Green Impact Partners

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As At and For the Three Months Ended March 31, 2025 and 2024

(UNAUDITED)

June 1, 2025

REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

GREEN IMPACT PARTNERS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Thousands of Canadian dollars)

	Note	March 31, 2025	December 31, 2024
ASSETS			
Current Assets			
Cash and cash equivalents		1,054	1,577
Accounts receivable	4	15,506	16,160
Inventory		965	979
Other current assets	5	4,000	3,823
Total Current Assets		**21,525**	**22,539**
Property, plant and equipment	6	139,928	138,509
Investment in joint venture	7	3,393	5,219
Long-term investments		2,644	2,616
Intangible assets		1,323	1,377
Deferred income tax assets		664	546
Total Assets		**169,477**	**170,806**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	13	16,696	15,613
Current portion of long-term debt	8	29,923	28,131
Other current liabilities	9,14	12,395	12,481
Total Current Liabilities		**59,014**	**56,225**
Long-term debt	8	373	446
Other long-term liabilities	9	2,632	2,123
Asset retirement obligation		8,797	8,568
Deferred income tax liabilities		5,007	4,878
Total Liabilities		**75,823**	**72,240**
Shareholders' Equity			
Share capital	10	120,188	119,408
Contributed surplus		7,071	7,137
Accumulated other comprehensive income		2,008	1,961
Retained earnings (deficit)		(49,078)	(43,486)
Total Shareholders' Equity		**80,189**	**85,020**
Non-controlling interests		13,465	13,546
Total Shareholders' Equity and Non-Controlling Interest		**93,654**	**98,556**
Total Liabilities and Shareholders' Equity		**169,477**	**170,806**

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

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

(signed) "Alex Langer"
ALEX LANGER, DIRECTOR

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

GREEN IMPACT PARTNERS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31,
(Unaudited)
(Thousands of Canadian dollars)

	Note	2025	2024
Revenue	16	35,847	33,322
Direct costs	16	33,978	32,016
Gross Margin		**1,869**	**1,306**
Operating Expenses:			
Depreciation and amortization	6	1,528	1,488
Salaries and wages	15	1,196	1,031
Selling, general and administration		751	1,000
		3,475	**3,519**
Loss from Operations		**(1,606)**	**(2,213)**
Non-Operating Expense (Income):			
Finance costs		649	691
Share-based compensation	12	806	905
Equity (earnings) loss from joint venture	7	2,543	1,669
Bad debt expense		79	-
Unrealized (gain) loss on foreign exchange		36	(235)
Realized (gain) loss on foreign exchange		(60)	15
		4,053	**3,045**
Income (Loss) Before Income Tax		**(5,659)**	**(5,258)**
Income Tax:			
Current tax expense		2	-
Deferred tax expense (recovery)		12	87
		14	**87**
Net Income (Loss)		**(5,673)**	**(5,345)**
Net Income (Loss) Attributable to:			
Shareholders of the Company		(5,592)	(5,254)
Non-controlling interest		(81)	(91)
		(5,673)	**(5,345)**
Currency translation adjustment		47	620
Comprehensive Income (loss)		**(5,626)**	**(4,725)**
Comprehensive Income (Loss) Attributable to:			
Shareholders of the Company		(5,558)	(4,675)
Non-controlling interest		(68)	(50)
		(5,626)	**(4,725)**
Net Income (Loss) per Common Share:			
Basic	11	(0.26)	(0.25)
Diluted	11	(0.26)	(0.25)

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

GREEN IMPACT PARTNERS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31,
(Unaudited)
(Thousands of Canadian dollars)

