



Green Impact Partners

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three and Six Months Ended June 30, 2025 and 2024

August 27, 2025



MANAGEMENT DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2025 and 2024 is prepared as of August 27, 2025 and provides information concerning the financial condition and results of operations of Green Impact Partners Inc. ("GIP" or the "Company"). This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements as at and for the three and six months ended June 30, 2025 and 2024, and the Company's audited consolidated financial statements as at and for the years ended December 31, 2024 and 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements and additional information relating to GIP are available on SEDAR+ at www.sedarplus.ca. The Company's shares are listed for trading on the TSX Venture Exchange under the symbol "GIP".

Unless otherwise indicated, all dollar amounts presented herein are in thousands of Canadian dollars.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking statements" and "forward-looking information" (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Certain information and statements contained in this MD&A constitute forward-looking statements, including: the Company's plans, prospects and opportunities; expectations regarding future revenue, EBITDA and generation of free cash flow; the anticipated production, inputs, carbon capture, carbon impacts performance, capital expenditures and methods of operations in relation to the Company's projects, including its relationships with current and potential future joint venture partners; the expected timing of project construction, milestones and operations; the timing of regulatory approval of the GreenGas Colorado Joint Venture (the "Colorado JV"); the timing of the remediation activities and resulting expected improvement in cash flow for the Colorado JV; the timing of and ability to secure various regulatory approvals from the Government of Alberta and municipal permits from the City of Calgary for the Future Energy Park project (the "FEP"); the expected capital structure and organization of the FEP; the costs associated with the Company's projects and funding of such costs; negotiation of definitive documentation with the FEP lead equity partner; anticipated cash distributions of the FEP project if completed; the anticipated costs associated with capital spending, expectations for the Company's future operations, including the generation of free cash flow and increases in share-based compensation; expectations in respect of Investment Tax Credits ("ITC"), Production Tax Credits ("PTC") and the potential benefits thereof to the Company; the potential impacts of the Bill (as defined below) on the Company's renewable energy projects; anticipated acquisitions and divestitures including the closing of the Transaction (as defined below); the use of proceeds from the Transaction; the Company's ability to source additional capital from external financing sources, including funds available under the Option Agreement (as defined below), funder under the Loan and the Grid Note (each as defined below), debt, equity, strategic partnership, or potentially asset dispositions; expectations regarding operations at the Swan Hills Facility (as defined below); expectations regarding the timing of the FNTP (as defined below); the Company's ability to obtain a waiver of the event of default under the Facility (as defined below); the Company's ability to continue as a going concern; expectations concerning the financing of future business activities; expectations concerning the nature and timing of additional growth opportunities and the benefits thereof; additional partnership opportunities involving the Company's New Zealand-based energy company; expectations respecting the Company's competitive position; anticipated supply and demand for the Company's products and services; reliance on third-party reports for project financing involves risks related to assumptions, timelines, and outcomes that may vary, potentially impacting the Company's financial position and project development; and statements as to future economic and operating conditions. Readers should review the cautionary statement respecting forward-looking statements that appears below.

The information and statements contained in this MD&A that are not historical facts are forward-looking statements. Forward-looking statements (often, but not always, identified by the use of words such as "seek", "plan", "continue", "estimate", "project", "predict", "potential", "targeting", "intend", "could", "might",



“should”, “believe”, “expect”, “may”, “anticipate” or “will” and similar expressions) may include plans, expectations, opinions, or guidance that are not statements of fact. Forward-looking statements are based upon the opinions, expectations and estimates of management as at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements.

Forward-looking information concerning the nature and timing of growth is based on the current budget of the Company (which is subject to change), factors that affected the historical growth of the Company, including sources of historic growth opportunities, in addition to our ability to successfully complete our projects and negotiate contracts, expectations relating to future economic, regulatory and operating conditions and adequate access to funding for our projects and ongoing operations. Forward-looking statements concerning the current and future competitive position of the Company’s business and partnership relationships is based upon the current competitive environment in which the Company operates, management expectations relating to future economic and operating conditions, current and announced build programs, and the expansion plans of other organizations. Forward-looking statements concerning the financing of future business activities are based upon the financing sources on which the Company and its predecessors have historically relied, prospects for obtaining potentially new financing sources, and expectations relating to future economic and operating conditions, including interest rates, supply chains, global supply and demand, and energy and commodity prices. Forward-looking statements concerning future economic and operating conditions are based upon historical economic and operating conditions, as well as opinions of third-party analysts reflecting anticipated economic and operating conditions. Although management of the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Accordingly, readers should not place undue reliance upon any of the forward-looking statements set out in this MD&A.

All the forward-looking statements of the Company contained in this MD&A are expressly qualified, in their entirety, by this cautionary statement. Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by IFRS. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned these measures should not be construed as an alternative to net and comprehensive income or to cash from (used in) operating, investing, and financing activities determined in accordance with IFRS, as indicators of our performance. We use non-IFRS measures, including EBITDA and Adjusted EBITDA, to assist investors in determining our ability to generate income and cash provided by operating activities and to provide additional information on how these cash resources are used. Non-IFRS measures are further discussed in the *Non-IFRS Measures* section of this MD&A.



BUSINESS OVERVIEW

Our Business

GIP, publicly traded on the TSX Venture Exchange (“TSXV”), is focused on acquiring, developing, building, and operating renewable natural gas (“RNG”) and other bioenergy projects (“Bioenergy Production”). The Company participates in a wide range of low-carbon opportunities during all stages of the project lifecycle – from idea generation through to operations. Alongside its primary focus, GIP possesses a network of assets located throughout western Canada and the United States that comprises facilities for processing and disposing of wastewater and hydrocarbons, industrial landfill and recycling facilities, oil and water gathering pipelines, and oil terminals for blending and sales (“Water & Solids Recycling & Energy Product Optimization”).

The Company reports operating results for the following reportable segments:

- **Water & Solids Recycling & Energy Product Optimization** – The Water & Solids Recycling & Energy Product Optimization segment is currently comprised of operational and cash flowing assets in Canada and the United States that provide services to safely recycle and/or dispose of water and solids waste from third party operations as well as optimizing, safely transporting, and marketing the associated oil products.
- **Bioenergy Production (formerly Clean Energy Production)** – The Bioenergy Production segment includes bioenergy projects under construction, development, and pre-development located in Canada, the United States and New Zealand. The current portfolio of bioenergy projects within this operating segment includes RNG, biofuel and hydrogen distribution projects.

Second Quarter Highlights

Key highlights and accomplishments for the second quarter of 2025 and as of the date of this MD&A include:

Announced Sale of Water & Solids Recycling Facilities: During the second quarter of 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”). The Transaction, valued at \$54.3 million (the “Purchase Price”), is subject to additional closing and post closing payments and adjustments of working capital.

Additional Insider Investment: On June 12, 2025, the Company entered into a binding promissory note (the “Grid Note”) with a company controlled by the Company’s Chief Executive Officer, to provide a \$2.0 million subordinated secured term loan (the “Loan”) to fund near term working capital of the Company. Funding under the Loan was subject to certain conditions, including negotiation of definitive documentation, and receiving required amendments to the Company’s revolving credit facility (the “Facility”). With those conditions met, on June 12, 2025, the Company received \$1.5 million in funding under the Grid Note. Subsequent to quarter end, the Company has issued a draw notice under the Grid Note for the remaining \$0.5 million in funding, which is expected to be funded in the third quarter of 2025.

Board of Director Changes: In the second quarter of 2025, the Company announced adjustments to its Board of Directors to further align to stakeholders’ interests moving into key milestones for the Company which included the resignation of David Spivak, Natascha Kiernan, Jeff Hunter and Alicia Dubois, and additions of new independent directors Ahmed Kassongo and Alex Langer.



