(All tabular amounts presented in thousands of Canadian dollars except share amounts)

a) Liquidity risk and capital management

The following are undiscounted contractual maturities of financial liabilities, including estimated interest as at June 30, 2022:

	Total	< 1 Year	1-3 Years	4-5 Years	After 5 Years
AP and accrued liabilities	**30,235**	30,235	-	-	-
Other current liabilities	**8,570**	8,570	-	-	-
Long-term debt	**44,907**	143	25,306	12,972	6,486
Other long-term liabilities	**2,145**	-	2,145	-	-
Lease obligations	**325**	163	162	-	-
Total financial liabilities	**86,182**	**39,111**	**27,613**	**12,972**	**6,486**

The Company's objectives when managing capital are to: (i) ensure the Company has the financial capacity to execute on its strategy to increase market share through organic growth or strategic acquisitions; (ii) maintain financial flexibility to meet financial commitments and maintain the confidence of shareholders, creditors and the market; and (iii) optimize the use of capital to provide an appropriate return on investment to shareholders.

The Company's overall capital management strategy remained unchanged from prior periods. The Company has established criteria for sound financial management and manages the capital structure based on current economic conditions, risk characteristics of underlying assets and planned capital and liquidity requirements. Total capitalization is maintained or adjusted by drawing on existing credit facilities, issuing new debt and through the disposal of underperforming assets, when required. Management considers the Company's current assets less current liabilities, long-term debt and shareholders' equity as the components of capital to be managed.

	June 30, 2022	December 31, 2021
Current assets	30,297	23,560
Current liabilities	(38,742)	(21,252)
Long-term debt	36,717	136
Other long-term liabilities	2,637	9,288
Shareholders' equity	109,113	114,944
	140,022	**126,676**

b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company is exposed to interest rate risk primarily through short-term and long-term borrowings with floating interest rates, as described in more detail in note 8. Other borrowings have fixed interest rates and would only be subject to interest rate fluctuations as refinancing is required.

5. RISK MANAGEMENT CONTRACTS

In order to mitigate the exposure to variable interest rates on the term loan for the Company's RNG project in Colorado ("GreenGas Colorado") (Note 8), during the quarter, the Company has entered into an interest rate swap with the lender of the term loan. The swap has a notional amount of USD$37,927,000, a fixed rate of 7.35%, an effective date of June 30, 2023, and terminates on June 30, 2029. The Company does not intend to apply hedge accounting to account for this financial instrument and therefore the swap will be marked to market each reporting period with any unrealized gains and losses being recognized in earnings or losses.

(All tabular amounts presented in thousands of Canadian dollars except share amounts)

The following summarizes the changes in the fair value of risk management contracts for the six months ended June 30, 2022:

Risk Management Contracts	
Beginning Balance, December 31, 2021	**-**
Unrealized (gain) loss for the period	796
Realized (gain) loss for the period	-
Foreign currency translation	4
Ending Balance, June 30, 2022	**800**

6. PROPERTY, PLANT AND EQUIPMENT

Cost	General Plant & Processing Equipment	Land	Assets Under Construction	Total Property, Plant & Equipment
Balance, December 31, 2021	**49,585**	**21,601**	**72,609**	**143,795**
Additions	408	-	33,733	**34,141**
Acquisitions	-	-	1,611	**1,611**
Capitalization of borrowing costs	-	-	982	**982**
Right of use asset additions	152	-	-	**152**
Changes in asset retirement obligation asset	(5,804)	-	-	**(5,804)**
Depreciation	(2,820)	-	-	**(2,820)**
Foreign currency translation	50	-	1,024	**1,074**
Balance, June 30, 2022	**41,571**	**21,601**	**109,959**	**173,131**

Capitalization of G&A, Share-based payments and borrowing costs

A total of $0.3 million and $0.5 million in G&A expenditures have been capitalized and included in property, plant and equipment (“PP&E”) additions for the three and six months ended June 30, 2022 (2021 - $nil), respectively. In addition, as outlined in more detail in Notes 9 and 10, during the three and six months ended June 30, 2022 a total of $0.5 million and $1.0 million, respectively, of borrowing costs that are directly attributable to the development of assets under construction were capitalized. No amounts related to share-based compensation expense have been capitalized to PP&E to date.