	Note	2025	2024
OPERATING ACTIVITIES			
Net income (loss)		(5,673)	(5,345)
Items not affecting cash:			
Depreciation and amortization	6	1,528	1,488
Deferred income tax expense (recovery)		12	87
Share-based compensation	12	806	905
Equity loss from joint venture	7	2,543	1,669
Unrealized (gain) loss on foreign exchange		36	(235)
Finance costs		649	691
Funds from (used in) operations		**(99)**	**(740)**
Changes in non-cash operating working capital		1,167	485
Cash from (used in) operations		**1,068**	**(255)**
INVESTING ACTIVITIES			
Additions to property, plant and equipment	6	(2,689)	(1,597)
Preferred equity contribution to joint venture	7	(723)	-
Changes in non-cash investing working capital		407	(761)
Cash used in (from) investing activities		**(3,005)**	**(2,358)**
FINANCING ACTIVITIES			
Proceeds from long-term debt and other liabilities		1,983	608
Interest on long-term debt		(447)	(586)
Proceeds from option agreement		-	2,950
Cash costs associated with share-based compensation		(94)	(81)
Cash from (used in) financing activities		**1,442**	**2,891**
Impact of foreign currency translation on cash		(28)	**86**
Increase (decrease) in cash and equivalents		**(523)**	**364**
Cash and cash equivalents beginning of year		1,577	1,615
Cash and cash equivalents end of year		**1,054**	**1,979**

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

GREEN IMPACT PARTNERS INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31,
(Unaudited)
(Thousands of Canadian dollars)

	Notes	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Non-Controlling Interest	Total
At December 31, 2024		**119,408**	**7,137**	**1,961**	**(43,486)**	**13,546**	**98,566**
Net income (loss)		-	-	-	(5,592)	(81)	**(5,673)**
Currency translation adjustment		-	-	47	-	-	**47**
Share-based compensation		-	806	-	-	-	**806**
Vesting of share units	10	872	(872)	-	-	-	**-**
Settlement of restricted share units, net of tax remittances	10	(92)	-	-	-	-	**(92)**
At March 31, 2025		**120,188**	**7,071**	**2,008**	**(49,078)**	**13,465**	**93,654**

	Notes	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Non-Controlling Interest	Total
At December 31, 2023		**118,211**	**6,062**	**389**	**(21,480)**	**13,689**	**116,871**
Net income (loss)		-	-	-	(5,254)	(91)	**(5,345)**
Currency translation adjustment		-	-	620	-	-	**620**
Share-based compensation		-	905	-	-	-	**905**
Vesting of share units		1,167	(1,167)	-	-	-	**-**
Settlement of restricted share units, net of tax remittances		(81)	-	-	-	-	**(81)**
At March 31, 2024		**119,297**	**5,800**	**1,009**	**(26,734)**	**13,598**	**112,970**

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

1. DESCRIPTION OF THE BUSINESS

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

The Company is focused on acquiring, developing, building and operating renewable natural gas ("RNG") and bioenergy projects, and participates in a wide range of low-carbon opportunities during all stages of the project lifecycle (formerly "Clean Energy Production", now "Bioenergy Production"). In addition to its core focus, GIP has an infrastructure network located throughout western Canada and the United States that includes wastewater, hydrocarbon processing, disposal facilities, industrial landfill, recycling facilities, oil and water gathering pipelines, and oil terminals ("Water and Solids Recycling and Energy Product Optimization").

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed consolidated interim financial statements (the "financial statements") have been prepared by management using accounting policies consistent with IFRS Accounting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. The financial statements do not include all the information required for full annual statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2024, and 2023.

These consolidated financial statements were approved by the Company's Board of Directors on June 1, 2025.

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 income (loss) and comprehensive income (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 3 "Significant Estimates and Judgments".

These Financial Statements were prepared on a going concern basis. The going concern basis of accounting assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

At March 31, 2025, the Company had an accumulated deficit of $49.1 million (December 31, 2024 - $43.5 million), and for the three months ended March 31, 2025, had a net loss of $5.7 million (March 31, 2024 – Net loss of $5.3 million). In addition, the Company currently has a working capital deficit of $37.5 million (December 31, 2024 – $33.7 million) and does not currently generate sufficient cash flow from operations nor does it have sufficient liquidity from other sources to settle the Company's financial liabilities. These events and conditions form a material uncertainty that may raise significant doubt regarding the Company's ability to continue as a going concern.

