Green Impact Partners

CONSOLIDATED FINANCIAL STATEMENTS

As At and For the Years Ended December 31, 2022 and 2021

April 18, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Green Impact Partners Inc. (the "Company") is responsible for the preparation of the financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain estimates that reflect management's best estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

Management has developed and maintains an extensive system of internal accounting controls that provide reasonable assurance that all transactions are accurately recorded, that the financial statements realistically report the Company's operating and financial results, and that the Company's assets are safeguarded. Management believes that this system of internal controls has operated effectively for the year ended December 31, 2022. The Company has effective disclosure controls and procedures to ensure timely and accurate disclosure of material information relating to the Company which complies with the requirements of Canadian securities legislation.

Deloitte LLP, an independent firm of chartered professional accountants, was appointed by a resolution of the Board of Directors to audit the financial statements of the Company and to provide an independent professional opinion. Deloitte LLP was appointed to hold such office until the next such annual meeting of the shareholders of the Company.

The Board of Directors, through its Audit Committee, has reviewed the financial statements including notes thereto with management and Deloitte LLP. The members of the Audit Committee are composed of independent directors who are not employees of the Company. The Board of Directors has approved the information contained in the financial statements based on the recommendation of the Audit Committee.

(signed) "Geeta Sankappanavar"

GEETA SANKAPPANAVAR, DIRECTOR

(signed) "Jesse Douglas"

JESSE DOUGLAS, DIRECTOR & CHIEF EXECUTIVE OFFICER

April 18, 2023
Calgary, Alberta

Deloitte LLP
700, 850-2nd Street SW
Calgary AB T2P 0R8
Canada

Tel: (403) 267-1700
Fax: (403) 264-2871
www.deloitte.ca

Independent Auditor's Report

To the Shareholders and Board of Directors of Green Impact Partners Inc.

Opinion

We have audited the consolidated financial statements of Green Impact Partners Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income (loss) and comprehensive income (loss), equity and cash flow for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue Recognition - Refer to Notes 3 and 24 of the financial statements Key Audit Matter Description

The Company primarily generates revenue from its portfolio of water and solids treatment and recycling facilities in North America. Revenue is recognized when the performance obligations associated with the sale of these products and services are satisfied, which is at the point in time when the products are delivered to and title passes to the customer, or in the period the services are rendered, in accordance with the applicable arrangements.

Revenue is a key audit matter due to the significant audit effort required in performing audit procedures related to the Company's revenue recognition.

How the Key Audit Matter Was Addressed in the Audit

To test revenue recognition our audit procedures included among others, on a sample basis, identifying the performance obligation and evaluating revenue recognition by obtaining and inspecting a combination of the following audit evidence: external confirmations, invoices, bill of ladings/shipping documents and cash receipts.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Langlois.

Deloitte LLP

Chartered Professional Accountants

Calgary, Alberta

April 18, 2023

GREEN IMPACT PARTNERS INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Thousands of Canadian dollars)

	Note	December 31, 2022	December 31, 2021
ASSETS			
Current Assets			
Cash and cash equivalents		2,692	4,498
Trade and other receivables	7	17,433	16,535
Inventory		2,065	1,038
Risk management contracts	8	429	-
Other current assets	7	3,123	1,489
Total Current Assets		**25,742**	**23,560**
Property, plant and equipment	9	194,267	143,795
Long-term investments	10	2,803	2,803
Intangible assets	11	1,695	1,781
Risk management contracts	8	329	-
Goodwill	12	-	3,001
Deferred income tax assets	20	2,141	1,130
Total Assets		**226,977**	**176,070**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	7	21,031	21,020
Current portion of long-term debt	13	348	232
Other current liabilities	14	8,477	-
Total Current Liabilities		**29,856**	**21,252**
Long-term debt	13	66,057	136
Other long-term liabilities	14	1,893	9,288
Asset retirement obligation	15	8,160	14,287
Deferred income tax liabilities	20	3,341	3,368
Total Liabilities		**109,307**	**48,331**
Shareholders' Equity			
Share capital	16	107,449	112,856
Contributed surplus	18	1,903	36
Accumulated other comprehensive income		2,096	293
Retained earnings (deficit)		(7,581)	1,759
Total Shareholders' Equity		**103,867**	**114,944**
Non-controlling interests	19	13,803	12,795
Total Liabilities and Shareholders' Equity		**226,977**	**176,070**

The accompanying notes are an integral part of these consolidated 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.

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31,
(Thousands of Canadian dollars, except per share amounts)

	Note	2022	2021
Revenue		213,738	128,972
Direct costs		208,337	121,607
Gross Margin		**5,401**	**7,365**
Operating Expenses:			
Depreciation and amortization	9,11	5,458	5,366
Salaries and wages		1,751	1,911
Selling, general and administration		3,655	1,868
		10,864	**9,145**
Loss from Operations		**(5,463)**	**(1,780)**
Non-Operating Expense (Income):			
Listing expense	1	-	2,087
Finance costs	21	1,086	970
Share-based compensation	18	2,446	36
Impairment loss	12	3,001	-
Unrealized (gain) on risk management contracts	8	(774)	-
(Gain) on debt forgiveness		-	(257)
Unrealized (gain) loss on foreign exchange		(878)	-
Realized (gain) loss on foreign exchange		(2)	-
		4,879	**2,836**
Loss Before Income Tax		**(10,342)**	**(4,616)**
Income Tax:			
Current tax expense	20	119	240
Deferred tax recovery	20	(1,100)	(4,214)
		(981)	**(3,974)**
Net Loss		**(9,361)**	**(642)**
Net Loss Attributable to:			
Shareholders of the Company		(9,340)	(796)
Non-controlling interest	19	(21)	154
		(9,361)	(642)
Currency translation adjustment		1,803	293
Comprehensive loss		**(7,558)**	**(349)**
Comprehensive Loss Attributable to:			
Shareholders of the Company		(7,608)	(526)
Non-controlling interest	19	50	177
		(7,558)	(349)
Net Loss per Common Share:			
Basic	17	(0.46)	(0.05)
Fully diluted	17	(0.46)	(0.05)

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

GREEN IMPACT PARTNERS INC.

CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31,
(Thousands of Canadian dollars)

	Note	2022	2021
OPERATING ACTIVITIES			
Net income (loss) including non-controlling interest		(9,361)	(642)
Items not affecting cash:			
Depreciation and amortization		5,458	5,366
Deferred income tax (recovery)/expense	20	(1,100)	(4,214)
Share-based compensation	18	2,446	36
Finance cost	21	1,086	970
Impairment expense		3,001	-
Unrealized gain on risk management contracts		(774)	-
Gain on debt forgiveness		-	(257)
Unrealized gain on foreign exchange		(878)	-
Non-cash portion of listing expense	1	-	2,346
Funds from (used in) operations		**(122)**	**3,605**
Asset retirement expenditures	15	(352)	(644)
Changes in non-cash working capital		(2,045)	(3,377)
Cash from (used in) operations		**(2,519)**	**(416)**
INVESTING ACTIVITIES			
Additions to property, plant and equipment	9	(52,927)	(37,181)
Settlement of assumed liabilities	14	(418)	(2,976)
Acquisition of long-term investment	10	-	(2,803)
Changes in non-cash working capital		(2,216)	6,226
Cash used in investing activities		**(55,561)**	**(36,734)**
FINANCING ACTIVITIES			
Subscription receipts exchanged for cash	16	-	100,000
Share issue costs before tax effect	16	-	(8,909)
Proceeds from/(repayment) of debt	13	61,462	(589)
Interest paid on long-term debt	21	(697)	(698)
Settlement of promissory note to parent	6	-	(50,000)
Working capital assumed on business acquisition	6	-	(448)
Sale of negative working capital to parent	6	-	50
Change in net parent investment	16	-	1,837
Treasury shares acquired	16	(5,986)	(1,637)
Funds received from non-controlling interest	19	1,029	2,000
Cash from (used in) financing activities		**55,808**	**41,606**
Impact of foreign currency translation on cash		**466**	**40**
Increase (decrease) in cash and equivalents		**(1,806)**	**4,496**
Cash & cash equivalents beginning of year		4,498	2
Cash and cash equivalents end of year		**2,692**	**4,498**

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

	Note	December 31, 2022	December 31, 2021
NET PARENT INVESTMENT			
Balance, beginning of year		-	22,896
Changes in net parent investment	6	-	(3,889)
Reclassification of net parent investment to share capital		-	(19,007)
Balance, end of year		**-**	**-**
SHARE CAPITAL			
Balance, beginning of year		112,856	-
Reclassification of net parent investment		-	19,007
Deemed share issuance on the Transaction	16	-	2,346
Subscription receipts exchanged for cash	16	-	100,000
Share issue costs, net of tax effect	16	-	(6,860)
Treasury shares acquired	16	(5,986)	(1,637)
Vesting of Share Units		579	-
Balance, end of year		**107,449**	**112,856**
CONTRIBUTED SURPLUS			
Balance, beginning of year		36	-
Share-based compensation	18	2,446	36
Vesting of Share Units		(579)	
Balance, end of year		**1,903**	**36**
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Balance, beginning of year		293	-
Currency translation adjustment		1,803	293
Balance, end of year		**2,096**	**293**
RETAINED EARNINGS			
Balance, beginning of year		1,759	2,555
Net loss attributable to shareholders' of the Company		(9,340)	(796)
Balance, end of year		**(7,581)**	**1,759**
Total Shareholders' Equity		**103,867**	**114,944**

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

1. DESCRIPTION OF THE BUSINESS AND THE TRANSACTION

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.