Corporate Credit Facility: On June 12, 2025, GIP executed an amendment to its Facility providing a waiver of certain events of default until June 30, 2025. Due to the delay in closing of the Transaction and failure to meet certain covenants, the Company was in default under the Facility as at June 30, 2025. Subsequent to quarter-end, on July 16, 2025 and August 22, 2025, the Company executed further amendments to the Facility, extending waivers of certain events of default to July 31, 2025 and September 30, 2025, respectively, subject to compliance with specified covenants and conditions. Pursuant to the amendment, as of the date hereof, the drawn balance of the Facility has been reduced to \$28.9 million and will continue to be reduced by \$0.1 million weekly until maturity on September 30, 2025.

Operations, Project Construction and Development Updates

Water & Solids Recycling Facilities Sale

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 (the “PSA”) for a Purchase Price of \$53.25 million, subject to working capital adjustments. The closing date under the PSA was June 30, 2025. Subsequently on July 6, 2025, July 16, 2025, and August 20, 2025, the Company entered into amendments to the PSA (the “Amendments”) to extend the closing dates to July 16, 2025, July 31, 2025, and September 15, 2025, respectively. In consideration for the additional closing date extensions, the Purchase Price was increased to \$54.25 million, subject to working capital adjustments. The Purchase Price shall be paid with \$35.5 million in cash on close less a \$0.25 million non-refundable deposit (see below) plus working capital, and an \$18.75 million promissory note (the “Note”). The Note was previously expected to be paid over a period of 24 months with the option to prepay the Note prior to its maturity for a discount if prepayment occurs within 3 to 12 months of closing. As part of the Amendments, the Purchaser has agreed to pay out the Note in full by October 31, 2025 for a total of \$18.75 million less a pre-payment discount of \$2.85 million less \$1.5 million in non-refundable deposits for total additional cash proceeds of \$14.4 million. The Transaction is conditional on the Purchaser closing financing and the satisfaction of other negotiated closing conditions, including receipt of final approval from the TSXV.

If the PSA is terminated in certain circumstances, including a failure to meet the closing date, the Purchaser is obligated to pay GIP a termination fee of \$7.5 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.

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 \$0.5 million in respect of the Transaction until June 6, 2025. Subsequent to quarter end, concurrent with the Amendments, the Purchaser paid \$1.75 million in non-refundable deposits to the Company. These deposits do not provide the Purchaser further exclusivity and have been provided solely for the purpose of extending the closing date. While the Company continues to progress closing of the Transaction with the Purchaser, the Company has executed a non-binding term sheet with an alternative third party and is actively negotiating an alternate definitive agreement for the sale of these assets.

In the 2025 first quarter MD&A, it was disclosed that there were 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. By the beginning of June 2025, the fires have been extinguished, no losses were suffered, and there is no longer a threat to the Company's assets. Post force majeure, the Company is working on recovering volumes from the area that were impacted by the fire.



Colorado Joint Venture

As previously disclosed, the Company's subsidiary, Green Impact Partners U.S. Inc. ("GIPUS"), and its partner in the Colorado Joint Venture, US Infrastructure Investments Holdings LLC ("US Infra"), are currently in dispute over US Infra's allegations that GIPUS has defaulted under the Seventh Amended and Restated Limited Liability Company Agreement ("LLCA") of GreenGas Colorado, LLC ("GGCO"), dated June 27, 2024. GGCO operates the Company's renewable natural gas facility in Colorado. GIPUS has denied these allegations and successfully obtained a court order that requires both US Infra and GIPUS to maintain joint control over GGCO during the ongoing dispute process. GIPUS and US Infra are currently in advanced discussions regarding a settlement of this dispute.

Readers are advised that this situation is still developing, and there is no guarantee that GIPUS will successfully resolve the dispute on favorable terms, which could have a material adverse impact on the Company.

Future Energy Park

The Company continues to advance the debt and equity financing for its large-scale biofuels facility in Calgary, Alberta. The Company finalized a non-binding, equity term sheet with a global Japanese investment partner for the lead project equity investment in FEP. Closing is subject to obtaining final internal approvals, entering into definitive investment agreements, the close of project-level debt financing and other customary terms and conditions. Otherwise, the status of other financing efforts along with the status of all permits and material contracts including feedstock, offtake, engineering, procurement and construction and CO₂ sequestration remain unchanged from what was described in the Annual MD&A. In addition, there have been no changes to the guidance provided in the Annual MD&A related to expected capital costs, projected EBITDA, construction timing, and the status and quantum of the various tax credits and government incentive programs potentially available to the project.

In the second quarter of 2025, the Company incurred approximately \$1.3 million in costs (out of a total of approximately \$41.3 million spent to date) to further advance FEP.

Iowa RNG Project

There have been no additional material developments with respect to the Iowa RNG Project during the second quarter outside of the items discussed in the Annual and first quarter 2025 MD&A's.

New Zealand Green Hydrogen

The description and status of the Company's green hydrogen opportunity in New Zealand as provided in the Annual MD&A remains materially consistent. There has been no additional spending in the second quarter of 2025 and Company continues to closely monitor its investment.

Material Policy Developments

During the second quarter of 2025, the following material policy development was announced in the United States beyond those described in the Company's 2024 Annual MD&A:

US Reconciliation Bill

On May 22, 2025, the United States House of Representatives passed a US reconciliation bill, known as "One Big Beautiful Bill Act of 2025" (the "Bill"). The Bill, as drafted, proposes tax law changes that, if passed, would impact the Company's renewable energy projects. The Bill's most significant proposed changes that would have the potential to impact the Company's current and/or future biofuels projects include:



- An extension of time for a taxpayer to be eligible for clean fuel PTC;
- Elimination of transferability of clean fuels PTC being eliminated beginning in 2028; and
- Certain foreign supply chain and ownership restrictions on taxpayers seeking ITC and PTC.

FINANCIAL HIGHLIGHTS

(\$000) <i>As at and for the three months ended</i>	June 30, 2025	June 30, 2024
Revenue	27,855	41,139
Gross margin	2,476	2,924
Income (Loss) from operations	(1,523)	(670)
Net income (loss)	(4,817)	(5,524)
Comprehensive income (loss)	(5,286)	(5,186)
Funds from (used in) operations	239	(568)
Cash from (used in) operations	(278)	1,081
Purchase of property, plant and equipment	(1,431)	(2,118)
Total assets	161,350	183,527
Total liabilities	72,318	74,819

(\$000) <i>As at and for the six months ended</i>	June 30, 2025	June 30, 2024
Revenue	63,702	74,461
Gross margin	4,345	4,230
Income (Loss) from operations	(3,129)	(2,883)
Net income (loss)	(10,490)	(10,869)
Comprehensive income (loss)	(10,912)	(9,911)
Funds from (used in) operations	140	(1,308)
Cash from (used in) operations	790	826
Purchase of property, plant and equipment	(4,120)	(3,715)
Total assets	161,350	183,527
Total liabilities	72,318	74,819

RESULTS OF OPERATIONS

Revenue

	For The Three Months Ended		
	June 30, 2025	June 30, 2024	Change
<u>(\$000)</u>			
Energy product optimization	22,406	35,875	(13,469)
Fee for service – Water treatment and disposal	2,468	2,559	(91)
Fee for service – Solids disposal and recycling	2,981	2,705	276
Total Revenue	27,855	41,139	(13,284)
<u>Revenue Volumes:</u>			
Energy product optimization (m ³)	44,670	56,551	(11,881)
Fee for service – Water treatment and disposal (m ³)	134,963	147,297	(12,334)
Fee for service – Solids disposal and recycling (tonnes)	42,191	18,303	23,888



Direct Costs

	For The Three Months Ended		
	June 30, 2025	June 30, 2024	Change (\$)
(\$000)			
Energy product optimization	21,403	34,277	(12,874)
Fee for service	3,976	3,938	38
Total Direct Costs	25,379	38,215	(12,836)

Gross Profit

	For The Three Months Ended		
	June 30, 2025	June 30, 2024	Change (\$)
(\$000)			
Energy product optimization	1,003	1,598	(595)
	4.5%	4.5%	0.0%
Fee for service	1,473	1,326	147
	27.0%	25.2%	1.8%
Total Gross Profit	2,476	2,924	(448)
	8.9%	7.1%	1.8%

Revenue decreased by \$13.3 million or 32% for the three months ended June 30, 2025, compared to the same period in 2024.