On May 21, 2025, the Company entered into a definitive agreement with a private, arm's-length party (the "Purchaser") for the sale of its water, waste treatment, and recycling facilities located in Alberta and Saskatchewan (the "Transaction") for proceeds of $53.25 million (the "Purchase Price") subject to working capital adjustments. Please refer to Note 18 below. The Company has received confirmation of the Purchaser's financing for the cash payment due on close and is progressing closing of the Transaction, expected on or before June 30, 2025. As the Transaction remains subject to certain conditions, a failure to close could have a material adverse effect on the Company's financial condition, including the ability to operate as a going concern.

These Financial Statements do not reflect the adjustments that might be necessary to the carrying amount of the reported assets, liabilities, expenses, and statement of financial position classifications used if the Company was unable to continue operation in accordance with this assumption. Such adjustments may be material.

3. SIGNIFICANT ESTIMATES AND JUDGMENTS

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

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

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

4. ACCOUNTS RECEIVABLE

The composition of accounts receivable is as follows:

	March 31, 2025	December 31, 2024
Trade receivables	15,394	15,731
Other receivables	112	429
	15,506	**16,160**

Aged trade receivables		
Current (<30 days)	13,848	13,929
31-60 days	710	647
61-90 days	74	314
>90 days	762	841
	15,394	**15,731**

5. OTHER CURRENT ASSETS

The composition of other current assets is as follows:

	March 31, 2025	December 31, 2024
Prepaid expenses	1,285	1,108
Deferred transaction costs [(1)]	2,401	2,401
Short-term promissory note	314	314
	4,000	**3,823**

[(1)] The deferred financing costs are deferred until the closing of the sale of an equity interest in Future Energy Park to a third party.

6. PROPERTY, PLANT AND EQUIPMENT

Net Book Value	General Plant & Processing Equipment	Assets Under Construction	Total Property, Plant & Equipment
Balance, December 31, 2024	**52,648**	**85,861**	**138,509**
Additions	126	2,563	2,689
Changes in asset retirement obligation asset	156	-	156
Depreciation	(1,476)	-	(1,476)
Capitalization of borrowing costs	-	29	29
Impact of foreign currency translation	(2)	23	21
Balance, March 31, 2025	**51,452**	**88,476**	**139,928**

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 March 31, 2025 and therefore no depreciation has been recorded to date.

The Company's major bio-ethanol and RNG project within assets under construction is the 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 for the three months ended March 31, 2025:

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

	Future Energy Park	Other RNG Projects	Total Assets Under Construction
Balance, December 31, 2024	**69,397**	**16,464**	**85,861**
Additions	1,443	1,120	2,563
Capitalization of borrowing costs	29	-	29
Foreign currency translation	-	23	23
Balance, March 31, 2025	**70,869**	**17,607**	**88,476**

Assessment of Impairment

At March 31, 2025, there were no indicators of impairment of property, plant, and equipment or assets under construction.

7. INVESTMENT IN JOINT VENTURE

The following is a summary of changes in investment in joint venture for the three months ended March 31, 2025:

Balance, December 31, 2024	**5,219**
Company's portion of loss from operations	(2,543)
Preferred equity contribution to joint venture	723
Currency translation adjustment	(6)
Balance, March 31, 2025	**3,393**

The tables below provide summarized financial information (presented at 100%) for the joint venture:

Statement of Financial Position	March 31, 2025	December 31, 2024
Current assets(1)	2,643	6,881
Non-current assets	70,849	71,223
Current liabilities	(51,164)	(51,370)
Non-current liabilities	(825)	(845)

(1) At March 31, 2025, the Company had accounts receivable of $0.4 million due from the Colorado JV.

The following table presents the results of operations of the Colorado JV:

Net loss and Comprehensive loss	3 Months Ended March 31, 2025	3 Months Ended March 31, 2024
Revenue	467	-
Cost of sales	(3,813)	(2,046)
Operating expenses	(763)	(1,030)
Non-operating expenses	(977)	(262)
Net loss	**(5,086)**	**(3,338)**
GIP's ownership %	50%	50%
Equity (loss) from joint venture	**(2,543)**	**(1,669)**

Cost of sales for the three months ended March 31, 2025, includes $0.3 million (March 31, 2024 - $0.2 million) in related party transactions, for the Company's billback of employee salaries and expenses charged to the joint venture for work relating to the operations of the joint venture, and management fee.