GIP obtained its TSX Venture Exchange listing by way of a reverse take-over of Blackheath Resources Inc. (the “Transaction”). Blackheath Resources Inc. (“Blackheath”) was a mineral exploration company incorporated under the British Columbia Business Corporations Act and had its registered office located at 10th Floor – 595 Howe Street, Vancouver, British Columbia, Canada. On May 27, 2021, Blackheath acquired certain clean energy assets (“Clean Energy Assets”) from Wolverine Energy and Infrastructure Inc. (“Wolverine” or “WEI”) for $50.0 million in cash, by way of a promissory note, and through the issuance of 10 million shares from treasury. The value of the shares to be issued was based on the offering price of the subscription receipts issued in a financing as detailed below. The Transaction was completed by way of a plan of arrangement whereby Green Impact Operating Corp., a newly formed subsidiary of Blackheath, was amalgamated with a subsidiary of Wolverine, which held the clean energy assets and was spun off to Wolverine shareholders. The issuance of the Blackheath shares to Wolverine and its shareholders resulted in the shareholders of Wolverine effectively gaining control of Blackheath. The Transaction constituted a reverse take-over of Blackheath under the policies of the TSX Venture Exchange. Immediately prior to the completion of the Transaction, Blackheath consolidated its outstanding shares on approximately a 1-for-48.4 basis such that immediately prior to completion of the Transaction, Blackheath had 300,000 post-consolidation shares outstanding. Upon closing, Blackheath changed its name from Blackheath Resources Inc. to Green Impact Partners Inc.

To complete the Transaction, pay the cash portion of the purchase price, finance future growth projects, and provide general working capital, the Company closed a private placement of subscription receipts at an offering price of $10.00 per subscription receipt for gross proceeds of $100.0 million. Upon the completion of the Transaction on May 27, 2021, each subscription receipt was exchanged for one common share of the Company. A commission of 6% of the gross proceeds of the placement was paid upon closing of the Transaction.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated annual financial statements (the “consolidated financial statements”) have been prepared by management using accounting policies consistent with International Financial Reporting Standards (“IFRS”).

These consolidated financial statements were approved by the Company’s Board of Directors on April 18, 2023.

b) Basis of Measurement

These consolidated 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.

Direct costs in the consolidated statements of loss and comprehensive loss are presented as a combination of function and nature in conformity with industry practice. Depreciation and amortization expenses are presented on a separate line by their nature, while salaries and wages and selling, general and administrative expenses are presented on a functional basis. Significant or extraordinary expenses are presented by their nature and disclosed in the Notes to the consolidated financial statements.

c) Management Judgments and Estimate Uncertainty

The preparation of financial statements requires management to use judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingencies at the date of the financial statements, and revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimated. Significant estimates and judgments used in the preparation of the consolidated financial statements are detailed in Note 5 "Critical Accounting Estimates and Judgments".

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Company and its subsidiaries.

a) Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Company and the subsidiary entities it controls. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, substantive potential voting rights that currently are exercisable are considered together with the Company's control over the key decision-making governing bodies such as the Board of Directors and/or management committees of the subsidiary entities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests ("NCIs") are initially measured at the proportionate share of the acquiree's identifiable net assets at the date of acquisition or other transaction through which NCIs arises and is presented as a separate balance sheet item outside of shareholder's equity. NCI is adjusted each period for the NCIs' proportionate share of net income or loss for the period. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

When the Company loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any NCIs. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related

assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

b) Currency

The presentation currency and functional currency of the Company and its subsidiaries is Canadian dollars except the US entities, which use the US dollar as their functional currency as the primary economic environment in which those subsidiaries operate in is the U.S. Transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange on the statement of financial position date. Any resulting exchange differences are included in the consolidated statements of net earnings and comprehensive income. Non-monetary assets and liabilities denominated in a foreign currency are measured at historical cost and are translated into the functional currency using the rates of exchange as at the dates of the initial transactions.

c) Foreign subsidiary translation

The accounts of non-Canadian functional currency subsidiaries of the Company are translated into the Company's presentation currency at period-end exchange rates for assets and liabilities and using the rates in effect at the date of the transaction for revenues and expenses. The resulting translation gains and losses related to the foreign operations of the Company are recognized as foreign currency translation adjustments in other comprehensive income ("OCI") in the consolidated statements of net earnings and comprehensive income.

The foreign currency translation adjustments accumulate in accumulated other comprehensive income ("AOCI"), which is a separate component of equity in the consolidated statements of financial position. These adjustments remain in equity until there is a disposal of the foreign operation. When the gain or loss on disposal is recognized, the cumulative amount of exchange differences relating to the foreign operation are reclassified from equity to net earnings.

If there is a disposal of a partial interest in a foreign operation that continues to be a subsidiary, a proportionate amount of the accumulated foreign currency translation adjustments will be allocated between controlling and NCIs.

d) Business combinations

The purchase method of accounting is used to account for acquisitions of businesses and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair values. If the consideration of acquisition is less than the fair value of the net assets acquired, the difference is recognized immediately in statement of income and comprehensive income. If the consideration of the acquisition is greater than the fair value of the net assets acquired, the difference is recognized as goodwill on the statements of financial position.

There is an option to apply a concentration test that permits a simplified assessment of whether an acquired set of activities and assets is in fact a business. The optional concentration test is met if substantially all the fair value of the assets acquired is concentrated in a single identifiable asset or group of similar identifiable

assets. An entity may make such an election separately for each transaction or other event. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

e) Goodwill

Recognition and measurement

Goodwill arising in a business combination is recognized as an asset and initially measured at cost, being the excess of the consideration transferred in the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in the consolidated statements of net earnings and comprehensive income.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized.

Impairment of goodwill

Goodwill impairment is assessed at least annually and is determined by assessing the recoverable amount of the cash generating unit ("CGU") or group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount, an impairment loss is recognized in the consolidated statements of net earnings and comprehensive income. The impairment loss is allocated first to reduce the carrying amount of any goodwill and then on a pro-rata basis to the other assets within the CGU. An impairment loss recognized for goodwill is permanent and is not reversed in a subsequent period.

The recoverable amount for CGUs with allocated goodwill is determined based on a value in use calculation or fair value less costs of disposal. Value in use is calculated by discounting future cash flow projections that are based on the Company's internal cash flow estimates. These forecasts include estimates of the future cash flows expected to be derived from continued use of the asset and involve the use of various assumptions, the most significant of which are operating margin, inter-segment allocations, discount rates, and terminal growth and decline rates.

f) Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. Under the equity method, an investment in an associate or a joint venture is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive

income of the associate or joint venture. When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Company reduces its ownership interest in an associate or a joint venture but the Company continues to use the equity method, the Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Company entity transacts with an associate or a joint venture of the Company, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Company's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Company.

g) Fair value measurement

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants in its principal or most advantageous market at the measurement date.

All assets and liabilities for which value is measured or disclosed in the consolidated financial statements are further categorized using a three-level hierarchy that reflects the significance of the lowest level of input used to determine fair value:

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs other than quoted prices included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 inputs are based mainly on a market approach using observable inputs, such as price, time value and volatility factors.
- Level 3 – Valuations in this level are those that utilize inputs for the asset or liability that are not based on observable market data.

At each reporting date, the Company determines whether transfers have occurred between hierarchy levels by reassessing the level of classification for each financial asset and financial liability measured or disclosed at fair value in the consolidated financial statements. Assessment of the significance of a particular input used to determine the fair value measurement required management judgement and consequently may affect the placement within the hierarchy.

h) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument.

All financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets are subsequently measured at amortized cost where a financial asset is held within a business model with the objective to collect contractual cash flows and the contractual cash flows arise on specified dates and are payments that consist solely of principal and interest on the principal amount outstanding. All other financial assets and equity investments are subsequently measured at fair value through profit or loss or other comprehensive income ("FVTPL" or "FVTOCI").

All financial liabilities are subsequently measured at amortized cost.

The Company recognizes and measures existing financial instruments as follows:

Trade and other receivables	Amortized cost
Long-term investments	FVTOCI
Risk management contracts	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

An impairment to financial assets is recognized when there are expected credit losses, measured as the present value of all cash shortfalls over the expected life of the financial instrument. All expected credit losses are recognized in profit or loss for all financial assets. Impairment is measured as either: i) 12-month expected credit losses; or ii) lifetime expected credit losses. The Company applies the simplified approach to recognize lifetime expected credit losses for its trade receivables and contract assets that are in scope of IFRS 15 and that do not have a significant financing component. The Company assesses the expected credit loss for trade receivables, contract assets and Note receivables based on historical data adjusted for forward-looking information. The Company groups similar financial assets based on their nature, past-due status, size or industry of counterparty or geographic location. Management regularly reviews groupings to ensure the constituents of each group continue to share similar credit risk characteristics. Impairment gains or losses for all financial instruments are recognized with a corresponding adjustment to their carrying amount through a separate loss allowance account.