- The Company's energy product optimization services revenue decreased \$13.5 million or 38% compared to the same period in 2024. This is partly due to wildfires in northern Alberta in late May, causing a safety shutdown of certain facilities, and related force majeure events. This resulted in a 21% decrease in volumes sold, and a 20% reduction in pricing realized, as weighted average price sold was \$524.32/m³ for the three months ended June 30, 2025, as compared to \$657.09/m³ for the same period in 2024.
- Fee for service revenue for the three months ended June 30, 2025, increased \$0.2 million or 4% compared to the same period in 2024. The majority of the increase was a result of a 131% increase in solids volumes processed. The increase to revenue was not proportionate to the increase in volumes processed due to the composition of the differences between the Company's two solids disposal and recycling sites where one of the sites with the lower revenue per unit experienced a 141% increase in volumes. However, 30% of solids revenue is attributable to this facility while it comprises 98% of the overall volume for the segment. Therefore, the impact of this volume increase did not result in a corresponding increase to revenue. Meanwhile, the other solids disposal and recycling site, which accounts for 70% of the solid's revenue with only 2% of the overall volume contribution, experienced a 9% decrease in volume and a 38% decrease in revenue over the same period due mainly to timing. Each site processes different materials and therefore have different underlying pricing for their services. This revenue increase was partially offset by a decrease in water treatment and disposal revenue of 4% and volume processed of 8%.

Direct costs decreased by \$12.8 million or 34% for the three months ended June 30, 2025, compared to the same period in 2024.

- Energy product optimization services costs decreased by 38% for the same reasons discussed in the revenue commentary above, with both the volume processed decreasing and lower prices for oil acquired from producers to be optimized, shipped and sold decreasing by 21%. The weighted average price purchased was \$502.11/m³ for the three months ended June 30, 2025, as compared to \$636.67/m³ for the same period in 2024.
- Fee for service direct costs were consistent with the comparable period of 2024.



Energy product optimization gross profit for the three months ended June 30, 2025, was consistent when compared to the same period in 2024 while fee for service gross profit increased by nearly 2% in absolute terms as a result of an increase in certain solids volumes processed, which garner higher profit margins.

Revenue

	<u>For The Six Months Ended</u>		
	June 30, 2025	June 30, 2024	Change
<u>(\$000)</u>			
Energy product optimization	53,671	64,167	(10,496)
Fee for service – Water treatment and disposal	5,165	5,482	(317)
Fee for service – Solids disposal and recycling	4,866	4,812	54
Total Revenue	63,702	74,461	(10,759)
<u>Revenue Volumes:</u>			
Energy product optimization (m3)	99,286	109,754	(10,468)
Fee for service – Water treatment and disposal (m3)	276,732	289,487	(12,755)
Fee for service – Solids disposal and recycling (tonnes)	60,040	42,567	17,473

Direct Costs

	<u>For The Six Months Ended</u>		
	June 30, 2025	June 30, 2024	Change (\$)
<u>(\$000)</u>			
Energy product optimization	51,499	61,679	(10,180)
Fee for service	7,858	8,552	(694)
Total Direct Costs	59,357	70,231	(10,874)

Gross Profit

	<u>For The Six Months Ended</u>		
	June 30, 2025	June 30, 2024	Change (\$)
<u>(\$000)</u>			
Energy product optimization	2,172	2,488	(316)
	4.0%	3.9%	0.1%
Fee for service	2,173	1,742	431
	21.7%	16.9%	4.8%
Total Gross Profit	4,345	4,230	115
	6.8%	5.7%	1.1%

Revenue decreased by \$10.8 million or 14% for the six months ended June 30, 2025, compared to the same period in 2024.

- The Company's energy product optimization services revenue decreased \$10.5 million or 16% compared to the same period in 2024. This is due to a combination of a 10% decrease in volumes sold and a 9% decrease in the price realized, as the weighted average price sold was \$558.39/m³ for the six months ended June 30, 2025, as compared to \$615.14/m³ for the same period in 2024. These decreases are a result of the aforementioned fires and related force majeure events in the second quarter of 2025, which offset the positive results in the first quarter of 2025.
- Fee for service revenue decreased \$0.3 million or 3% compared to the same period in 2024.
 - Fee for service water treatment and disposal revenue decreased by \$0.3 million or 6% compared to the same period in 2024. This revenue decrease is due to a decrease in volumes processed which decreased by 4% compared to the same period in 2024, due to the fires in May 2025.



- Fee for service solids disposal and recycling revenue increased 1% despite a 41% increase in volumes handled. This is due to the composition of the differences between the Company's two solids disposal and recycling sites where one of the sites with the lower revenue per unit experienced a 44% increase in volumes. However, 27% of solids revenue is attributable to this facility while it comprises 97% of the overall volume for the segment. Therefore, the impact of this volume increase did not result in a corresponding increase to revenue. Meanwhile, the other solids disposal and recycling site, which accounts for 73% of the solid's revenue with only 3% of the overall volume contribution, experienced a 32% decrease in volume and a 9% decrease in revenue over the same period due mainly to timing. Each site processes different materials and therefore have different underlying pricing for their services.

Direct costs decreased \$10.9 million or 15% for the six months ended June 30, 2025, compared to the same period in 2024.

- Energy product optimization services costs decreased by \$10.2 million or 17% for the same reasons discussed in the revenue commentary above, with the volume processed decreasing 10% coupled with 10% lower prices for oil acquired from producers to be optimized, shipped and sold. The weighted average price purchased was \$534.12/m³ for the six months ended June 30, 2025, as compared to \$591.55/m³ for the same period in 2024.
- Fee for service direct costs decreased by \$0.7 million or 8%. The decrease in direct costs would have been smaller and more aligned with the revenue decrease as noted above; however, a disposal well workover required during the first quarter of 2024 at the Company's Grande Cache facility resulted in abnormally high direct costs for the comparable period in 2024. This workover amounted to approximately \$0.7 million and was recorded within direct costs for the three months ended March 31, 2024. The workover was completed, and the well was put back into full operation in January 2024.

Energy product optimization gross profit for the six months ended June 30, 2025, was consistent when compared to the same period in 2024 while fee for service gross profit increased by nearly 5% in absolute terms as a result of an increase in certain solids volumes processed, which garner higher profit margins.

Operating Expenses

(\$000)	For The Three Months Ended		\$ Change
	June 30, 2025	June 30, 2024	
Depreciation and amortization	1,523	1,519	4
Salaries and wages	1,023	1,108	(85)
Selling, general and administration	1,453	967	486
Total Operating Expenses	3,999	3,594	405

(\$000)	For The Six Months Ended		\$ Change
	June 30, 2025	June 30, 2024	
Depreciation and amortization	3,051	3,007	44
Salaries and wages	2,219	2,139	80
Selling, general and administration	2,204	1,967	237
Total Operating Expenses	7,474	7,113	361

Operating expenses for the three and six months ended June 30, 2025, have increased by \$0.4 million or 11% and \$0.4 million or 5%, respectively, compared to the same periods in 2024.