At June 30, 2022 there were no indicators of impairment of PP&E.

Acquisitions

As discussed in Note 4, the Company converted a previously outstanding $0.7 million promissory note into an interest in an RNG project in Iowa. As part of this conversion, the Company also assumed a liability of $0.9 million related to a developer fee.

(All tabular amounts presented in thousands of Canadian dollars except share amounts)

Assets under construction

Assets under construction consist of PP&E for projects that are in the development phase and/or under construction. None of these projects were in operation as at June 30, 2022 and therefore no depreciation has been recorded to date.

The Company's two major and advanced RNG projects within assets under construction include GreenGas Colorado and the large-scale bio-fuel facility in Calgary, Alberta ("Future Energy Park"). The Company has also made investments in other earlier stage RNG projects, including one in Southern Alberta and another in Iowa. The following is a summary of amounts recorded in assets under construction by major project for the three months ended June 30, 2022:

	GreenGas Colorado	Future Energy Park	Other RNG Projects	Total Assets under Construction
Balance, December 31, 2021	**28,256**	**36,500**	**7,853**	**72,609**
Additions	28,254	4,748	731	**33,733**
Acquisitions	-	-	1,611	**1,611**
Capitalization of borrowing costs	708	274	-	**982**
Foreign currency translation	1,024	-	-	**1,024**
Balance, June 30, 2022	**58,242**	**41,522**	**10,195**	**109,959**

At June 30, 2022 there were no indicators of impairment of assets under construction.

7. INTANGIBLE ASSETS

Below is a continuity of intangible assets as at June 30, 2022:

	Customer Relationships and Contract	Non-competition Agreements	Total Intangible Assets
Balance, December 31, 2021	**1,773**	**8**	**1,781**
Amortization	(95)	(8)	(103)
Impact of foreign currency translation	30	-	30
Balance, June 30, 2022	**1,708**	**-**	**1,708**

(All tabular amounts presented in thousands of Canadian dollars except share amounts)

8. LONG TERM DEBT

	US$ Denominated		Canadian $ Amount	
	June 30, 2022	**December 31, 2021**	**June 30, 2022**	**December 31, 2021**
Corporate credit facility	n/a	n/a	9,060	-
Construction and term loan	22,247	718	28,668	910
Other term debt	192	233	248	295
Lease obligations	111	-	299	213
	22,550	**951**	**38,275**	**1,418**
Deferred financing costs	(868)	(718)	(1,272)	(1,050)
Total long-term debt	**21,682**	**233**	**37,003**	**368**
Current portion			286	232
Long-term portion			36,717	136
Total long-term debt			**37,003**	**368**

Corporate credit facility
On January 11, 2022, the Company entered into a $30 million two-year committed, revolving credit facility (the “Facility”) with a Canadian Schedule 1 bank to be used for general corporate purposes. The Facility is secured by a fixed and floating charge on all the assets of the Company with specific exclusions for GreenGas Colorado, Future Energy Park and Aloha Glass Recycling. Borrowings under the Facility bear interest at Canadian bank prime or US base rate, plus an applicable margin. The margins range from 75 basis points (“bps”) to 175 bps depending on the Company’s debt to tangible net worth as calculated on a quarterly basis. The undrawn portion of the Facility is subject to a standby fee in the range of 15 bps to 45 bps. The Facility also provides for the issuances of letters of credit with an interest rate ranging from 225 bps to 325 bps.