Financial assets are derecognized only when the contractual right to the cash flows from the asset expires, or when the asset and substantially all risks and rewards associated with the asset is transferred to another party. On derecognition of a financial asset measured at amortized cost, the difference between the carrying amount and the sum of the consideration receivable is recognized in profit or loss. Financial liabilities are only derecognized when all obligations are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, is recognized in profit or loss.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, term deposits, and similar-type instruments with an original maturity of three months or less at the time of purchase.

j) Inventories

Inventory is primarily comprised of consumables, spare parts, and energy products. Consumables and spare parts inventory are measured at the lower of cost and net realizable value. Energy products are measured at the lower of cost and net realizable value on a weighted average cost basis. The cost of inventory includes all costs incurred in the normal course of business to bring each product to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less any expected selling costs.

k) Property, Plant and Equipment

Recognition and measurement
Property, plant and equipment is measured at cost less accumulated depreciation, depletion and accumulated impairment losses net of recoveries. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning liability, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Major maintenance programs (turnaround costs) are capitalized and amortized over the period to the next scheduled maintenance. The costs of day-to-day servicing of property, plant and equipment are recognized in the consolidated statements of net earnings and comprehensive income as incurred.

The cost of replacing part of an item of property, plant and equipment is capitalized if it is probable that future economic benefits will flow to the Company and its cost can be measured reliably.

An item of property, plant and equipment is derecognized upon disposal, replacement or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses arising on the disposal or retirement of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized in the consolidated statements of income and comprehensive income.

Depreciation
Depreciation is recognized to expense the cost of significant components of assets less their residual values over their useful lives, using either a straight-line or declining balance method depending on the specific nature of the item of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed on an annual basis and, if necessary, any changes would be accounted for prospectively.

The estimated useful lives of the Company's property, plant and equipment are as follows:

Land	Not depreciated	Not depreciated
Buildings	4%	Declining balance
Major facilities	20 years	Straight-line
Processing equipment and machinery	10%	Declining balance
Automotive	4 Years	Straight-line

Borrowing costs
Borrowing costs incurred in connection with the borrowing of funds that are attributable to the acquisition, construction or production of a qualifying asset are capitalized when the assets take significant time to ready for use or sale. Other borrowing costs are expensed as incurred.

Impairment of property, plant and equipment
Items of property, plant and equipment are assessed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Impairment losses are recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount and are recognized immediately in the consolidated statements of net earnings and comprehensive income.

The recoverable amount is the greater of:

i) an asset’s fair value less costs of disposal; and
ii) its value in use.

Fair value is the price that would be expected to be received in a sale transaction less costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Company evaluates impairment losses for potential reversals, other than goodwill impairment, when events or changes in circumstances warrant such consideration. Reversals of impairment losses are evaluated and if deemed necessary are recognized immediately in the consolidated statements of net earnings and comprehensive income.

l) Intangible assets

Intangible assets with finite useful lives that are acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at acquisition date, which is regarded as their cost. Subsequent to initial recognition, intangible assets are recorded at cost, less accumulated amortization, and accumulated impairment losses. Intangible assets with finite lives are amortized over the periods during which they are expected to generate benefits. Intangibles are amortized with the following estimated useful lives and amortization methods:

Customer Relationships	10 years	Straight-line
Non-Compete Agreements	3 to 5 Years	Straight-line

m) Provisions and Contingent Liabilities
Provisions are recognized when the Company has a present legal or constructive obligation because of past events, it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for onerous contracts is recognized when the expected economic benefits to be derived by the Company associated with a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the lower of the expected cost of terminating the contract and the present value of the expected net cost of the remaining term of the contract. Before a provision is

established, the Company first recognizes any impairment change on assets associated with the onerous contract.

A contingent liability is disclosed when there is a possible obligation arising from a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly under its control, or when there is a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

n) Revenue

Fee for Service and Energy Product Optimization Services

The Company enters into fee for service agreements and recognizes revenue when performance obligations have been fulfilled. The Company's services include water and solids recycling management, disposal services and energy product optimization services.

Revenue is recognized when the performance obligations are satisfied, and the Company is entitled to invoice a customer based on contractual rates. A fee for service agreement with a customer defines the billing rates for each project. Performance obligations are considered satisfied when services are rendered. Revenue from the sale of energy products is recognized when title to the product transfers to the customer and the Company has fulfilled its performance obligation of delivery of product. The Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. During all periods presented, there were no costs of obtaining a contract covering a period greater than one year.

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Contracts are generally short-term in nature and are not considered to have a significant financing component. Where the right to consideration from a customer corresponds with the value of the Company's performance to date to a customer, revenue is recognized as the Company becomes entitled to invoice.

Renewable Natural Gas

The Company expects to begin RNG production in fiscal 2023. The Company has long term off-take contracts with creditworthy counterparties for the sale of RNG and related environmental attributes ("Credits") at variable market prices. When the performance obligation of the associated off-take contracts is satisfied through the delivery of RNG to the customer, revenue is recognized. The Company receives payments from the sale of RNG production within one month after delivery. The Company also earns revenue by selling environmental attributes, including Renewable Identification Numbers ("RINs") and Low Carbon Fuel Standard ("LCFS") Credits, which are generated when producing and selling RNG for use in certain transportation markets. Given that the RNG, RINs and LCFS Credits are sold on a bundled basis under the same contract, revenue is recognized when the RNG is produced and the RNG and associated RINs and LCFS Credits are transferred to the third party off-taker.

The timing of revenue recognition for the RIN and LCFS Credits is tied to the production and delivery of the RNG and the transfer of the environmental attributes to the third party off-taker rather than to the eventual settlement and monetization of those Credits by the off-taker. The amount of revenue recognized is based on the known production quantities and estimated prices at the time of eventual monetization of those Credits using forward pricing curves. The associated revenue receivable is recognized as a derivative financial instrument with any differences between this and the eventual settlement amount of recognized

RIN and LCFS Credits recorded on the Consolidated Statement of Income (Loss) as a “RIN and LCFS Settlement Adjustment”.

o) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred-tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred-tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

p) Share-based Compensation

The Company applies the fair-value method for valuing share option, restricted share unit and performance share unit grants. Under this method, compensation cost attributable to all share options granted are measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of the share options, consideration received, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. For share option grants, the Black-Scholes model is used to determine fair value while the grant date GIP common share trading price is used as the fair value for restricted share units.

q) Per-share Information

Basic per-share information is calculated by dividing net income or loss attributable to shareholders by the weighted average number of common shares outstanding for the period. Diluted per-share information is calculating using the treasury-stock method, whereby any proceeds from the share options, warrants or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the net change. In the case of a net loss, the dilutive effect of share-based options and warrants is excluded from the calculation of diluted per-share amounts because they are anti-dilutive for the periods presented.

r) Government Grants

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. If a grant is received before it is certain whether compliance with all conditions will be achieved, the grant is recognized as a deferred liability until such conditions are fulfilled. When the conditions of a grant relate to income or expense, it is recognized in profit or loss in the period in which the expenditures are incurred, or income is earned. When the conditions of a grant relate to an underlying asset, it is recognized as a reduction to the carrying amount of the related asset and amortized into income on a systematic basis over the expected useful life of the underlying asset through depreciation and amortization.

s) Net Parent Investment

With respect to the comparative period presented in the consolidated financial statements, the Business, as described in the consolidated financial statements for year ended December 31, 2021, was not a legal entity and the equity recorded in the Business was presented as net parent investment in the carve-out statements of financial position. Net changes are presented on the statements of changes in equity and the statements of cash flows as net change in the net parent investment.

4. FUTURE ACCOUNTING PRONOUNCMENTS

The Company plans to adopt the following amendments to accounting standards, issued by the IASB, that are effective for annual periods beginning on or after January 1, 2023. The pronouncements will be adopted on their respective effective dates; however, each is not expected to have a material impact on the financial statements.

Amendments to IAS 1 Presentation of Financial Statements
Amendments to IAS 1 (effective January 1, 2023) require entities to disclose their material accounting policy information rather than significant accounting policy information. The amendments provide guidance on how an entity can identify material accounting policy information and clarify that information may be material because of its nature, even if the related amounts are immaterial. Management does not believe any changes to the disclosure of accounting policy information will be required for the December 31, 2023 annual financial statements.

Additional amendments to IAS 1 (effective January 1, 2024):

- Clarify the classification of liabilities as current or non-current based on contractual rights that are in existence at the end of the reporting period and is unaffected by expectations about whether an entity will exercise its right to defer or accelerate settlement. Management is currently assessing the impact of these amendments.
- Clarify whether covenants with which an entity must comply on or before the reporting date will affect a liability’s classification as current or non-current. In addition, the amendments require a company to disclose information about these covenants in the notes to the financial statements. Management is currently assessing the impact of these amendments.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to IAS 8 (effective January 1, 2023) introduce the definition of “accounting estimates” and clarify the difference between changes in accounting policies and changes in accounting estimates. These amendments will impact changes in accounting policies and changes in accounting estimates made after these amendments are adopted by the Company.