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

8. LONG TERM DEBT

	US$ Denominated		Canadian $ Amount	
	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
Corporate credit facility	n/a	n/a	29,279	27,738
Other term debt	195	2	280	3
Lease liabilities	-	-	737	836
	195	**2**	**30,296**	**28,577**
Deferred financing costs	-	-	-	-
Total long-term debt	**195**	**2**	**30,296**	**28,577**
Current portion			29,923	28,131
Long-term portion			373	446
Total long-term debt			**30,296**	**28,577**

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 the Colorado JV, Future Energy Development Corp. and its US solids recycling business. 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 issuance 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 with a due date of July 31, 2025. 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 quarter 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 condensed consolidated interim financial statements of the Company's main operating subsidiary.

At March 31, 2025 the Company was in breach of the covenant related to the minimum Tangible Net Worth of $81.8 million.

The Facility matures on July 31, 2025, and as a result, the full balance of the outstanding Facility as at March 31, 2025 has been included in current liabilities. As a result of the Company's going-concern disclosure within these financial statements and due to the breach of the Tangible Net Worth covenant discussed above, the Company is in default under the Facility. Under the Facility agreement, the Facility lender will have the right to demand repayment and/or realize on the security at any time under the Facility.

9. OTHER LIABILITIES

The changes in the liabilities assumed, including the settlement category and the balance that remains outstanding at March 31, 2025, are summarized below:

	Other Current Liabilities	Other Long-term Liabilities
Promissory note	264	-
Other liabilities	8,142	2,632
Related party option agreement [(1)]	3,989	-
Balance, March 31, 2025	**12,395**	**2,632**

(1) Refer to note 14 "related party transactions" for more information.

10. SHAREHOLDERS EQUITY

Authorized Share Capital

Unlimited Class A Voting Common Shares

	Number of shares (#)	$ Amount (000's)
Balance, December 31, 2024	**21,557,602**	**119,408**
Vesting of share units	**-**	**872**
Settlement of share units, net of tax remittances	**-**	**(92)**
Balance, March 31, 2025	**21,557,602**	**120,188**

Acquisition of Shares

The Company purchases and reserves its shares for the purpose of issuing shares to officers, directors and employees under the Company's Performance Share Unit Plan. At March 31, 2025, the Company is holding on reserve 842,467 shares in trust (December 31, 2024 – 924,816) for future transfer to Share Unit Holders.

11. NET INCOME (LOSS) PER SHARE

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Net income (loss) ('000s):		
	(5,673)	(5,345)
Weighted average number of shares Outstanding:		
Basic	21,557,602	21,400,018
Diluted	21,557,602	21,400,018
Net income (loss) per share:		
Basic	(0.26)	(0.25)
Diluted	(0.26)	(0.25)

Basic (loss) earnings per share is calculated by dividing the net (loss) earnings for the period by the weighted average number of common shares outstanding during the period.

Diluted (loss) earnings per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive common shares related to the Company's share-based compensation plans. The number of shares included is computed using the treasury stock method. As these awards can be exchanged for common shares of the Company, they are considered potentially dilutive and are included in the calculation of the Company's diluted net earnings per share if they have a dilutive impact in the period.

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

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.

12. SHARE-BASED COMPENSATION

Share Unit Plan

The changes in both outstanding RSUs and PSUs are summarized in the table below:

Restricted Share Units	Share Unit (#)
Balance, December 31, 2024	**65,084**
Granted	-
Vested and settled	-
Forfeited	(4,042)
Balance, March 31, 2025	**61,042**

Performance Share Units	Share Unit (#)
Balance, December 31, 2024	**1,088,093**
Granted	156,600
Vested and settled	(102,317)
Forfeited	(44,401)
Balance, March 31, 2025	**1,097,975**

The grant date fair value of each RSU and PSU granted for the period was based on the closing trading price on the date preceding 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 $0.5 million in aggregate for both Share Unit Plans for the three months ended March 31, 2025 (March 31, 2024 - $0.5 million). The total remaining fair value of all outstanding RSUs and PSUs to be recognized as share-based compensation expense in future periods is $2.1 million.