Depreciation and amortization for the three and six months ended June 30, 2025, remained consistent, compared to the same periods in 2024.



Salaries and wages for the three and six months ended June 30, 2025, have decreased by \$0.1 million or 8% and increased \$0.1 million or 4%, respectively, compared to the same period of 2024. The slight decrease in the three-month period is due to employee departures in third and fourth quarter of 2024. The slight increase in the six-month period is a result of salary adjustments that became effective in July 2024.

Selling, general and administrative expenses, including the following items: rental costs; vehicle costs; insurance expenses; office costs; advertising and promotion; and professional and consulting fees, increased for the three and six months ended June 30, 2025, by \$0.5 million or 50% and by \$0.2 million or 12%, respectively, compared to the same periods in 2024. The increase is due to extraordinary legal fees and consulting fees related mostly to credit facility negotiations.

Non-Operating Expenses (Income)

(\$000)	For The Three Months Ended		\$ Change
	June 30, 2025	June 30, 2024	
Finance costs	704	918	(214)
Share-based compensation	703	962	(259)
Equity (earnings) loss from joint venture	1,989	1,173	816
Other income	(500)	-	(500)
Transaction Costs	-	1,327	(1,327)
Bad debt expense	-	-	-
Unrealized (gain) loss on foreign exchange	48	(221)	269
Realized (gain) loss on foreign exchange	257	82	175
Total Non-operating Expenses (Income)	3,201	4,241	(1,040)

(\$000)	For The Six Months Ended		\$ Change
	June 30, 2025	June 30, 2024	
Finance costs	1,353	1,609	(256)
Share-based compensation	1,509	1,867	(358)
Equity (earnings) loss from joint venture	4,532	2,842	1,690
Other income	(500)	-	(500)
Transaction Costs	-	1,327	(1,327)
Bad debt expense	79	-	79
Unrealized (gain) loss on foreign exchange	84	(456)	540
Realized (gain) loss on foreign exchange	197	97	100
Total Non-operating Expenses (Income)	7,254	7,286	(32)

Finance Costs

Finance costs were comprised of a combination of interest on long-term debt, accretion expense on the asset retirement obligation liability and the amortization of deferred financing costs. Finance costs for the three and six months ended June 30, 2025, have decreased by \$0.2 million or 23% and \$0.3 million or 16%, respectively, compared to the same periods in 2024. For the three and six months ended June 30, 2025, the majority of finance costs were associated with the Company's corporate credit facility, and the costs have decreased primarily due to lower average interest rates period over period.

Share-based Compensation

Share-based compensation costs for the three and six months ended June 30, 2025, have decreased by \$0.3 million or 27% and \$0.4 million or 19%, respectively, compared to the same periods in 2024. This decrease is directly correlated to the graded vesting method used for restricted share units and performance share units, which decreases the amount of share-based compensation costs recognized as tranches vest.



Equity (Earnings) Loss from Joint Venture

Equity Loss from the Colorado JV for the three and six months ended June 30, 2025, have increased by \$0.8 million or 70% and \$1.7 million or 59%, respectively, compared to the same periods in 2024. This is due to the continued operational issues at the facility as previously disclosed in the Annual MD&A.

Other Income

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 as described in note 4 to the consolidated interim financial statements. The Purchaser has paid GIP an exclusivity fee of \$0.5 million (the “Exclusivity Fee”), which has been presented as other income.

Transaction Costs

As part of the ITC transaction, the Company incurred \$1.3 million of transaction costs in the first six months of 2024 that were not attributable to the Colorado JV and are therefore presented on the Statement of Income (Loss) and Comprehensive Income (Loss). No comparable costs were incurred in 2025.

SUMMARY OF NON-IFRS MEASURES

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by IFRS. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned these measures should not be construed as an alternative to net and comprehensive income or to cash from (used in) operating, investing, and financing activities determined in accordance with IFRS, as indicators of our performance. We use non-IFRS measures, including EBITDA and Adjusted EBITDA, to assist investors in determining our ability to generate income and cash provided by operating activities and to provide additional information on how these cash resources are used.

Below is a description and composition of each non-IFRS measure disclosed in this MD&A, together with: (i) the most directly comparable financial measure that is specified, defined and determined in accordance with IFRS to which each non-IFRS measure relates; (ii) an explanation of how each non-IFRS measure provides useful information to investors and the additional purposes for which management uses each non-IFRS measure; and (iii) a quantitative reconciliation of each non-IFRS measure to the most directly comparable IFRS financial measure.

EBITDA is defined as earnings before interest, taxes, depreciation, and amortization. EBITDA is a non-IFRS measure, calculated by adding back the impacts of income tax, finance costs, depreciation and amortization to net income (loss) for the period. Income (loss) from Operations before amortization and depreciation is the most directly comparable IFRS financial measure. EBITDA does not have a standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures provided by other issuers. Management believes EBITDA is an important performance metric that measures recurring cash flows before changes in non-cash working capital.

Adjusted EBITDA is defined as EBITDA adjusted for certain non-operating, non-recurring and non-cash items. Adjusted EBITDA is used by management to evaluate the earnings and performance of the Company before consideration of capital, financing and tax structures. Net income (loss) is the most directly comparable IFRS financial measure. Adjusted EBITDA does not have a standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures provided by other issuers. Prior period Adjusted EBITDA has been calculated and presented in accordance with the current period calculation and presentation.

Management believes that in addition to net income (loss), Adjusted EBITDA is a useful supplemental measure to enhance investors' understanding of the results generated by the Company's principal business activities prior to consideration of how those activities are financed, how the results are taxed, how the results are impacted by non-cash charges, and charges that are irregular in nature or not reflective of the



Company's core operations. Management calculates these adjustments consistently from period to period. Adjusted EBITDA is used by management to determine the Company's ability to service debt and finance capital expenditures. Management believes that Adjusted EBITDA as a measure is indicative of how the fundamental business is performing.

(\$000)	For The Three Months Ended		\$ Change
	June 30, 2025	June 30, 2024	
Net income (loss)	(4,817)	(5,524)	707
Income tax expense (recovery)	93	613	(520)
Depreciation and amortization	1,523	1,519	4
Finance costs	704	918	(214)
EBITDA	(2,497)	(2,474)	(23)
Share-based compensation	703	962	(259)
Other Income	(500)	-	(500)
Transaction costs	-	1,327	(1,327)
Adjusted loss (earnings) from joint venture ⁽¹⁾	886	1,129	(243)
Adjusted EBITDA⁽²⁾	(1,408)	944	(2,352)

Notes:

- (1) Adjusted loss (earnings) from joint venture, reflects the adjusted EBITDA at the joint venture level at the Company's 50% ownership. This includes adjustments for interest expense, interest rate swaps, depreciation, and other finance costs.
- (2) To ensure consistency, the prior period Adjusted EBITDA has been amended from previously presented Adjusted EBITDA to adjust for the Company's portion of the Colorado JV's interest expense, interest rate swaps, depreciation and other finance costs.