5. CRITICAL ACCOUNTING 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 most significant estimates and judgements contained in the consolidated financial statements are described below:

a) Identification of cash-generating units

The Company's assets are aggregated into CGUs for the purpose of calculating depreciation and assessing impairment. A CGU is comprised of assets that are grouped together into groups of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. By their nature, these estimates and assumptions are subject to measurement uncertainty and may impact the carrying value of the Company's assets in future periods.

b) Impairment of property, plant and equipment

In determining the recoverable amount of assets, in the absence of quoted market prices, estimates are made regarding the present value of future cash flows. Future cash flow estimates are based on several factors, including expected demand, customer activity in operating areas, input costs such as feedstock and fuel, service, labour, and other costs and well as commodity prices. Estimates are also made in determining the discount rate used to calculate the present value of future cash flows.

c) Business combinations

Accounting for business combinations requires management's judgement both in identifying the acquirer in the transaction for accounting purposes and in determining the fair value of the acquiree. The determination of fair value is estimated based on information available at the date of acquisition and requires assumptions and estimates to be made about future events. The assumptions and estimates with respect to determining fair value of property, plant & equipment ("PP&E") using a fair value less cost of disposal model generally requires significant judgment and includes forward price estimates, sales volume, industry activity, customer demand, future operating costs, required capital investment and discount rates. Assumptions are also required to determine the fair value of the asset retirement obligations, if any, the right of use assets and associated lease obligations, other deferred liabilities, and the long-term incentive compensation program.

Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets and liabilities, and goodwill (or net assets acquired in excess of purchase consideration). Future net income (loss) will be affected as the fair value on initial recognition impacts future depreciation and amortization, asset impairment or reversal, or goodwill impairment.

d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash

flows expected to arise from the CGU and the discount rate to calculate present value. As previously discussed, the determination of CGUs is subject to management's judgment.

e) Fair Value of Financial Instruments

The estimated fair value of financial instruments is reliant upon numerous estimated variables including forward curves for prices, foreign exchange rates and interest rates, as well as volatility curves, and risk of non-performance. A change in any one of these factors could result in a change to the overall estimated valuation of the instrument.

Additionally, estimates must be made with respect to impairment of financial assets and the provision of expected credit losses recognized. In making an assessment as to whether financial assets are credit-impaired, the Company considers historically realized bad debts, any applicable public credit ratings, evidence of a debtor's present financial condition and whether a debtor has breached certain contracts, the probability that a debtor will, or has entered bankruptcy or other financial reorganization, changes in economic conditions that correlate to increased levels of default, the number of days a debtor is past due in making a contractual payment, and the term to maturity of the specified receivable.

f) Share-based payments

All equity-settled, share-based awards issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation, estimates must be made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.

g) Decommissioning liabilities

The Company estimates future site restoration costs for its gathering, processing, disposal and storage facilities and terminals. In most instances, removal of assets occurs many years into the future. This requires judgement regarding abandonment and remediation dates, future environmental and regulatory legislation across various jurisdictions, the extent of reclamation activities required, estimated salvage values, future technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

h) Deferred tax assets and liabilities

Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

i) Revenue recognition

To determine the timing and amount of revenue recognition, management must utilize significant judgments and estimates, which include: the nature and type of performance obligations under contract, the timing of when such performance obligations have been satisfied, the amount of any variable consideration associated with a revenue contract and whether such consideration is constrained or not reasonably estimable, the contract term, and the likelihood that customers will have the ability to exercise any make-

up rights that have accumulated before they expire.

6. TRANSACTION WITH WOLVERINE

As described in Note 1, on May 27, 2021, Blackheath acquired the Clean Energy Assets from Wolverine for a combination of cash, by way of a $50.0 million promissory note, and through the issuance of common shares. The Transaction was completed by way of a plan of arrangement whereby Green Impact Operating Corp., a newly formed subsidiary of Blackheath, was amalgamated with a subsidiary of Wolverine, which held the clean energy assets and was spun off to Wolverine shareholders. Prior to the completion of the Transaction, Wolverine was the “Parent” of the Clean Energy Assets business.

Also, on May 27, 2021, and as part of the Transaction, Wolverine completed the acquisition of Akira Infra I Ltd. (“Akira”) for total consideration of $12.8 million and Transition Energy Inc. (“Transition”) for total consideration of $5.5 million. Akira consists of a solids recycling business in the United States and several pre-development renewable energy projects in both Canada and the United States. Transition held the rights and had executed initial development work for various renewable natural gas projects in western Canada. Pursuant to the Transaction, Wolverine transferred both Akira and Transition to the Company.

For accounting purposes, Transition was considered an asset acquisition as Transition was deemed not to constitute a business. The property, plant and equipment were recognized at cost with the cost of the group of assets and liabilities being allocated to the individual identifiable assets and liabilities according to their relative fair values at the time of the Transaction. Akira was considered a business and therefore was accounted for as a business combination as described in more detail below.

As part of the transaction, Wolverine assumed the debt that was outstanding for the Clean Energy Assets at the time of closing of $25.9 million and retained the cash, accounts receivable and accounts payable (“working capital”).

The following is the net impact on share capital that resulted from the Transaction:

Settlement of promissory Note to Parent	(50,000)
Debt assumed by the Parent	25,924
Parent settlement of Notes on business and asset acquisitions	18,300
Sale of working capital to Parent	50
Other changes to net parent investment for the period	1,837
Net Change in Parent Investment	**(3,889)**

As Noted, Akira was accounted for as a business combination. The property, plant and equipment acquired relates to the land, buildings, equipment, and vehicles associated with the solids recycling business along with the value of the work completed to date and the legal rights to multiple pre-development renewable energy projects. The intangible assets acquired as part of the solids recycling business relate to contracts and relationships with local government entities that are required to operate the business and directly or indirectly generate a large portion of the entity’s revenue and earnings. The Company acquired 100% of the issued and outstanding shares of Akira. Akira owns 80% of the solids recycling subsidiary, Aloha Glass Recycling (“AGR”), resulting in the recognition of NCIs.

Details of the purchase price and allocation to the assets and liabilities acquired, was as follows:

Fair Value of Consideration Paid by WEI	**12,800**
Property, plant and equipment and assets under construction	13,025
Intangible assets	1,777
Total Assets Acquired	**14,802**
Working capital	(451)
Debt obligations	(609)
Deferred income tax liabilities	(3,318)
Non-controlling interests	(625)
Total Liabilities Assumed	**(5,003)**
Net Assets Acquired by WEI and Transferred to the Company	**9,799**
Goodwill	**3,001**

7. FINANCIAL RISK MANAGEMENT

a) *Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a product sales contract, financial instrument, or other financial transaction fails to meet its contractual obligations. At December 31, 2022, the Company was exposed to credit risk with respect to its trade and other receivables and other current assets.

The Company manages its credit risk as follows:

i) By entering into material sales contracts with only established, credit-worthy counterparties as verified by a third-party rating agency, through internal financial evaluation or in certain cases requiring security;
ii) By maintaining a policy which limits excessive exposure to any one counterparty; and
iii) By subjecting all counterparties to regular credit reviews.

Trade and other receivables
The Company's trade receivables are with customers in the infrastructure, construction, mining, oil and natural gas, agriculture, forestry, government, potash and utilities industries and are subject to credit risk. Credit risk is typically considered low for the Company's trade accounts receivable due to the Company's processes as outlined above. Most of the Company's trade and other receivables, presented as other receivables, relate to energy marketing revenue and are subject to typical industry credit risks and always fully settled and collected in the month following the associated sales.

Approximately 90 percent of consolidated revenue is derived from customers that are either government entities or investment-grade companies.

The following table details the composition of the Company's trade and other receivables at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Trade receivables	3,254	3,441
Other receivables	14,179	13,094
Allowance for doubtful accounts	-	-
	17,433	**16,535**

Aged trade receivables		
Current (<30 days)	2,119	2,450
31-60 days	525	543
61-90 days	100	165
>90 days	510	283
	3,254	**3,441**

Other receivables represent amounts accrued on energy production optimization revenue, which is collected in the month following the associated sales and is therefore all current. The entire balance was collected subsequent to December 31, 2022.

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

	December 31, 2022	December 31, 2021
Prepaid expenses	2,171	778
Short-term promissory note	952	711
	3,123	**1,489**

The short-term promissory note of $0.7 million at December 31, 2021, represented a payment made in relation to a pre-development RNG project in 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 year ended December 31, 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 $0.9 million developer fee that has been recorded as other current and/or long-term liabilities as outlined in Note 14.

There were two short-term promissory notes executed during the year ended December 31, 2022, that have substantially the same terms as the RNG project in Iowa discussed above. The first was a $0.6 million payment made in relation to a pre-development RNG project in Wisconsin. The Company and the developers of the Wisconsin project were unable to reach definitive agreements within the contractual timeframe and consequently, $0.6 million was returned to the Company in full subsequent to December 31, 2022. The second was a $0.3 million payment made in relation to a pre-development RNG project in California. The Company and the developers of the California project remain in negotiation of the definitive agreements as at December 31, 2022 and as of the date of these financial statements.