Stock Option Plan

The changes in Stock Options outstanding at March 31, 2025, are summarized below:

Stock Options	Options Granted (#)	Weighted Average Exercise Price ($)	Remaining Term (years)
Balance, December 31, 2024	**1,230,771**	**$7.23**	**5.55**
Granted	-	-	-
Exercised	-	-	-
Forfeited	(48,492)	$8.04	5.50
Balance, March 31, 2025	**1,182,279**	**$7.20**	**5.30**
Exercisable, March 31, 2025	365,558	$5.00	5.00

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 $0.3 million relating to the Share Option Plan for the three months ended March 31, 2025 (March 31, 2024 - $0.4 million). The total remaining fair value of all outstanding stocks options to be recognized in future periods is $0.5 million.

13. FINANCIAL 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. Credit risk arises principally from the Company's cash and cash equivalents, other current assets and accounts receivable.

The Company's account 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 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.

b) Liquidity risk and capital management

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

The Company's corporate credit facility (the "Facility") has a final maturity date of July 31, 2025 (see Note 8). The Company requires additional capital to both repay the Facility and execute on its growth strategy. Subsequent to quarter end, the Company executed a definitive agreement (see Note 18) for the sale of its water, waste treatment, and recycling facilities located in Alberta and Saskatchewan. Subject to closing the Transaction, the Company expects to repay the Facility. As the Transaction is conditional upon the Purchaser obtaining financing to pay the cash portion of the Purchase Price, the Transaction involves material uncertainties, and there are no assurances that it will close. A failure to close could have a material adverse effect on the Company's financial condition, including the ability to operate as a going concern.

Refer to Note 8 - "Long-Term Debt" for further details on available amounts under existing banking arrangements and Note 9 - "Other 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 March 31, 2025:

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

As at March 31, 2025	Total	< 1 Year	1-3 Years	4-5 Years	After 5 Years
AP and accrued liabilities	**16,696**	16,696	-	-	-
Other current liabilities	**12,395**	12,395	-	-	-
Long-term debt	**30,296**	29,923	373	-	-
Other long-term liabilities	**2,632**	-	2,632	-	-
Lease obligations	**859**	431	332	96	-
Total financial liabilities	**62,878**	**59,445**	**3,337**	**96**	**-**

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.

14. RELATED PARTY TRANSACTIONS

Option Agreement

	March 31, 2025
Proceeds from related party option agreement	3,450
Interest accrued	539
Balance, March 31, 2025	**3,989**

On April 11, 2025, the Company drew an additional $0.6 million under the Option Agreement.

The Option is classified as a financial liability that is measured at fair value through profit and loss upon issuance and at each subsequent reporting period. The fair value of the Option was determined to be nil on March 31, 2025, mainly given the probability of being exercised was determined to be nil.

15. 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 three months ended:

	March 31, 2025	March 31, 2024
Short-term compensation (1)	582	421
Share-based compensation (2)	579	-
	1,161	**421**

(1) Short-term compensation includes annual salaries, management bonuses and employee benefits provided to key management personnel as well as directors' fees. There were no bonuses during the three months ended March 31, 2025 or 2024. There was an additional member added to the executive officers in January 2025.

(2) Based on the grant date fair value of the applicable awards. The total share-based payment of PSU's issued in January 2025 is based on a fair value of $3.55. The total share-based payment of PSU's issued in February 2025 is based on a fair value of $4.70.

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

16. REVENUE AND DIRECT COSTS

The Company's services that generate revenue include water and solids recycling management, disposal services and energy product optimization services.

The Company's revenue generated from the water and solids recycling management and disposal services division includes wastewater processing and disposal, custom treating, as well as domestic and industrial solids waste handling, recycling and disposal.

All of these services are provided on a fee for service basis and normally on a per unit basis but in some cases at a flat rate or hourly basis. Methods of charge and rates vary based on type of product, type of service and location. The Company operates eight facilities throughout western Canada and one in the United States that provide these services.