Construction and term loan
The Company is party to a USD denominated construction and term loan agreement (“the Project Facility”) with a major US bank for the purposes of project financing GreenGas Colorado. The Project Facility allows for maximum borrowings up to $37.9 million USD ($48 million CAD). The Project Facility is secured against the assets of GreenGas Colorado and is non-recourse to other GIP subsidiaries and the parent entity. Borrowings under the Project Facility are provided by way of construction advances based on the progression of construction and spending. Once construction is complete, subject to certain conditions, the construction portion of the Project Facility converts to a term loan (“Conversion Date”). Subject to the Conversion Date occurring on or prior to June 30, 2023, the term loan then matures and expires (“Maturity Date”) on the sixth (6th) anniversary of the Conversion Date.

The Project Facility provides for an interest-only period that commences from the initial advance and ends on the earlier of the Maturity Date or the Conversion Date. Interest accrues during the interest-only period and is payable on a quarterly basis. Subsequent to the interest-only period, the balance of the Project Facility must be paid in full prior to the Maturity Date by way of pre-determined quarterly principal payments. Prior to the Conversion Date, interest is charged at a rate of US Prime plus 2.75% and after the Conversion date at US Prime plus 1.00%. At no time shall the interest rate be less than 3.25%. During the three months ended June 30, 2022 and as discussed further in note 5, the Company entered into a fixed-rate interest rate swap to fix the floating interest rate during the six-year term loan at 7.35%. The fixed-rate interest rate swap expires on June 30, 2029.

(All tabular amounts presented in thousands of Canadian dollars except share amounts)

Deferred financing costs

The following is a summary of changes in deferred financing costs for the three months ended June 30, 2022:

	Corporate Credit Facility	GreenGas Construction Facility	Total Deferred Financing Costs
Balance, December 31, 2021	**140**	**910**	**1,050**
New costs incurred	76	899	**975**
Amortization	(62)	(708)	**(770)**
Foreign currency translation	-	17	**17**
Balance, June 30, 2022	**154**	**1,118**	**1,272**

The new costs incurred on the GreenGas Construction Facility for the three months ended June 30, 2022 represent interest that has accrued for the period associated with the interest-only period. The amortization related to the corporate credit facility was recorded as interest expense on the Statement of Loss and Comprehensive Loss. The $0.8 million of amortization associated with construction facility is first recognized as interest expense and then capitalized to assets under construction as capitalized borrowing costs.

9. OTHER LONG-TERM LIABILITIES

As part of the contribution of certain assets by a non-controlling interest for Future Energy Park, the Company assumed certain short and long-term liabilities. The liabilities have varied due dates, which are based on specified project milestones including Final Notice to Proceed (“FNTP”) and Commercial Operations Date (”COD”). FNTP for Future Energy Park is currently estimated to be in Q1 2023 and COD is currently estimated to occur in Q1 2025. The long-term liabilities were present valued using a discount rate of 6%, which was assumed to be a reasonable estimate of the cost of project financing. In subsequent reporting periods, accretion will be recognized to increase the discounted long-term liabilities up to the undiscounted face value by the time of settlement with a corresponding increase to assets under construction as capitalized borrowing costs. At June 30, 2022, $7.8 million of these liabilities that are due on FNTP became current and were presented as such on Statement of Financial Position.

As outlined in Note 4, as part of the conversion of the previously outstanding promissory note to an interest in an Iowa RNG project, the Company assumed a liability of $0.9 million, which is payable in three tranches. The first tranche of $0.4 million was settled during the three months ended June 30, 2022, the second trance of $0.4 million is due within the next twelve months and as such is presented within other current liabilities on the statement of financial position. The incremental $0.1 million is due upon COD, which is currently projected to be in late 2023 or early 2024 and is presented within other long-term liabilities on the statement of financial position.

The changes in the liabilities assumed, including the settlement category and the balance that remains outstanding at June 30, 2022, are summarized below:

(All tabular amounts presented in thousands of Canadian dollars except share amounts)

	Other Current Liabilities	Other Long-term Liabilities
Balance, December 31, 2021	**-**	**9,288**
New liabilities incurred	833	67
Accretion	113	161
Liabilities settled	(418)	-
Changes in settlement category	7,681	(7,681)
Foreign currency translation	12	2
Balance, June 30, 2022	**8,221**	**1,837**

The total undiscounted value of other current liabilities and other long-term liabilities is $8.6 million and $2.1 million, respectively.