Of the $2.2 million in prepaid expenses, $0.8 million of those expenses relate to transactions costs associated with the strategic partnering agreement outlined in note 26. With the closing of the sale of an

interest in the GreenGas Colorado project related to the strategic partnering agreement, a portion of these prepaid transaction costs will be netted against the sale proceeds subsequent to December 31, 2022.

b) Liquidity risk and capital management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity at a reasonable cost through strategies such as continuously monitoring forecast and actual cash flows from operating, financing, and investing activities, available credit and working capital facilities under banking arrangements, and opportunities to raise project-level debt financings and/or issue additional equity. Management believes that future cash flows generated from these sources will be adequate to settle the Company's financial liabilities. Refer to Note 13 - "Long-Term Debt" for further details on available amounts under existing banking arrangements and Note 14 - "Other long-term liabilities" for more information on the nature and obligations associated with those liabilities.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest as at December 31, 2022 and 2021:

As at December 31, 2022	Total	< 1 Year	1-3 Years	4-5 Years	After 5 Years
AP and accrued liabilities	**21,031**	21,031	-	-	-
Other current liabilities	**8,593**	8,593	-	-	-
Long-term debt	**87,709**	2,781	57,456	21,978	5,494
Other long-term liabilities	**2,148**	-	2,148	-	-
Lease obligations	**271**	163	108	-	-
Total financial liabilities	**119,752**	**32,568**	**59,712**	**21,978**	**5,494**

As at December 31, 2021	Total	< 1 Year	1-3 Years	4-5 Years	After 5 Years
AP and accrued liabilities	**21,020**	21,020	-	-	-
Long-term debt	**1,217**	140	1,077	-	-
Other long-term liabilities	**10,218**	-	10,218		
Lease obligations	**232**	110	122	-	-
Total financial liabilities	**32,687**	**21,270**	**11,417**	**-**	**-**

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 in order 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.

	December 31, 2022	December 31, 2021
Current assets	25,742	23,560
Current liabilities	(29,856)	(21,252)
Long-term debt	66,057	136
Other long-term liabilities	1,893	9,288
Shareholders' equity	103,867	114,944
	167,703	**126,676**

c) Interest rate risk

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

8. 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 13), during the year, the Company entered into an interest rate swap with the lender of the term loan. The swap has a notional amount of US$37.9 million, a fixed rate of 7.35%, an effective date of June 30, 2023, and terminates on June 30, 2029. The Company has not applied hedge accounting to account for this financial instrument and therefore the swap is marked to market each reporting period with any unrealized gains and losses being recognized in earnings or losses.

The following summarizes the changes in the fair value of risk management contracts for the year ended December 31, 2022:

Risk Management Contracts	
Beginning Balance, December 31, 2021	**-**
Unrealized (gain) loss for the period	(774)
Realized (gain) loss for the period	-
Foreign currency translation	16
Ending Balance, December 31, 2022	**758**
Current portion	429
Long-term portion	329
	758

9. PROPERTY, PLANT AND EQUIPMENT

Cost	General Plant & Processing Equipment	Land	Assets Under Construction	Total Property, Plant & Equipment
Balance, December 31, 2020	**56,821**	**21,601**	**-**	**78,422**
Additions	2,940	-	34,241	**37,181**
Acquisitions	-	-	5,500	**5,500**
Business combinations	2,725	-	10,300	**13,025**
Contribution by non-controlling interest	-	-	22,639	**22,639**
Changes in asset retirement obligation asset	(985)	-	-	**(985)**
Foreign currency translation	136	-	(71)	**65**
Balance, December 31, 2021	**61,637**	**21,601**	**72,609**	**155,847**
Additions	1,218	-	51,709	**52,927**
Acquisitions	-	-	1,611	**1,611**
Capitalized borrowing costs	-	-	2,961	**2,961**
Changes in asset retirement obligation asset	(6,053)	-	-	**(6,053)**
Right of use additions	152	-	-	**152**
Foreign currency translation	196	-	3,938	**4,134**
Balance, December 31, 2022	**57,150**	**21,601**	**132,828**	**211,579**

Accumulated depreciation and impairment	General Plant & Processing Equipment	Land	Assets Under Construction	Total Property, Plant & Equipment
Balance, December 31, 2020	**(6,868)**	**-**	**-**	**(6,868)**
Depreciation	(5,184)	-	-	**(5,184)**
Balance, December 31, 2021	**(12,052)**	**-**	**-**	**(12,052)**
Depreciation	(5,260)	-	-	**(5,260)**
Balance, December 31, 2022	**(17,312)**	**-**	**-**	**(17,312)**

Carrying values	General Plant & Processing Equipment	Land	Assets Under Construction	Total Property, Plant & Equipment
Balance, December 31, 2020	**49,953**	**21,601**		**71,554**
Balance, December 31, 2021	**49,585**	**21,601**	**72,609**	**143,795**
Balance, December 31, 2022	**39,838**	**21,601**	**132,828**	**194,267**

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

A total of $0.3 million in G&A expenditures have been capitalized and included in PP&E for the year ended December 31, 2022 (2021 - $0.1 million). In addition, as outlined in more detail in Notes 9 and 10, during the year ended December 31, 2022, a total of $3.0 million (2021 - $nil) 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.

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 December 31, 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 Future Energy Park. The Company also has made investments in other earlier stage RNG projects in British Columbia, southern Alberta, Iowa and California. The following is a summary of amounts recorded in assets under construction by major project of the year ended December 31, 2022:

	GreenGas Colorado	Future Energy Park	Other RNG Projects	Total Assets under Construction
Balance, December 31, 2020	**-**	**-**	**-**	**-**
Acquisitions	-	-	5,500	**5,500**
Business combinations	-	10,300	-	**10,300**
Assets Contributed by non-controlling interest	-	22,639	-	**22,639**
Additions	28,327	3,561	2,353	**34,241**
Foreign currency translation	(71)	-	-	**(71)**
Balance, December 31, 2021	**28,256**	**36,500**	**7,853**	**72,609**
Additions	41,552	8,517	1,640	**51,709**
Acquisitions	-	-	1,611	**1,611**
Capitalized borrowing costs	2,402	559	-	**2,961**
Foreign currency translation	3,862	-	76	**3,938**
Balance, December 31, 2022	**76,072**	**45,576**	**11,180**	**132,828**

Acquisitions:

As outlined in Note 6, in 2021 assets were acquired from Transition Energy Inc. for $5.5 million representing the fair value of assets associated with two development-ready RNG projects in British Columbia. As Transition Energy Inc. was not considered a business for accounting purposes, the transaction was accounted for an asset acquisition.

Also, as discussed in Note 7, 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.

Business combinations:

For the year ended December 31, 2021, the assets under construction added through business combinations of $10.3 million are associated with the Transaction with Wolverine discussed in Note 6. These assets under construction represent the fair value, at the time of the Transaction, of an option to participate in a project that is now Future Energy Park. Akira Infra I Ltd., which was acquired as part of the Transaction, was party to a legally binding contract for an option to fund and participate in the entity that would ultimately develop Future Energy Park. Management's assessment of this option is that it contained all the elements of a contract. Consequently, the option was assigned a fair value based on the discounted future net cash flows of Future Energy Park as estimated at the time of the Transaction along with other factors. The key inputs to the discounted cash flow model used to determine fair value were level 3 inputs and included capital costs based on third party engineering estimates, estimated future pricing of ethanol and a discount rate of 15%. The option was exercised by the Company soon after the closing of the Transaction.

Assets contributed by non-controlling interest:
As outlined in more detail in Note 19 "Non-controlling Interests", during the year ended December 31, 2021, the Company entered into a partnership whereby one of the partners contributed assets and liabilities to the partnership entity. As discussed in Note 19, the contributed net assets of $10 million, consisting of $22.6 million of property, plant and equipment, less $12.6 million of liabilities was accounted for as a share-based payment per IFRS 2. The contributing partner received 10 million shares of the project entity, which implied a net asset value based on the consideration received of $10.0 million using the $1.00 per common share paid by the other two partners, both of whom were transacting at arm's length. The assumed liabilities were recorded at amortized cost and are being accreted up to their face value over the life of the liabilities with the corresponding amount being recorded in additions.

Additions:
Additions represent the spending subsequent to the close of the Transaction on May 27, 2021. The additions are development costs, which are directly attributable to bringing the projects to the condition necessary to be capable of operating in the manner intended by management.

Assessment of Impairment
At December 31, 2022, the Company completed an impairment test of its one active CGU, Water and Solids Treatment and Recycling, which currently comprises the Water and Industrial operating segment. The results of that test indicated that as a result of the operating results for the year there was an impairment of the Water and Solids Treatment and Recycling CGU that existed at December 31, 2022. The Impairment expense was first allocated to reduce the total value of goodwill to nil. There was no remaining impairment expense therefore there was no impairment expense allocated to the property, plant and equipment. The impairment test was performed using internally generated future cash flow forecasts that are based on actual historical results adjusted for more recent results and budgets prepared by management. This cash flow stream was then discounted using an after-tax discount rate of 15% (2021 – 14%).