(\$000)	For The Six Months Ended		\$ Change
	June 30, 2025	June 30, 2024	
Net income (loss)	(10,490)	(10,869)	379
Income tax expense (recovery)	107	700	(593)
Depreciation and amortization	3,051	3,007	44
Finance costs	1,353	1,609	(256)
EBITDA	(5,979)	(5,553)	(426)
Share-based compensation	1,509	1,867	(358)
Other Income	(500)	-	(500)
Transaction costs	-	1,327	(1,327)
Bad debt expense	79	-	79
Adjusted loss (earnings) from joint venture ⁽¹⁾	1,721	1,883	(162)
Adjusted EBITDA⁽²⁾	(3,170)	(476)	(2,694)

Notes:

- (1) Adjusted loss (earnings) from joint venture, reflects the adjusted EBITDA at the joint venture level at the Company's 50% ownership. This includes adjustments for interest expense, interest rate swaps, depreciation, and other finance costs.
- (2) To ensure consistency, the prior period Adjusted EBITDA has been amended from previously presented Adjusted EBITDA to adjust for the Company's portion of the Colorado JV's interest expense, interest rate swaps, depreciation and other finance costs.



SUMMARY OF QUARTERLY RESULTS

(\$000)	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024
Revenue	27,855	35,847	36,970	33,591
Adjusted EBITDA	(1,408)	(1,762)	(502)	(1,092)
Net income (loss)	(4,817)	(5,673)	(5,446)	(5,834)
Net income (loss) per share-Basic	(0.22)	(0.26)	(0.24)	(0.27)
Net income (loss) per share-Diluted	(0.22)	(0.26)	(0.24)	(0.27)
(\$000)	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023
Revenue	41,139	33,322	37,390	46,141
Adjusted EBITDA	944	(1,420)	(207)	875
Net income (loss)	(5,524)	(5,345)	(5,066)	(1,986)
Net income (loss) per share-Basic	(0.26)	(0.25)	(0.25)	(0.09)
Net income (loss) per share-Diluted	(0.26)	(0.25)	(0.24)	(0.09)

The variation of Adjusted EBITDA over the trailing eight quarters is highly dependent on commodity pricing volatility. The Company's energy product optimization services revenue 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 input cost of the additive is largely a fixed cost and therefore any fluctuations in the price of the blended product sold impacts gross profit realized. As such, this purchase and sale arrangement is subject to commodity pricing volatility. Net loss for the third quarter 2023 results were more in line with expectations. Net loss for the fourth quarter of 2023 was abnormally high due to the derecognition of \$4.6 million in deferred tax assets. Net loss for the first quarter of 2024 was lower than previous quarters due to a combination of the loss realized for the investment in the Colorado JV along with the previously discussed well workover in the Company's Grande Cache facility. Net loss for the second, third, and fourth quarters of 2024, as well as the first and second quarter of 2025, were lower than expectations due to the loss realized in the Colorado JV. Adjusted EBITDA for the third and fourth quarter of 2024, as well as the first and second quarter of 2025, experienced strong results from the Water & Solids Recycling & Energy Product segment, however gross margins for the three months ended June 30, 2025, were approximately \$0.5 million lower for the reasons previously discussed. Further impacting the lower adjusted EBITDA for the three and six months ended June 30, 2025, relative to the same period in 2024 were greater realized losses from the Colorado JV and higher selling, general and administrative costs due to increased legal and consulting fees. General economic and industry conditions have not substantially changed from the prior quarter.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities.

The Facility has a current maturity date of September 30, 2025, and as a result, the full balance of the outstanding Facility as at June 30, 2025, has been included in current liabilities. As a result of the Company's going concern disclosure within the consolidated annual financial statements for the year ended December 31, 2024, and corresponding Audit Report, as well as a breach of the Tangible Net Worth Covenant in the first quarter of 2025, the Company was in default under the Facility. Under the Facility Agreement, the Facility lender had the right to demand repayment and/or realize on the security at any time under the Facility. On June 12, 2025, the Company executed an amendment to the Facility to, among other things, waive the covenant defaults until June 30, 2025, subject to meeting certain conditions. As a result of the delay in close of the Transaction in addition to the continued breaches disclosed above, as at June 30, 2025, the Company was in default under the Facility. On July 16, 2025 and August 22, 2025, the Company executed additional amendments to the Facility to provide a waiver of certain events of default under the Facility until July 31, 2025, and September 30, 2025, respectively, subject to meeting additional covenants and conditions.



Consequently, as of the date of this MD&A, the Company is not in default under the Facility. The Company continues to work with the Purchaser discussed previously in this MD&A to close on the Transaction and repay the Facility in full before the revised maturity date of September 30, 2025. A copy of the Facility agreement was filed on September 8, 2023 under the Company's profile on SEDAR+ at [sedarplus.ca](https://www.sedarplus.ca).

The working capital deficiency as of June 30, 2025, is \$42.7 million (excluding the impacts of the Assets held for sale presented within current assets and current liabilities under *Financing Activities* below). The Company requires additional capital to both repay the Facility and execute on its growth strategy. As discussed in more detail above, subject to closing the Transaction with respect to the sale of the Company's water, waste treatment, and recycling facilities located in Alberta and Saskatchewan, a portion of these proceeds would be used to settle the Facility in full. The Company has received confirmation of the Purchaser's financing for the cash payment due on close and is progressing closing of the Transaction as soon as possible. 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 its ability to continue as a going concern.

During the quarter, to enhance liquidity, the Company executed a Grid Note that provides access to an additional \$2 million in funding. The Grid Note is explained in further detail in Note 15 of the condensed interim financial statements and elsewhere in this MD&A. As of the date of this MD&A, a total of \$1.5 million has been drawn by the Company under the Grid Note. The Company has issued a draw notice under the Grid Note for the remaining \$0.5 million in funding, which is expected to be funded in the third quarter of 2025.

In exchange for this Grid Note, the obligations of the company controlled by the CEO under the Option Agreement have been waived. Please refer to "*Risks and Uncertainties - Risks Related to Insider Investment and Change of Control*" below. As at the date of this MD&A, the Company has not received nor does the Company anticipate receiving any additional proceeds under the Option Agreement.

To continue to advance the FEP, the Company anticipates that approximately \$1.1 million will be required to progress to financial close and construction start. The pace of this discretionary spend will depend on both accomplishment of key project milestones and available capital as discussed above. Prior to incurring additional development costs or material construction costs for FEP, GIP will need to secure adequate sources of financing.

(\$000)	For The Three Months Ended		\$ Change
	June 30, 2025	June 30, 2024	
Cash from (used in) operating activities	(278)	1,081	(1,359)
Cash from (used in) investing activities	(686)	11,746	(12,432)
Cash from (used in) financing activities	2,023	(1,220)	3,243
Impact of foreign currency translation on cash	145	6	139
Increase (decrease) in cash	1,204	11,613	(10,409)

(\$000)	For The Six Months Ended		\$ Change
	June 30, 2025	June 30, 2024	
Cash from (used in) operating activities	790	826	(36)
Cash from (used in) investing activities	(3,691)	9,388	(13,079)
Cash from (used in) financing activities	3,465	1,671	1,794
Impact of foreign currency translation on cash	117	92	25
Increase (decrease) in cash	681	11,977	(11,296)



Operating Activities

Cash from operating activities for the three ended June 30, 2025, decreased by \$1.4 million or 126% but remained consistent for the six months ended June 30, 2025, compared to the respective same periods in 2024. For the three-month period, lower income from operations due to lower gross margins and higher selling, general and administrative costs, resulted in a decrease of cash from operating activities. For the six-month period, lower income was offset by positive changes in non-cash working capital when compared to the prior period.

Investing Activities

Cash from investing activities for the three and six months ended June 30, 2025, decreased by \$12.4 million or 106% and \$13.1 million or 139%, respectively, compared to the same periods in 2024. This decrease is directly attributable to the distribution received from the Colorado JV in June 2024 for \$17.8 million related to the sale of the ITCs. This was slightly offset by a preferred equity contribution made to the Colorado JV for \$2.1 million in June 2024 compared to \$0.3 million for the three months ended June 30, 2025 and \$1.0 million for the six months ended June 30, 2025.