10. ASSET RETIREMENT OBLIGATIONS

Balance, December 31, 2021	**14,287**
Changes in estimates	(5,804)
Settlement expenditures	(352)
Accretion	137
Balance, June 30, 2022	**8,268**

The Company has estimated the net present value of its asset retirement obligation to be $8.3 million as at June 30, 2022 (December 31, 2021 – $14.3 million) based on a total undiscounted future liability of $16.2 million (December 31, 2021 – $20.7 million). This liability represents obligations of the Company for its water and solids treatment and recycling facilities to abandon and dispose of the equipment and reclaim the sites. These payments are expected to be made by 2044. The undiscounted future liability was reduced by $4.5 million as at June 30, 2022 based on the results of a comprehensive third-party review of the Company's estimated costs to abandon the equipment that was undertaken during the three months ended June 30, 2022. This reduction together with the increase in discount rates during the period has resulted in a total reduction in the present value of asset retirement obligations of $5.8 million for the six months ended June 30, 2022. The Company calculated the present value of the obligations using a discount rate of 3.14% (December 31, 2021 – 1.68%) to reflect the market assessment of the time value of money as well as risks specific to the liabilities that have not been included in the cash flow estimates. The long-term inflation rate used in determining the cash flow estimate was 1.8% per annum (December 31, 2021 – 1.8%).

The Company has issued a $3.2 million (December 31, 2021 – $3.2 million) performance bond to the Government of Saskatchewan for a landfill in Saskatchewan.

(All tabular amounts presented in thousands of Canadian dollars except share amounts)

11. SHAREHOLDERS EQUITY

Authorized Share Capital
Unlimited Class A Voting Common Shares

	Number of Shares (#)	$ Amount (000's)
Balance, December 31, 2021	**20,300,005**	**112,856**
Treasury shares acquired	-	(3,710)
Balance, June 30, 2021	**20,300,005**	**109,146**

Acquisition of Treasury Shares
Treasury shares are purchased and held by the Company for the purpose of, inter alia, issuing shares to officers, directors and employees under the Company's existing Share Unit Plan as described in Note 13, which was approved by shareholders on November 19, 2021. During the three and six months ended June 30, 2022, the Company acquired 157,000 and 484,003 common shares as treasury shares for $1,2 million and $3.8 million, respectively, in accordance with its long-term incentive share unit plan (the "Share Unit Plan"). At June 30, 2022, the Company is holding 679,000 treasury shares.

12. INCOME/LOSS PER SHARE

	Three Months Ended June		Six Months Ended June	
	2022	2021	2022	2021
Weighted average number of shares Outstanding:				
Basic	20,300,005	14,146,156	20,300,005	12,233,703
Fully Diluted	20,300,005	14,146,156	20,300,005	12,233,703

For the purposes of calculating the weighted average number of common shares outstanding, the share capital outstanding for comparative periods, prior to the Transaction, have been retrospectively adjusted to reflect the shares issued pursuant to the Transaction.

For the three and six months ended June 30, 2022, the dilutive effect of share-based options and units is excluded from calculation of diluted per-share amounts because they are anti-dilutive for the periods presented.