At December 31, 2022 there were no indicators of impairment of assets under construction.

10. LONG TERM INVESTMENT

During the year ended December 31, 2021, the Company invested $3.0 million NZD ($2.7 million CAD) for 3,000,000 shares of New Zealand-based energy company ("NZCo") focused on developing a green hydrogen refuelling network across New Zealand servicing commercial and heavy transport customers, plus $0.1 million CAD in transaction costs. The investment resulted in the Company owning 12% of the issued and outstanding shares of NZCo. It was determined that the Company does not exercise significant influence over the operations of NZCo through its share ownership or any other governance mechanism. The share subscription agreement includes an option for the Company to invest an additional $4.5 million NZD ($3.9 million CAD at December 31, 2022 exchange rate) according to a share price formula that cannot exceed $1.9 NZD ($1.61 CAD) per share should certain specified conditions be met by NZCo ("Tranche 2"). Should Tranche 2 be funded, the Company's ownership will increase to approximately 18%. The investment includes an additional opportunity to increase the Company's investment at a later date. Based on the status of the Tranche 2 conditions, the Company does not anticipate that Tranche 2 will be completed before 2024.

In accordance with IFRS 9 – Financial Instruments, the investment was initially recorded at fair value. Given that the shares of NZCo are not being held for trading, the Company has elected to subsequently measure the investment at fair value through other comprehensive income (FVTOCI). Consequently, any future fair value gains or losses will be recognized through other comprehensive income. At December 31, 2022 it was determined there was no change in the fair value of the investment since initial recognition.

11. INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination or asset acquisition are recognized at their fair value at the date of acquisition and are subsequently amortized on a straight-line basis over their estimated useful lives as disclosed in Note 3. The majority of the intangible asset balance was acquired as part of the business combination disclosed in Note 6, at which time a provisional fair value assessment was performed.

Below is a continuity of intangible assets as at December 31, 2022 and 2021:

	Customer Relationships and Contract	Non-competition Agreements	Total Intangible Assets
Balance, December 31, 2020	**-**	**97**	**97**
Acquired on business combination	1,777	-	1,777
Amortization	(93)	(89)	(182)
Impact of foreign currency translation	89	-	89
Balance, December 31, 2021	**1,773**	**8**	**1,781**
Amortization	(190)	(8)	(198)
Impact of foreign currency translation	112	-	112
Balance, December 31, 2022	**1,695**	**-**	**1,695**

12. GOODWILL

The Company performed its annual tests for goodwill impairment on December 31, 2022 and 2021, in accordance with its policy described in Note 3. During Q4, it was determined that the water and solids treatment and recycling CGU was impaired as a result of the operating performance relative to the assumptions under which the assets were valued on acquisition and goodwill was recorded. A goodwill impairment expense of $3.0 million was recorded which was equal to the total amount of goodwill allocated to this CGU. Refer to note 9 for additional details. The recoverable amount of the CGU was determined based on the fair value less costs to sell. At December 31, 2022, the discount rate was 15% (2021 – 14%).

13. LONG TERM DEBT

	US$ Denominated		Canadian $ Amount	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Corporate credit facility	n/a	n/a	27,488	-
Construction and term loan	30,335	718	41,089	910
Other term debt	127	233	172	295
Lease obligations	88	n/a	254	213
	30,550	**951**	69,003	1,418
Deferred financing costs	(1,787)	(718)	(2,598)	(1,050)
Total long-term debt	**28,763**	**233**	**66,405**	**368**
Current portion			348	232
Long-term portion			66,057	136
Total long-term debt			**66,405**	**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 an annual 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.

In December 2022, the $30 million credit facility was renewed for another two-year committed period. The pricing grid remains unchanged from that described above, however, the financial covenants were amended to the following (all capitalized terms are as described in the Credit Agreement governing the Facility"):

i. The Debt to Tangible Net Worth Ratio shall at all times be less than 3.00:1.00;
ii. The Tangible Net Worth Shall at the end of each fiscal year be not less than $81.8 million; and
iii. Cash Flow Coverage Ratio shall, as at the end of each fiscal year, be greater than 1.25:1.00, as determined pursuant to the internally prepared consolidated financial statements of the Company's main operating subsidiary.

Construction and term loan

In 2021, the Company entered into 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 only 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. At December 31, 2022, $30.3 million USD or $41.1 million CAD (2021 - $0.7 million USD or $0.9 million CAD) was drawn on the Project Facility, which was recorded at amortized cost and net of deferred financing costs of $1.8 million USD ($2.4 million CAD). Once construction is complete, subject to certain conditions, the construction portion of the Project Facility converts to a term loan ("Conversion Date"). The term loan then matures ("Maturity Date") on the earlier of (a) June 30, 2023 (the "Conversion Date Deadline") if the Conversion Date has not occurred by that date, or (b) 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 and interest 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%. However, as outlined in Note 8, the Company has entered into an interest rate swap to fix the rate at 7.35%

The Project Facility is subject to one financial covenant the GGC Project entity maintain a debt service coverage ratio equal to or greater than 1.25.

Other term debt

Pursuant to the business combination with Akira, disclosed in Note 6, the Company assumed four equipment and vehicle loans totaling $0.4 million. The loans bear interest ranging from 2.85% to 4.00% and have maturities ranging from September 2023 to February 2025. The entire remaining other term debt

balance at December 31, 2022 is comprised of these four loans. These loans are guaranteed by the Company at the parent level.

Lease obligations

Lease obligations are recorded pursuant to IFRS 16 at the present value of future minimum lease payments, with lease payments being apportioned between principal and interest, where interest is determined to be the Company's incremental borrowing rate of 6.85%. The lease liability consists of several individual leases. The individual leases mature at varying dates ranging from January 1, 2022 and March 2024. The leases are secured by the leased assets.

Deferred financing costs

The following is a summary of changes in deferred financing costs for the nine months ended December 31, 2022:

	Corporate Credit Facility	GreenGas Construction Facility	Total Deferred Financing Costs
Balance, December 31, 2021	**140**	**910**	**1,050**
New costs incurred	148	3,869	**4,017**
Amortization	(111)	(2,402)	**(2,513)**
Foreign currency translation	-	44	**44**
Balance, December 31, 2022	**177**	**2,421**	**2,598**

The new costs incurred on the GreenGas Construction Facility for the year ended December 31, 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 $2.4 million of amortization associated with construction facility is first recognized as interest expense and then capitalized to assets under construction as capitalized borrowing costs.

14. OTHER LIABILITIES

As part of the contribution of certain assets by NCIs for Future Energy Park described in Note 19 "Non-controlling Interests", the Company also 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 Q3 2023 and COD is currently estimated to be late 2025 or early 2026. 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 at the time the liabilities were assumed. 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.

The liabilities were assumed in 2021 and the recorded value and classification are summarized below:

	Present Value of Liabilities Assumed	Settlement Category	Outstanding at December 31, 2021
Accounts payable	2,976	Current	**-**
Other short-term liabilities	378	Current	**378**
Long-term liabilities	7,570	FNTP	**7,570**
Long-term liabilities	1,718	COD	**1,718**
Total	**12,642**		**9,666**
Presented in:			
Accounts payable and accrued liabilities			**378**
Other Long-term liabilities			**9,288**
Total			**9,666**

During the year ended December 31, 2022, $7.7 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 7, 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 year ended December 31, 2022, the second tranche 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 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 December 31, 2022, are summarized below:

	Other Current Liabilities	Other Long-term Liabilities
Balance, December 31, 2021	**-**	**9,288**
New liabilities incurred	833	67
Accretion	345	214
Liabilities settled	(418)	-
Changes in settlement category	7,681	(7,681)
Foreign currency translation	37	5
Balance, December 31, 2022	**8,478**	**1,893**

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

15. ASSET RETIREMENT OBLIGATIONS

Balance, December 31, 2020	**15,644**
Changes in estimates	(985)
Settlement expenditures	(644)
Accretion	272
Balance, December 31, 2021	**14,287**
Changes in estimates	(6,053)
Settlement expenditures	(352)
Accretion	278
Balance, December 31, 2022	**8,160**

The Company has estimated the net present value of its asset retirement obligation to be $8.2 million as at December 31, 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. During the year ended December 31, 2022, the undiscounted future liability was reduced by $4.5 million based on the results of a comprehensive third-party review of the Company's estimated costs to abandon the equipment. 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 $6.1 million for the year ended December 31, 2022. The Company calculated the present value of the obligations using a discount rate of 3.28% (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 the Heward landfill.

16. SHAREHOLDERS EQUITY

Authorized Share Capital
Unlimited Class A Voting Common Shares

	Number of Shares (#)	$ Amount (000's)
Balance, December 31, 2020	**100**	**22,896**
Change in net parent investment, prior to the Transaction	-	(3,889)
Common shares exchanged for common shares of Blackheath	(100)	-
	300,000	-
Shares deemed to be issued pursuant to the Transaction	10,000,005	2,346
Shares issued for cash in exchange for subscription receipts	10,000,000	100,000
Share issue costs, net of tax	-	(6,860)
Share acquired for treasury	-	(1,637)
Balance, December 31, 2021	**20,300,005**	**112,856**
Shares acquired for treasury	-	(5,986)
Exercise of Share Units, net of withholding taxes	-	579
Balance, December 31, 2022	**20,300,005**	**107,449**

Refer to the Consolidated Statement of Equity and Note 1 and Note 6 for additional details on the transactions involving equity.