Financing Activities

Cash from financing activities for the three and six months ended June 30, 2025, increased by \$3.2 million or 266% and \$1.8 million or 107%, respectively, compared to the same periods in 2024. The increase in the three-month period is due to draws of \$0.6 million on the Option Agreement, draws of \$1.5 million on the Grid Note, and net draws on the Facility in 2025, compared to the same period of 2024. The increase in the six-month period is due to a net draw on the Facility in 2025, compared to a net repayment in 2024. This is slightly offset by larger draws on the Option Agreement in 2024.

(\$000)	June 30, 2025	December 31, 2024	\$ Change
Current assets	64,214	22,539	41,675
Current liabilities	66,245	56,225	10,020
Working capital deficit	(2,031)	(33,686)	31,655

At June 30, 2025, the Company has a working capital deficit of \$2.0 million. However, current assets include \$56.8 million in assets held for sale, and current liabilities include \$16.1 million in liabilities associated with assets held for sale. As disclosed in Note 4 of the condensed consolidated interim financial statements, the Company entered into a PSA for the sale of its water, waste treatment, and recycling facilities located in Alberta and Saskatchewan and consequently, the associated assets have been presented on the consolidated statements of financial position as assets held for sale within both current assets and liabilities. Excluding this financial statement presentation, at June 30, 2025, the Company's working capital deficit was \$42.7 million.

Current liabilities include the entire outstanding balance of the Facility of \$29.6 million which has a current maturity date of September 30, 2025.

- At June 30, 2025, the working capital deficit includes the following items that represent liabilities which do not require immediate settlement: \$8.1 million related to liabilities associated with FEP that only become due and payable upon Final Notice to Proceed ("FNTP") of FEP. FNTP will not occur until adequate financing is in place to fund construction of the project and settle these liabilities. These have been classified as current liabilities as the Company has assessed that financing will likely be secured and FNTP is expected to occur within the next year.
- \$4.7 million related to drawn proceeds from the Option Agreement and associated interest. There are no required repurchases under the Option Agreement until certain events are met such as the financial close and FNTP on FEP or Iowa RNG or the sale of the Iowa project.



- \$1.5 million associated with draws from the related party Grid Note described in Note 15 of the condensed interim financial statements. The Grid Note only has a mandatory repayment in certain specific circumstances including the sale or disposition of the Water Asset, any issuance of equity, or financial close of FEP.

Excluding these liabilities and the \$2.4 million in deferred transaction costs disclosed in Note 6 of the condensed consolidated interim financial statements, which are not an immediately available source of liquidity, the Company has a working capital deficit of approximately \$30.8 million. As at the date of this MD&A, within working capital, the Company has an approximate cash balance of \$2.3 million. Pursuant to the amendments to the Facility, as of the date hereof, the drawn balance of the Facility has been reduced to \$28.9 million and will continue to be reduced by \$0.1 million weekly until maturity on September 30, 2025 and, as a result, there are no available undrawn balances under the Facility to fund operations.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest at June 30, 2025:

(\$000)	Total	< 1 Year	1-3 Years	4-5 Years	After 5 Years
AP and accrued liabilities	5,559	5,559	-	-	-
Other current liabilities	14,597	14,597	-	-	-
Long-term debt	30,505	30,002	503	-	-
Other long-term liabilities	2,604	-	2,604	-	-
Lease liabilities	693	355	280	58	-
Total financial liabilities	53,958	50,513	3,387	58	-

Capital Management and Resources

The Company's objectives when managing capital are to: (i) repay the Facility which has an amended maturity date of September 30, 2025, or earlier based on the Company's ability to meet required covenants and conditions; (ii) monitor forecasted and actual cash flows from operating, financing and investing activities; (iii) ensure the Company has the financial capacity to execute on its strategy to increase market share through organic growth or strategic acquisitions; (iv) maintain financial flexibility to meet financial commitments and maintain the confidence of shareholders, creditors and the market; and (v) optimize the use of capital to provide an appropriate return on investment to shareholders.

As disclosed above, the Company requires additional capital from external financing sources, including funds available under the Grid Note, debt, equity, strategic partnership, or potentially asset dispositions, to satisfy its current liabilities.

(\$000)	June 30, 2025	December 31, 2024
Current assets	64,214	22,539
Current liabilities	(66,245)	(56,225)
Long-term debt	503	446
Other long-term liabilities	2,604	2,123
Shareholders' equity	75,558	85,020
	76,634	53,903

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's revenues come from a diverse customer base, which includes municipalities, governments, utilities, infrastructure, industrial, energy and mining industries in North America. The Company believes there is no unusual exposure associated with the collection of accounts receivable outside of the normal risk associated with contract audits and normal trade terms. The Company performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.



The Company is primarily exposed to credit risk from customers. The maximum exposure to credit risk is equal to the carrying value of the accounts receivable and notes receivable. The Company's trade receivables are with customers in the industrial sector and are subject to industry credit risk. To reduce credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance.

Additionally, the Company continuously reviews individual customer trade receivables taking into consideration payment history and aging of the trade receivables to monitor collectability. In accordance with IFRS 9 – Financial Instruments, the Company reviews impairment of its trade and accrued receivables at each reporting period and its allowance for expected future credit losses. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends, and other information. Monitoring procedures are in place to ensure that follow up action is taken to recover overdue amounts. The Company reviews receivables on a regular basis to ensure that an adequate loss allowance is made. Provisions recorded by the Company are reviewed regularly to determine if any balances should be written off. The allowance for doubtful accounts could materially change as a result of fluctuations in the financial position of the Company's customers. The Company completes a detailed review of its historical credit losses as part of its impairment assessment.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements in the current or prior periods.

RELATED PARTY TRANSACTIONS

Option Agreement

On March 7, 2024, the Company entered into an agreement (the "Option Agreement") with corporate entities controlled by certain current and former directors of the Company (the "Optionees"), wherein the Optionees agreed to fund an amount of up to \$6.0 million to GIP, available in tranches, at GIP's sole discretion, to provide additional liquidity to GIP.

On April 28, 2024, the Company entered into an amendment to the Option Agreement whereby one of the Optionees agreed to fund to the Company an additional \$4.0 million (the "Additional Option"). In exchange, the Company has granted the Optionees an option to purchase certain ITCs that the Company may receive from future renewable natural gas projects (excluding the Colorado JV) (the "Option"). Pursuant to the Option Agreement, the Optionees shall have the right, for a period of five years, to purchase the ITCs from the Company. During the term of the Option Agreement, the Company may, at its sole option, repurchase the Option from the Optionees by paying all amounts previously funded to the Company by the Optionees along with interest accrued at a rate of 1.25% per month and additional commitment fees on the Additional Option of 10% per annum. There are certain circumstances that oblige the Company to repurchase the Option from the Optionees including change in control or financial close on either Iowa RNG or FEP.

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 disclosed above, in exchange for the Grid Note, the obligations of the company controlled by the CEO under the Option Agreement have been waived. As at the date of this MD&A, the Company has not received nor does the Company anticipate receiving any additional proceeds under the Option Agreement.

	June 30, 2025
Proceeds from related party option agreement	4,000
Interest accrued	707
Total (included in other current liabilities)	4,707



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 June 30, 2025, mainly given the probability of being exercised was determined to be nil.

Please refer to “*Risks and Uncertainties - Risks Related to Insider Investment and Change of Control*” below.

Grid Note

The Company has entered into an agreement with a company controlled by the Company's Chief Executive Officer, to provide a subordinated secured term loan to fund near term working capital of the Company. The Loan is 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. On June 12, 2025, \$1.5 million was drawn. Subsequent to quarter end, the Company has issued a draw notice under the Grid Note for the remaining \$0.5 million in funding, which is expected to be funded in the third quarter of 2025.