Revenue and gross profit from the Company's energy product optimization services is generated through the sale of hydrocarbon products, which have been blended with an additive that improves the quality of the finished product that is sold to third parties for a profit.

The blending process is performed at two Company-operated and pipeline connected facilities in western Canada. Third parties transport raw hydrocarbon volumes into the Company's facilities for transportation to market. Once accepted at the facilities, the Company takes custody of these third-party volumes while they are processed and blended. As a result, the Company is required to record these third-party volumes received as direct costs. Therefore, energy product optimization direct costs represent the cost of the raw hydrocarbons that the Company takes custody of, transportation tariffs and the costs of the blending product.

Revenue, Direct Costs and Gross Profit	Energy Product Optimization	Fee for Service	Total
Three Months Ended March 31, 2025			
Revenue	31,265	4,582	**35,847**
Direct costs	30,096	3,882	**33,978**
Gross profit	**1,169**	**700**	**1,869**
Three Months Ended March 31, 2024			
Revenue	28,292	5,030	**33,322**
Direct costs	27,402	4,614	**32,016**
Gross profit	**890**	**416**	**1,306**

The Company had three customers that comprised greater than 10% of revenue which were 39%, 21% and 17%, respectively (2024 – four customers, 38%, 19%, 12%, 11%). These revenues related to the energy product optimization segment. The entire balance of any accounts receivable owing from these customers was collected subsequent to March 31, 2025.

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

Direct Costs	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Energy product optimization	30,096	27,402
Fuel, chemicals, supplies, materials	1,125	1,209
Utilities	446	499
Repairs and maintenance	289	914
Operational personnel and overhead costs	1,341	1,309
Treatment and disposal costs	219	160
Other direct costs	462	523
Total Direct Costs	**33,978**	**32,016**

Certain figures in the comparative period direct costs categories have been reclassified to conform with the current presentation.

17. SEGMENT REPORTING

The Company currently operates as a water, solids and hydrocarbon treatment, and recycling service provider and a bioenergy producer, which forms its two reporting segments – Water & Solids Recycling & Energy Product Optimization and Bioenergy Production (formerly "Clean Energy Production"). The Water & Solids Recycling & Energy Product Optimization segment consists of water, waste and solids disposal and recycling services (fee for service revenue) as well as oil blending, transportation and marketing operations (energy product optimization revenue). The breakdown of these two main sources of revenue is presented in the Revenue and Direct Cost note of these interim financial statements. The Water & Solids Recycling & Energy Product Optimization segment customer base spans a range of industries including agriculture, forestry, government, midstream companies, public infrastructure, oil and gas production companies, potash and utilities. The Bioenergy Production segment is currently comprised of multiple pre-production bioenergy projects. Given that all energy projects are pre-production, no revenue and operating expenses have been realized or incurred. Only construction and initial development investments have been made to date and as such the segment is reported below for the Bioenergy Production Segment. The projects range from various forms of renewable natural gas, hydrogen to biofuel production.

Below is information for the Company's operating segments for the three months ended March 31, 2025 and 2024:

March 31, 2025	Water & Solids Recycling & Energy Product Optimization	Bioenergy Production	Corporate	Total
Property, plant and equipment	61,661	77,297	970	**139,928**
Total assets	93,549	69,779	6,149	**169,477**
Total liabilities	26,914	14,431	34,478	**75,823**

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

March 31, 2024	Water & Solids Recycling & Energy Product Optimization	Bioenergy Production	Corporate	Total
Property, plant and equipment	66,381	70,074	325	**136,780**
Total assets	117,126	68,337	6,312	**191,775**
Total liabilities	21,999	18,016	38,790	**78,805**

Three Months Ended March 31, 2025	Water & Solids Recycling & Energy Product Optimization	Bioenergy Production	Corporate	Total
Revenue	35,847	-	-	**35,847**
Depreciation and amortization	(1,455)	-	(73)	**(1,528)**
Other operating (expense)	(34,289)	(186)	(1,450)	**(35,925)**
Non-operating (expense) income	(135)	(2,545)	(1,373)	**(4,053)**
Earnings (loss) before tax	**(32)**	**(2,731)**	**(2,896)**	**(5,659)**