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 18, which was approved by shareholders on November 19, 2021. During the year ended December 31, 2022, the Company acquired 803,764 common shares as treasury shares for $5.9 million, in accordance with its long-term incentive share unit plan (the "Share Unit Plan"). At December 31, 2022, the Company is holding 876,485 treasury shares.

17. INCOME/LOSS PER SHARE

	December 31, 2022 (# of shares)	December 31, 2021 (# of shares)
Weighted average number of common shares outstanding:		
Basic	20,300,005	16,300,003
Fully diluted	20,410,610	16,464,935

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.

18. SHARE-BASED COMPENSATION

Share Unit Plan

Share unit awards represent a fixed number of phantom share awards that vest evenly over a period of three years. Upon vesting of the share units, at the option of the Company, the plan participant receives either a cash payment based on the fair value of the underlying share awards plus all dividends accrued since the grant date or an equivalent number of GIP common shares less applicable tax withholdings. The Company currently intends to settle all the share unit awards with GIP common shares. Share units are settled and retired upon vesting on each of the three-year anniversaries from grant date.

Restricted Share Units	Share Unit (#)
Balance, December 31, 2020	**-**
Granted	371,237
Vested and settled	-
Forfeited	-
Balance, December 31, 2021	**371,237**
Granted	245,882
Vested and settled	(120,276)
Forfeited	(19,987)
Balance, December 31, 2022	**476,856**

The grant date fair value of each Share Unit granted for the years ended December 31, 2022 and 2021, was based on the trading price on the date of grant. This fair value will be recognized as share-based compensation expense on the consolidated 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 $1.8 million relating to the Share Unit Plan for the year ended December 31, 2022 (December 31, 2021 - $0.03). The total remaining fair value of all outstanding share units to be recognized as share-based compensation expense in future periods is $1.5 million.

Stock Option Plan

Under the employee stock option plan, the Company may grant options to its employees, in aggregate, up to 10% of the total number of issued and outstanding common shares of GIP, on a non-diluted basis, as constituted on the grant date of such stock option. The exercise price of each option shall be determined by the Board of Directors but shall not be less than the closing price per common share on the last day on which the shares were traded prior to the day on which the Company announces the grant of the stock option or, if not announced, on the grant date. According to the plan, the stock option’s maximum term is ten years, however, the Board can assign an earlier expiry date. Options fully vest on the third anniversary from the date of grant.

Stock Options	Options (#)	Weighted Avg. Exercise Price ($)	Weighted Avg. Remaining Term (years)
Balance, December 31, 2020	**-**	**-**	**-**
Granted	431,698	$5.00	8.0
Exercised	-	-	-
Forfeited	-	-	-
Balance, December 31, 2021	**431,698**	**$5.00**	**8.0**
Granted	526,889	$7.05	7.4
Exercised	-	-	-
Forfeited	(32,767)	$6.28	7.6
Balance, December 31, 2022	**925,820**	**$6.12**	**7.2**

The fair value of the stock options granted during the years ended December 31, 2022 and 2021 was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting values:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Fair value of stock options granted (weighted average)	**$3.30**	**$2.16**
Rick-free interest rate	2.88%	1.37%
Estimated hold period prior to exercise	8.0 years	8.0 years
Expected volatility	37%	37%
Weighted average forfeiture rate	5.9%	3.8%
Dividend per share	$nil	$nil

The grant date fair value will be recognized as share-based compensation expense on the consolidated 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 $0.7 million relating to the Share Option Plan for the year ended December 31, 2022 (December 31, 2021 - $0.0003 million). The total remaining fair value of all outstanding stocks options to be recognized in future periods is $1.7 million.

As discussed further in note 26, subsequent to December 31, 2022, the Company granted an additional 628,880 Stock Options at an exercise price of $9.15 per option.

The Company also issued a total of 407,682 Performance Units subsequent to December 31, 2022, which have similar terms to the Share Unit Plan previously discussed.

19. NON-CONTROLLING INTERESTS

At December 31, 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.; and 2) Aloha Glass Recycling. 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 consolidated financial statements with NCIs recorded as a separate component of equity related to the portion of these subsidiaries owned by minority interests.

Future Energy Development Corp. ("FEDC")

In July 2021, the Company entered into a partnership with two arm's length entities to develop a large-scale project – the Future Energy Park Project (the "Project"). The partnership for the Project will be managed through a jointly owned legal entity, FEDC. The Company subscribed to 5,000,000 common shares of FEDC for $1.00 per common share, which at December 31, 2021 represented 29.4% of the issued and outstanding common shares. The remaining 70.6% of the issued and outstanding common shares were controlled by two other partners. The Company also controls the Board of Directors of FEDC and is acting as operator for the Project. The common shareholders of FEDC do not have the ability to appoint the board or the management committee of FEDC through voting rights but rather the board is appointed by the management committee, which is controlled by GIP. Consequently, it was determined that GIP controls FEDC and therefore 100% of the assets, liabilities and results from operations have been consolidated in these consolidated financial statements. One of the partners subscribed to 2,000,000 common shares for $1.00 per common share while the other partner, as part of the same transaction, contributed assets and liabilities in the form of prior development costs expended and liabilities incurred to date for the Project. For the net asset contribution, the partner received 10,000,000 common shares of FEDC. The contributed net assets, consisting of $22.5 million of property, plant and equipment, less $12.5 million of liabilities, were accounted for as a share-based payment per IFRS 2 and valued based on the implied consideration received of $10.0 million using the $1.00 per common share paid by the other two partners, both of whom were transacting at arm's length. Due to the fact GIP controls FEDC, the $2.0 invested in common shares and the $10.0 million of net assets contributed by the partners, respectively, have been accounted for as NCIs.

During the year ended December 31, 2022 the Company and one of the partners contributed an additional $2.6 million and $1.0 million in equity, respectively. As a result of these equity investments, the Company's ownership in FEDC increased from 29.4% to 36.8%, while the non-controlling interest owners now control 63.2% of the issued and outstanding shares.

Subsequent to December 31, 2022 all of the assets and liabilities of FEDC were transferred to Future Energy Park Limited Partnership ("FEP LP"), which will be the entity in which all construction and operations of the Project will occur. As at December 31, 2022, this new structure has had no impact on the amount of the project that is owned by the Company and the non-controlling interests.

Aloha Glass Recycling ("AGR")

The remaining non-controlling interests represents the NCIs of AGR that resulted from the Transaction as disclosed in Note 6 together with their proportionate share of net profits for year December 31, 2022 and 2021.

The following is a summary of the changes in NCIs for the years ended December 31, 2022 and 2021:

	FEDC	AGR	Consolidated Total
Balance, December 31, 2020	**-**	**-**	**-**
Transactions with non-controlling interests	12,000	625	**12,625**
Non-controlling interest share of net income/(loss)	1	153	**154**
Impact of foreign currency translation	-	16	**16**
Balance, December 31, 2021	**12,001**	**794**	**12,795**
Transactions with non-controlling interests	1,029	-	**1,029**
Non-controlling interest share of net income/(loss)	(14)	(7)	**(21)**
Balance, December 31, 2022	**13,016**	**787**	**13,803**

The following table summarizes the information relating to each of the Company's subsidiaries that has material NCIs, before any intercompany eliminations:

Future Energy Development Corp.	December 31, 2022	December 31, 2021
NCI Percentage	**63.2%**	**70.6%**
Current assets	232	1,533
Non-current assets	35,057	25,825
Current liabilities	(10,961)	(1,069)
Non-current liabilities	(3,749)	(9,288)
Net assets	**20,579**	**17,001**
Net assets attributable to NCI	13,016	12,001
Revenue	-	-
Net income (loss)	(22)	1
Other comprehensive income	-	-
Total comprehensive income	**(22)**	**1**
Net loss attributable to NCI	(14)	1
Other comprehensive income attributable to NCI	(14)	1
Cash flows from operating activities	(22)	863
Cash flows from investing activities	(2,241)	(6,537)
Cash flows from financing activities	1,029	7,000
Net increase (decrease in cash and cash equivalents	**(1,234)**	**1,326**

20. DEFERRED TAXES

The provisions for deferred taxes in the consolidated statements of income and comprehensive income reflect an effective tax rate which differs from the expected statutory tax rate. Differences were accounted for as follows:

For the years ended December 31,

	2022	2021
Loss before income tax	(10,342)	(4,616)
Statutory rate	23%	23%
Expected income taxes at statutory rate	(2,379)	(1,062)
Effect on income tax of:		
Change in elected tax basis from the Transaction	-	(3,152)
Share-based compensation	149	-
Impairment of goodwill	690	-
Rate changes and other	559	240
Income tax (recovery)	(981)	(3,974)