Interest shall accrue daily and be calculated on the basis of the actual number of days elapsed in a year of 365 days or 366 days, at a rate of 15% per annum.

Subject to meeting certain minimum liquidity thresholds of the Company and repayment in full of the Facility, the note has a mandatory repayment clause wherein pursuant to (i) the sale of its water, waste treatment, and recycling facilities located in Alberta and Saskatchewan, (ii) any equity issuance of the Company, (iii) financial close of Future Energy Park or (iv) repayment of the vendor-take-back promissory notes granted by the Purchaser pursuant to the PSA (the “VTB Notes”), or a portion thereof, the Company shall be required to apply 100% of such net cash proceeds in full against the outstanding amount of the Loan, except in the case of any equity issuance of the Company and any VTB Notes repayments in which case the Company shall be required to apply 25% of such net cash proceeds against the outstanding amount of the Loan.

	June 30, 2025
Proceeds from related party grid note	1,475
Interest accrued	11
Total (included in other current liabilities - note 10)	1,486

Key Management Personnel Compensation

	Three Months Ended		Six Months Ended ⁽³⁾	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Short-term compensation ⁽¹⁾	466	434	933	854
Share-based compensation ⁽²⁾	-	-	-	-
	466	434	933	854

Notes:

(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 June 30, 2025 or 2024.

(2) Based on the grant date fair value of the applicable awards.

(3) Adjusted for correction to figures presented in the first quarter of 2025.

Key management personnel short-term compensation was higher for the three and six months ended June 30, 2025, relative to the same period in 2024 due to salary increases in July 2024.

CRITICAL ACCOUNTING ESTIMATES

In the preparation of the Company's interim consolidated financial statements, management has made judgments, estimates and assumptions that affect the recorded amounts of revenues, expenses, assets,



liabilities and the disclosure of commitments, contingencies and guarantees. Estimates and judgments used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the financial statements are prepared. Actual results could differ from these estimates. The most significant estimates and judgments used in the preparation of the Company's annual consolidated financial statements have been set out in Note 5 of the annual consolidated financial statements.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to the accounting policies during the three and six months ended June 30, 2025.

OUTSTANDING SHARE DATA

On August 27, 2025, the Company had the following common shares, stock options and share units outstanding:

Common shares	21,607,149
Stock options (vested and unvested)	1,182,279
Share units	898,729
	23,688,157

RISKS AND UNCERTAINTIES

Due to the nature of the Company's business, the legal and economic climate in which it operates and its present stage of development, the Company's business segments are subject to significant risks. The following information describes certain significant risks and uncertainties inherent in the Company's business that are the most material and relevant to the Company's current operating and financial condition as at the date of this MD&A. For a discussion on additional risk factors please refer to the "**Risks and Uncertainties**" section of the Company's annual MD&A for the years ended December 31, 2024 and 2023, which describes certain additional significant risks and uncertainties inherent in the Company's business. This section and the Risks and Uncertainties section of the annual MD&A do not describe all risks applicable to the Company, our industry or our business, and is intended only as a summary of certain material risks. If any of such risks or uncertainties actually materializes, the Company's business, financial condition or operating results could be harmed substantially and could differ materially from the plans and other forward-looking statements discussed in this MD&A and the annual MD&A.

The Company also faces many operating risks and uncertainties, including but not limited to:

The Company has a Limited History and has a History of Losses

The Company lacks a significant operating history, especially as it relates to the development of bioenergy projects. Prospective investors have a limited basis upon which to evaluate the Company's ability to achieve a principal business objective of developing bioenergy projects.

The Company experienced a loss from operations of \$1.5 million (\$0.7 million – 2024) for the three months ended June 30, 2025, and a loss from operations of \$3.1 million (\$2.9 million – 2024) for the six months ended June 30, 2025. The Company incurred significant losses in connection with the development of its bioenergy projects within the Bioenergy Production segment. In addition, as a result of the EPC failures, the Colorado JV continues to operate at a loss. The Company expects its operating losses to continue until the EPC failures are corrected. The Company's capital position may be adversely affected by low liquidity, which could impact its ability to meet financial obligations and pursue growth opportunities. Operating losses and their corresponding effect on liquidity may have an impact on construction timelines. The Company cannot provide assurance when the Bioenergy Production segment will reach profitability or that the bioenergy projects will ever become profitable.



Failure to Secure Additional Financing

There can be no assurance the Company will be able to raise the additional funding necessary to carry out its business objectives, repay debt and to complete the planned development of bioenergy projects. The development of the bioenergy business depends upon the Company's ability to generate cash flow from operations, prevailing market conditions for bioenergy projects and pricing for the environmental attributes associated with RNG and other biofuels, its business performance and its ability to obtain financing through debt financing or equity financing. If additional financing is raised by the issuance of common shares from treasury, Shareholders may suffer additional dilution. As of the date of this MD&A, the Facility has not been replaced or repaid, has a near term maturity date. As a result, there is material uncertainty which may cast significant doubt as to whether the Company will have access to sufficient capital within the next twelve months to service its current working capital deficit and continue as a going concern.

Fluctuations in Operating Results and Cash Flow

The Company's operating results and cash flow will fluctuate substantially from quarter to quarter and as a result in the fluctuation in demand for water treatment, recycling and waste services and also clean energy and the development of clean energy. Timing of new contract awards varies due to customer-related factors such as finalizing technical specifications and securing project funding, permits, feedstock agreements and offtake agreements. The Bioenergy Production business will recognize revenue, costs and profits over the period of the contract by reference to the stage of completion of the contract. The stage of completion of a contract is determined by internal estimates, with reference to the proportion of costs incurred and the proportion of work performed. Revenue is recognized in proportion to the total revenue expected on the contract. Such estimates may differ from actual results. Accordingly, the inherent uncertainty in these estimates could cause the Company's Investment in the Colorado JV to fluctuate and such fluctuations may be material.

Projects May Not Generate Expected Outputs

The Company's capital projects remain subject to various operating risks that may cause them to generate lower output levels than currently projected. Various factors, including equipment malfunctions, technical issues, labor shortages, or supply chain disruptions may contribute to production levels or quality being lower than expected. Such variations from projections could result in decreased revenues, increased operating costs, impairment of assets, and diminished competitiveness in the market. Consequently, the Company's profitability, financial condition, and ability to meet contractual obligations may be materially affected if its production facility projects do not perform as anticipated.

Operating Risks and Insurance

The Company and its businesses, partnerships, joint ventures, and projects are subject to risks associated with ownership and operation of facilities, such as, equipment defects, malfunctions, failures, explosions, fires, damage or loss from inclement weather, accidents, spills, the handling, blending and transportation of dangerous goods, natural disasters, and ITC recapture risk. These risks and hazards could expose the Company to substantial liability for personal injury, loss of life, business interruption, property damage or destruction, pollution, and other environmental and financial damages. Although the Company will obtain insurance against certain of these risks, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. No assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. In addition, the ITC tax insurance policy for the Colorado JV includes certain exclusions which have been guaranteed by the Company related to ITC recapture triggered events by certain transfers of ownership, actions of the insured companies, or foreclosure. If the Company incurs substantial liability and such damages are not covered by insurance or are in excess of policy limits, or if the Company incurs such liability at a time when it is not able to obtain liability insurance, the Company's business, results of operations and financial condition could be materially adversely affected.

Overall Level of Indebtedness

The Company maintains a significant level of indebtedness, primarily through the Facility, which could



materially and adversely affect its financial condition and operations. The lender has the right to demand repayment at any time or realize on the security provided under the Facility. Such acceleration would intensify the Company's liquidity challenges, potentially requiring the Company to curtail operations, liquidate assets, or seek creditor protection to manage its debt obligations.