13. SHARE-BASED COMPENSATION

Share Unit Plan

The changes in Restricted Share Units ("RSUs") outstanding at June 30, 2022, including new grants and forfeitures, are summarized below:

(All tabular amounts presented in thousands of Canadian dollars except share amounts)

Restricted Share Units	Share Unit (#)
Beginning Balance, December 31, 2021	**371,237**
Granted	245,882
Vested and Settled	-
Forfeited	(19,987)
Ending Balance, June 30, 2022	**597,132**

The grant date fair value of each RSU granted for the period, was based on the trading price on the date of grant. This fair value will be recognized as share-based compensation expense on the condensed consolidated interim statement of income (loss) and comprehensive income (loss) on a straight-line basis over the three-year vesting period. The Company recognized share-based compensation expense of $0.5 million and $0.8 million relating to the Share Unit Plan for the three and six months ended June 30, 2022, respectively (three and six months ended June 30, 2021 - $nil). The total remaining fair value of all outstanding share units to be recognized as share-based compensation expense in future periods is $2.5 million.

Stock Option Plan

The changes Stock Options outstanding at June 30, 2022, including new grants and forfeitures, are summarized below:

Stock Options	Options Granted (#)	Weighted Average Exercise Price ($)	Term (years)
Ending Balance, December 31, 2021	**431,698**	**$5.00**	**8**
Granted	526,889	$7.05	8
Exercised	-	-	-
Forfeited	(32,767)	$6.28	8
Ending Balance, June 30, 2022	**925,820**	**$6.12**	**8**
Exercisable at June 30, 2022	**-**	**-**	**-**

The fair value of the stock options granted during the period was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting values:

Fair value of stock options granted (weighted average)	**$3.30**
Rick-free interest rate	2.88%
Estimated hold period prior to exercise	8.0 years
Expected volatility	37%
Weighted average forfeiture rate	5.9%
Dividend per share	$nil

The grant date fair value will be recognized as share-based compensation expense on the condensed consolidated interim statement of income (loss) and comprehensive income (loss) on a straight-line basis over the three-year period leading up to the cliff vesting date. The Company recognized share-based compensation expense of $0.2 million and $0.3 million relating to the Stock Option Plan for the three and six months ended June 30, 2022, respectively (three and six months ended June 30, 2021 - $nil). The total remaining fair value of all outstanding stocks options to be recognized in future periods is $2.2 million.

(All tabular amounts presented in thousands of Canadian dollars except share amounts)

14. NON-CONTROLLING INTERESTS

At June 30, 2022, GIP controlled, by way of either ownership of voting shares or control over the Board of Directors and/or management committees, two subsidiaries in which the Company does not own 100% of the issued and outstanding shares:

1) Future Energy Development Corp. ("FEDC"); and
2) Aloha Glass Recycling ("AGR").

As it was determined that GIP controlled these entities, 100% of the financial position and operating results from each of the subsidiaries has been included in the condensed consolidated interim financial statements with a non-controlling interest recorded as a separate component of equity related to the portion of these subsidiaries owned by minority interests.

The following is a summary of the changes in non-controlling interests for the six months ended June 30 31, 2022:

	FEDC	AGR	Consolidated Total
Balance, December 31, 2021	**12,001**	**794**	**12,795**
Transactions with non-controlling interest	1,029	-	**1,029**
Non-controlling interest share of net income/(loss)	(8)	33	**25**
Balance, June 30, 2022	**13,022**	**827**	**13,849**

15. FINANCE COSTS

	Three Months Ended June		Six Months Ended June	
	2022	2021	2022	2021
Interest on long-term debt and leases	126	253	151	660
Interest on short-term borrowings	-	5	-	6
Amortization of debt issue costs	34	28	62	70
Accretion on asset retirement obligations	69	67	137	134
	229	**353**	**350**	**870**

16. RELATED PARTY TRANSACTIONS

The Chief Executive Officer of the Company is the Executive Chairman of Wolverine and owns approximately 49% of the issued and outstanding shares of Wolverine. Wolverine, as a result of the Transaction, owns approximately 25% of the issued and outstanding shares of GIP and is therefore considered to be a related party of the Company. Consequently, the Transaction with Wolverine, as described in Note 1 to the consolidated annual financial statements, was a related party Transaction. In addition to the Transaction, Wolverine provided certain transitional services to GIP including personnel, systems and software. The term of the transitional services agreement ended on December 31, 2021.