The movement in deferred tax balances during the years ended December 31, 2022 and 2021 are as follows:

	Balance Dec 31, 2021	Recognized in Net Loss	Acquired in Business Comb.	Recognized in Equity/OCI	Balance Dec 31, 2022
Deferred tax liabilities:					
Property, plant & equipment	10,342	(766)	-	33	**9,609**
Intangible assets	444	(52)	-	30	**422**
Unrealized gain	-	190	-	-	**190**
Deferred tax assets:					
Asset retirement obligations	(3,286)	1,409	-	-	**(1,877)**
Share issue costs	(1,810)	362	-	-	**(1,448)**
Share unit plan	-	(281)	-	-	**(281)**
Non-capital losses	(3,453)	(1,968)	-	-	**(5,421)**
Deferred financing costs	-	6	-	-	**6**
Deferred tax liability (asset)	**2,237**	**(1,100)**	**-**	**63**	**1,200**

Presented As:	
Deferred income tax assets	2,141
Deferred income tax liabilities	(3,341)
Net Deferred Tax Asset (Liability)	**(1,200)**

	Balance Dec 31, 2020	Recognized in Net Loss	Acquired in Business Comb.	Recognized in Equity/OCI	Balance Dec 31, 2021
Deferred tax liabilities:					
Property, plant & equipment	9,855	(2,432)	2,874	46	**10,343**
Intangible assets	22	(22)	444	-	**444**
Deferred tax assets:					
Asset retirement obligations	(3,690)	404	-	-	**(3,286)**
Share issue costs	-	239	-	(2,047)	**(1,808)**
Non-capital losses	(1,034)	(2,421)	-	-	**(3,455)**
Deferred financing costs	(18)	18	-	-	**-**
Deferred tax liability (asset)	**5,135**	**(4,214)**	**3,318**	**(2,001)**	**(2,238)**

Presented As:	
Deferred income tax assets	1,130
Deferred income tax liabilities	(3,368)
Net Deferred Tax Asset (Liability)	**(2,238)**

As at December 31, 2022, the Company has $23.5 million (December 31, 2021 - $15 million) of unused tax losses available for deduction against future taxable income, which will expire in 2042. The Company considers it probable that future taxable profits will be available against which the losses giving rise to this deferred tax asset can be applied. Accordingly, the Company has recognized a deferred tax asset or a reduction to its net deferred tax liability, as applicable, on the consolidated statement of financial position for this loss carry forward amounts. Tax rates used to determine future tax liabilities were a combined 23% for all Canadian tax attributes and a combined 25% for any U.S. tax attributes.

21. FINANCE COSTS

	December 31, 2022	December 31, 2021
Interest on long-term debt	904	698
Amortization of debt issue costs	111	71
Accretion on asset retirement obligation	71	272
Interest income on deposits	-	(71)
	1,086	**970**

22. 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 the Company 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 financial statements, was a related party Transaction. In addition to the Transaction, Wolverine provided certain transitional services to the Company including personnel, systems and software. During the year ended December 31, 2022, the Company paid $nil (2021 - $3.5 million) to Wolverine for reimbursement of certain expenses at no mark-up incurred by Wolverine on GIP's behalf, including share issue costs and salaries and wages. In addition, as part of the transition services, Wolverine had been collecting certain revenue and settling certain expenses on behalf of the Company, but this arrangement ceased in 2022. The total net amount owed to the Company from Wolverine amounted to $nil as at December 31, 2022 (December 31, 2021 - $0.5). The transition services agreement's term ended on December 31, 2021.

23. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are persons who have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes all directors and executive officers of the Company. The table below summarizes all key management personnel compensation included in the consolidated financial statements for the years ended December 31, 2022 and 2021. For the comparative period presented, as outlined in Note 1, the Business was not a legal entity but rather an operating segment of Wolverine, there were no key management personnel compensation expenses allocated to the Business for any periods prior to the close of the Transaction. Therefore, the comparative period is nil.

	December 31, 2022	December 31, 2021
Short-term compensation (1)	1,076	875
Share-based compensation (2)	1,425	1,772
	2,501	**2,647**

(1) *Short-term compensation includes annual salaries, management bonuses and employee benefits provided to key management personnel as well as directors' fees.*

(2) *Based on the grant date fair value of the applicable awards. The fair value of options granted is estimated at the date of grant using a Black-Scholes Option- Pricing Model. The total share-based payment of options issued in 2022 and 2021 is based on a fair value of $3.30 and $2.16 per option, respectively and $7.05 and $5.00 and per share unit, respectively.*

24. SEGMENT REPORTING

The Company currently operates as a water and industrial service provider and a renewable energy producer, which forms its two reporting segments – Water and Industrial, and Energy Production. The Water and Industrial segment consists of water, waste and solids disposal and recycling services as well as other

marketing operations. The Water and Industrial segment spans a range of industries including agriculture, forestry, government, midstream companies, public infrastructure, oil and gas production companies, potash and utilities. The Energy Production segment is currently comprised of multiple pre-production renewable energy projects. Given that all energy projects are pre-production, no revenue and 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 Energy Production Segment. The renewable energy projects range from various forms of renewable natural gas to biofuel production.

Below is information for the Company's operating segments for the years ended December 31, 2022 and 2021.

Assets and Liabilities

December 31, 2022	Water & Industrial	Energy Production	Corporate	Total
Property, plant and equipment	71,785	122,482	-	**194,267**
Total assets	115,832	102,378	8,767	**226,977**
Total liabilities	27,725	52,530	29,052	**109,307**

December 31, 2021	Water & Industrial	Energy Production	Corporate	Total
Property, plant and equipment	81,600	62,195	-	**143,795**
Total assets	105,646	63,727	6,697	**176,070**
Total liabilities	32,174	14,842	1,315	**48,331**

Operating Results

Year Ended December 31, 2022	Water & Industrial	Energy Production	Corporate	Total
Revenue	213,738	-	-	**213,738**
Depreciation and amortization	5,433	-	25	**5,458**
Other operating expense	209,521	51	4,171	**213,743**
Non-operating expense (income)	1,347	331	3,201	**4,879**
Loss before tax	**(2,563)**	**(382)**	**(7,397)**	**(10,342)**

Year Ended December 31, 2021	Water & Industrial	Energy Production	Corporate	Total
Revenue	128,943	-	29	**128,972**
Depreciation and amortization	5,360	-	6	**5,366**
Other operating expense	123,119	1	2,266	**125,386**
Non-operating expense (income)	778	13	2,045	**2,836**
Loss before tax	**(314)**	**(14)**	**(4,288)**	**(4,616)**

25. COMMITMENTS

In 2021, the Company entered into various agreements related to the construction of the GreenGas Colorado project, 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 ($76.1 million CAD). The Company is currently funding the project expenditures through non-recourse project debt financing as

described in Note 12. At December 31, 2022, a total of approximately $2.6 million USD ($3.5 million CAD) of committed costs under these agreements remains to be incurred.

26. SUBSEQUENT EVENTS

Strategic Partnering Agreement

On February 21, 2023, The Company announced it had selected Amber Infrastructure Group ("Amber") as a strategic partner on its GreenGas Colorado, Iowa RNG and Future Energy Park projects, representing up to $545 million in total investment for a 50% project-level equity interest in each facility.

Per the strategic partnering agreement, Amber has agreed to purchase 50% of the equity in Future Energy Park and Iowa RNG for aggregate consideration of up to $485 million, subject to certain conditions including, but not limited to, the completion of material project and partnership documents, the close of non-recourse project debt financing, minimum economic returns, and other customary conditions of transactions of this nature. The strategic partnering agreement also outlines a framework for GIP and Amber to continue to partner on future opportunities over the next two years under similar terms and conditions by giving Amber a first right to provide equity if the parties mutually agree to investment terms.

As part of the transaction, on February 21, 2023 (the "Closing Date"), the Company, through its wholly owned subsidiary Green Impact Partners U.S. Inc. ("GIP US"), partner of GreenGas Colorado LLC, purchased all units held by the other partner, Advanced Renewables Colorado ("ARC"), for $11.2 million (CAD$15.2 million). Subsequently, on February 23, 2023, Amber Infrastructure Group ("Amber"), through its wholly owned subsidiary, US Infrastructure Investments Holdings LLC, purchased 50% of the units held by GIP US for proceeds of $43.9 million (CAD$59.7 million). The first instalment of $28.5 million was paid upon the Closing Date, with $15.5 million paid upon the potential future completion of a third-party sale of GreenGas Colorado investment tax credits. As a result of this transaction, Amber and GIP US entered into an amended and restated operating agreement. GIP US will continue to be the operator and manage the facility. No finder's fees were paid.

Stock Option and Performance Unit Grant

On February 24, 2023, the Company issued a company-wide grant of long-term incentive agreements. A total of 628,880 Stock Options were granted at an exercise price of $9.15 per option, which will cliff vest three years from the grant date assuming that financial close is achieved on the Future Energy Park Project at the Board's discretion, acting reasonably. The stock options have a term of eight (8) years.

The Company also issued a total of 407,682 Performance Units, which are settled and retired evenly upon vesting on each of the three-year anniversaries from grant date in common shares at the time of settlement.