Three Months Ended March 31, 2024	Water & Solids Recycling & Energy Product Optimization	Bioenergy Production	Corporate	Total
Revenue	33,322	-	-	**33,322**
Depreciation and amortization	(1,460)	-	(28)	**(1,488)**
Other operating (expense)	(32,328)	(234)	(1,485)	**(34,047)**
Non-operating (expense) income	227	(1,647)	(1,625)	**(3,045)**
Earnings (loss) before tax	**(239)**	**(1,881)**	**(3,138)**	**(5,258)**

18. SUBSEQUENT EVENTS

a) Additional Draw on Option Agreement

On April 11, 2025, the Company drew an additional $0.6 million under the Option Agreement. On April 29, 2025, and April 30, 2025, the Company issued notice to the Optionees to draw a total of $4.0 million under the Option Agreement. Under the terms of the Option Agreement, $2.0 million is required to be funded within 30 days of receipt of notice and $2.0 million is required to be funded within 60 days of receipt of notice. As at the date of these interim financial statements, the Company has not received the funding that was required to be made by May 30, 2025. The Company is currently in discussions with the Optionee regarding certain amendments to the agreement, including the possibility of the funding to be converted to subordinated debt.

b) Execution of Definitive Agreement for the Sale of Water, Waste Treatment and Recycling Facilities in Alberta and Saskatchewan

On May 21, 2025, the Company entered into a definitive agreement with a Purchaser for the sale of its water, waste treatment, and recycling facilities located in Alberta and Saskatchewan for a Purchase Price of $53.25 million, subject to working capital adjustments. The Purchase Price shall be paid with $34.5 million in cash on close, and an $18.75 million Note. The Company has received confirmation of the Purchaser's financing for the cash payment due on close and is progressing closing of the Transaction, expected on or before June 30, 2025. The Transaction is conditional on the Purchaser closing financing and the satisfaction of other negotiated closing conditions, including receipt of final approval from the TSX Venture Exchange.

The TSX Venture Exchange has conditionally approved the Transaction subject to customary conditions for a transaction of this nature. Proceeds from the Transaction will be used to repay the Facility in full. In addition to the Purchase Price, the Purchaser has paid GIP an exclusivity fee of $500,000 (the "Exclusivity Fee") in respect of the Transaction until June 6, 2025.

Payments are due monthly under the Note, which is non-interest bearing prior to maturity, commencing on the first day of the first month following close for a period of 24 months. The Purchaser has the option to prepay the Note prior to its maturity for a discount if prepayment occurs within three to 12 months of closing. The Exclusivity Fee is repayable by the Company under certain limited circumstances. If the Agreement is terminated in certain circumstances, the Purchaser is obligated to pay GIP a termination fee of $5 million. Joint and several personal guarantees have been delivered by certain individuals associated with the Purchaser to guarantee the Purchaser's obligations under the Note and the termination fee.

There are currently wildfires in the near vicinity of one of the Company's water, waste treatment, and recycling facilities (the "Swan Hills Facility"). On May 27, 2025, the Company ran a remote emergency shut of the Swan Hills Facility and provided notice of force majeure to its single customer at the Swan Hills Facility of the Company's inability to accept the customer's crude oil volumes. The Purchaser has been informed of the current situation. Should the Company suffer a loss at the Swan Hills Facility, there is risk to both the timing of close, and ultimate closing, of the Transaction.

c) Related Party Funding

The Company has entered into a non-binding term sheet (the "Term Sheet") with a company controlled by the Company's Chief Executive Officer, to provide a subordinated secured term loan (the "Loan") to fund near term working capital of the Company. Funding under the Loan is subject to certain conditions, including negotiation of definitive documentation, and receiving required amendments to the Facility. The Loan will be for a principal amount of $2.0 million (with $1.5 million funded on closing of the Loan agreement and $0.5 million subject to future draw down). In addition, $2.0 million in funding under the Option would be waived. The Company is currently advancing definitive documentation with respect to the Loan.