The Company's high level of indebtedness could adversely impact it in several ways. For example, it could:

- make it more difficult for the Company to conduct its operations;
- increase the Company's vulnerability to general adverse economic and industry conditions;
- require the Company to dedicate a portion of its cash flow from operations to service payments on its indebtedness, thereby reducing the availability of the Company's cash flow to fund working capital, capital expenditures and other general corporate purposes including impacting the ability of the Company to pay dividends to shareholders;
- limit the Company's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;
- place the Company at a competitive disadvantage compared to its competitors that have less debt; and
- limit the Company's ability to borrow additional funds on commercially reasonable terms, if at all, to meet its operating expenses and for other purposes.

An increase in interest rates could result in a significant increase in the amount the Company pays to service debt, resulting in a reduced amount available to fund its activities and could negatively impact the market price of the common shares.

Debt Service

The Company requires sufficient cash flow in order to service and repay its indebtedness. The debt agreements governing the Facility contain financial and operational covenants, including requirements related to debt service ratios and operational performance metrics. The Facility has a current maturity date of September 30, 2025, with repayment on maturity dependent on closing the Transaction. Should the Transaction not close by the maturity date or should the Company not meet certain conditions and covenants under the Facility, the Company will be in default under the Facility, which may trigger the acceleration of the Facility. Upon such an event, the lender has the right to demand repayment of the full outstanding amount or realize on the security provided under the Facility, significantly increasing the Company's liquidity constraints.

The Company's ability to generate sufficient cash flow to meet its debt obligations depends on its financial condition, which may be influenced by factors beyond its control, such as the closing of the Transaction, volatility in energy markets, pricing for environmental attributes associated with renewable natural gas (RNG) and other biofuels, and general economic conditions. If the Company is unable to generate adequate cash flow from operations, secure additional borrowings or close the Transaction, it may default under the agreements governing its indebtedness. Such a default, or the acceleration of the Facility, could force the Company to reduce or delay investments and capital expenditures, dispose of material assets, curtail operations, or seek creditor protection, any of which could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

Variations in interest rates, particularly if the Facility is not repaid by its maturity date, could significantly increase the cost of servicing the Company's variable-rate debt. Additionally, scheduled principal repayments and potential covenant breaches could result in substantial changes in the amount required to service debt, further straining the Company's liquidity. An increase in debt service obligations could also negatively impact the market price of the Company's common shares.

Debt Matters

The Company currently relies and may in the future continue to rely on debt financing for some of its business activities, including capital and operating expenditures. The Company's credit facilities may limit, among other things, its ability to incur additional debt, issue certain equity securities or enter into sale



transactions. The Company is also required to maintain specified financial ratios and satisfy specified financial tests. The Company's ability to meet these financial ratios and tests can be affected by events beyond its control. As a result of these covenants, the Company's ability to respond to changes in business and economic conditions and to obtain additional financing, if needed, may be restricted, and the Company may be prevented from engaging in transactions that might otherwise be considered beneficial.

The Company's Facility has a current maturity date of September 30, 2025, with repayment on maturity dependent on closing the Transaction. Should the Transaction not close by the maturity date or should the Company not meet certain conditions and covenants under the Facility, the Company will be in default under the Facility and the Facility lender has the right to accelerate the repayment of outstanding borrowings. If not cured or waived, the Company may not have sufficient cash to repay balances owing which may permit the Company's creditors to realize upon collateral granted to secure the indebtedness. Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to the Company.

Significant Shareholders

The Company has several substantial holders of its common shares. Each of the substantial holders of common shares could have a significant influence on the Company and their interests may not be aligned with other shareholders' interests. If any substantial holder of common shares were to dispose of a substantial number of its common shares, or if it were perceived that such sales have occurred or might occur, this could have a negative impact on the price of the common shares. Further, the failure of the substantial holders of common shares to dispose of common shares may result in a limited level of liquidity in daily trading of the Company's common shares. Significant shareholders may also be able to exercise considerable influence over any matter requiring shareholder approval in the future.

Reliance on Third-Party Reports for Project Financing and EBITDA Projections

As the Company is pursuing the development of bioenergy production facilities, it utilizes and anticipates utilizing third-party reports in connection with securing project financing and into construction. These reports, which may include engineering studies, environmental assessments, feasibility analysis, market forecasts, and other technical or economic evaluations, are prepared for the benefit of the Company and its financing and construction efforts. However, there are inherent risks associated with reliance on such reports.

Third-party reports are often based on assumptions, models, and projections that reflect certain conditions, timelines, and market factors. Actual results may differ materially from these projections due to unforeseen changes in economic conditions, project timelines, regulatory requirements, construction costs, market demand, or other variables. These reports are typically prepared at a specific point in time and may not account for subsequent developments or changes in project circumstances. As the project progresses, updated reports or assessments may be required, and any discrepancies between earlier and later evaluations could impact financing terms or lender confidence.

While the Company strives to engage reputable third-party experts, there is no assurance that the reports will be free from errors, omissions, or misinterpretations. Any inaccuracies could lead to delays or difficulties in securing financing or proceeding with construction. Additionally, the Company's reliance on third-party consultants and advisors introduces a degree of dependency. Any failure by these parties to deliver accurate or timely reports, or to update them as needed, could adversely affect the Company's ability to secure financing or meet project milestones. The assumptions in these reports are inherently uncertain and subject to external factors such as changes in government policy, environmental regulations, commodity prices, or technological advancements. Any deviation from the anticipated outcomes could materially impact the financial viability of the project and the Company's ability to achieve its objectives.

Given these risks, investors should be aware that reliance on third-party reports adds an element of uncertainty to the Company's project financing and construction timeline. Any material variance from the assumptions or timelines set out in such reports could have a material adverse effect on the Company's



financial condition, results of operations, and future prospects.

Risks Related to Insider Investment and Change of Control

In 2024, the Company entered into Option Agreements with corporate entities controlled by certain directors to provide access to up to \$10.0 million of capital at the Company's sole discretion. As of the date of this MD&A, \$4.0 million has been drawn on the Option Agreements. There is a degree of uncertainty with respect to either counterparty's future performance under the agreement, which may impact the Company's ability to access the committed capital if required. Particularly, one of the directors who exercised control over a counterparty has since passed away, resulting in a change of control of the entity that is party to an Option Agreement. Any disruption or delay in accessing these funds could adversely affect the Company's liquidity position and its ability to execute on its bioenergy development strategy.

Risks Associated with Closing the Transaction

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. Given the Company's limited cash balances and liquidity, 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. Please see Note 2(c) of the Company's audited annual consolidated financial statements for the years ended December 31, 2024 and 2023 as available on SEDAR+ (www.sedarplus.ca) for further disclosure in this regard.

SUBSEQUENT EVENTS:

a) PSA Amendments

On July 6, 2025, July 16, 2025, and August 20, 2025, the Company entered into Amendments to the PSA to extend the closing dates of the Transaction to July 16, 2025, July 31, 2025, and September 15, 2025, respectively. In consideration for the additional closing date extensions, the Purchase Price was increased to \$54.25 million, subject to working capital adjustments. In addition, the Purchaser paid \$1.75 million in non-refundable deposits to the Company concurrent with the Amendments.

b) Facility Amendments

As a result of the delay in close of the Transaction in addition to the continued breaches disclosed above, as at June 30, 2025, the Company was in default under the Facility. On July 16, 2025 and August 22, 2025, the Company executed additional amendments to the Facility to provide a waiver of certain events of default under the Facility until July 31, 2025, and September 30, 2025, respectively, subject to meeting certain covenants and conditions.