(All tabular amounts presented in thousands of Canadian dollars except share amounts)

17. SEGMENT REPORTING

The Company currently operates as a water and industrial service provider and a clean energy producer, which forms its two reporting segments – Water and Solids Treatment and Recycling and Clean Energy Production. The Water and Solids Treatment and Recycling segment consists of water, waste and solids disposal and recycling services as well as other marketing operations. The Water and Solids Treatment and Recycling segment spans a range of industries including agriculture, forestry, government, midstream companies, public infrastructure, oil and gas production companies, potash and utilities. The Clean Energy Production segment is currently comprised of multiple pre-production renewable energy projects. Given that all energy projects are pre-production, no revenue and operating expenses have been realized or incurred. Only construction and initial development investments have been made to date and as such the segment is reported below for the Clean Energy Production Segment. The renewable energy projects range from various forms of RNG to biofuel production.

Below is information for the Company's operating segments for the three and six months ended June 30, 2022 and 2021.

Assets and Liabilities

June 30, 2022	Water & Solids Treatment & Recycling	Clean Energy Production	Corporate	Total
Property, plant and equipment	73,613	99,518	-	**173,131**
Total assets	104,792	102,920	4,768	**212,480**
Total liabilities	34,450	45,349	9,719	**89,518**

June 30, 2021	Water & Solids Treatment & Recycling	Clean Energy Production	Corporate	Total
Property, plant and equipment	72,894	16,553	-	**89,447**
Total assets	85,919	18,922	39,675	**144,516**
Total liabilities	32,201	-	(1,588)	**30,613**

Operating Results

Three Months Ended June 30, 2022	Water & Solids Treatment & Recycling	Clean Energy Production	Corporate	Total
Revenue	68,885	-	-	**68,885**
Depreciation and amortization	1,616	-	-	**1,616**
Other operating expense	68,271	-	1,316	**69,587**
Non-operating expense (income)	75	800	821	**1,696**
Loss before tax	**(1,077)**	**(800)**	**(2,137)**	**(4,014)**

(All tabular amounts presented in thousands of Canadian dollars except share amounts)

Six Months Ended June 30, 2022	Water & Solids Treatment & Recycling	Clean Energy Production	Corporate	Total
Revenue	113,672	-	-	**113,672**
Depreciation and amortization	2,921	-	-	**2,921**
Other operating expense	110,973	-	2,195	**113,168**
Non-operating expense (income)	149	800	1,253	**2,202**
Loss before tax	**(371)**	**(800)**	**(3,448)**	**(4,619)**

Three Months Ended June 30, 2021	Water & Solids Treatment & Recycling	Clean Energy Production	Corporate	Total
Revenue	27,066	-	-	**27,066**
Depreciation and amortization	1,091	-	-	**1,091**
Other operating expense	26,364	-	504	**26,868**
Non-operating expense (income)	114	-	2,505	**2,619**
Income (loss) before tax	(503)	-	(3,009)	**(3,512)**

Six Months Ended June, 2021	Water & Solids Treatment & Recycling	Clean Energy Production	Corporate	Total
Revenue	54,854	-	-	**54,854**
Depreciation and amortization	2,161	-	-	**2,161**
Other operating expense	52,847	-	503	**53,350**
Non-operating expense (income)	630	-	2,506	**3,136**
Income (loss) before tax	(784)	-	(3,009)	**(3,793)**

18. COMMITMENTS

The Company has entered into various agreements related to the construction of GreenGas Colorado, which include an Engineering, Procurement and Construction (“EPC”) agreement, an agreement for the construction of a natural gas connection, and a development fee. The total cost of these aspects of the project is estimated to be approximately $56.2 million USD ($72.4 million CAD). The Company is currently funding the project expenditures through non-recourse project debt financing as described in Note 12, cash on hand, and available funds under its Facility. At June 30, 2022, a total of approximately $12.8 million USD ($16.5 million CAD) of committed costs under these agreements remains to be incurred.