EARTHRENEW INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

EARTHRENEW INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

(Expressed in Canadian dollars)	Note	**June 30, 2021**	December 31, 2020
ASSETS			
Current Assets			
Cash		**$ 142,141**	$ 953,768
Accounts Receivables		**1,752,106**	113,192
Inventory	7	**970,862**	-
Prepaid expenses and deposits		**261,439**	395,883
		3,126,548	1,462,843
Non-current Assets			
Property, plant and equipment	8	**7,419,558**	4,176,232
Intangible assets	9	**11,215,933**	-
Goodwill	6	**2,530,025**	-
TOTAL ASSETS		**$ 24,292,064**	$ 5,639,075
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 3,176,070**	$ 561,288
Current portion of lease liabilities	10	**100,182**	30,019
Current portion of long-term debt	11	**448,996**	-
		3,725,248	591,307
Non-current liabilities			
Deferred taxes		**2,992,000**	-
Contingent consideration	6	**5,326,000**	-
Long-term lease liabilities	10	**613,891**	363,304
Long-term debt	11	**1,108,697**	-
TOTAL LIABILITIES		**13,765,836**	954,611
EQUITY			
Share capital	13	**22,564,675**	14,515,909
Warrants	13	**755,779**	1,097,804
Share-based payments reserve	13	**1,076,040**	1,087,976
Deficit		**(13,870,266)**	(12,017,225)
TOTAL EQUITY		**10,526,228**	4,684,464
TOTAL LIABILITIES AND EQUITY		**$ 24,292,064**	$ 5,639,075
Nature of operations and going concern	1		
Commitments and contingencies	15		
Subsequent events	23		

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Approved on behalf of the Directors:

"Keith Driver"
Director

"Catherine Stretch"
Director

EARTHRENEW INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED)

(Expressed in Canadian dollars)	Note	Three Months Ended June 30, **2021**	Three Months Ended June 30, 2020	Six Months Ended June 30, **2021**	Six Months Ended June 30, 2020
REVENUES		**$ 1,585,662**	$ 68,120	**$ 2,067,360**	$ 213,297
Cost of goods sold		**(1,165,591)**	(66,794)	**(1,288,238)**	(175,573)
		420,071	1,326	**779,122**	37,724
EXPENSES					
General and administrative	17	**1,157,275**	954,010	**2,248,632**	1,630,359
Share-based payments	13	**-**	347,891	**104**	347,891
Research and development		**16,321**	-	**42,083**	-
Depreciation and amortization	8,9	**299,291**	39,559	**371,474**	79,120
Financing	18	**34,889**	2,152	**42,607**	4,669
Foreign exchange loss		**6,531**	1,023	**6,932**	1,987
		1,514,307	1,344,635	2,711,832	2,064,026
Other income	19	**31,279**	7,718	**79,669**	10,840
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		**$ (1,062,957)**	$ (1,335,591)	**$ (1,853,041)**	$ (2,015,462)
NET LOSS PER SHARE					
Basic and diluted	20	**$ (0.02)**	$ (0.05)	**$ (0.03)**	$ (0.05)
Weighted average number of shares					
Basic and diluted		**62,602,603**	29,338,209	**62,602,603**	41,421,010

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

EARTHRENEW INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

(Expressed in Canadian dollars)	Share capital $	Share to be issued $	Warrants $	Share-based payment reserve $	Deficit $	Total Shareholders' Equity $
Balance, December 31, 2019	11,241,434	-	35,511	947,163	(8,391,482)	3,832,626
Private placement, net of issue costs	1,469,794	-	96,196	-	-	1,565,990
Shares to be issued	-	133,000	-	-	-	133,000
Stock options granted	-	-	-	347,891	-	347,891
Stock options cancelled	-	-	-	(251,733)	251,733	-
Net loss	-	-	-	-	(2,015,462)	(2,015,462)
Balance, June 30, 2020	12,711,228	133,000	131,707	1,043,321	(10,155,211)	3,864,045
Balance, December 31, 2020	**14,515,909**	**-**	**1,097,804**	**1,087,976**	**(12,017,225)**	**4,684,464**
Shares issued for acquisition	**5,273,496**	**-**	**-**	**-**	**-**	**5,273,496**
Shares issued for settlement of debt	**541,796**	**-**	**-**	**-**	**-**	**541,796**
Private placement, net of issue costs	**460,125**	**-**	**168,134**	**-**	**-**	**628,259**
Warrants exercised	**1,739,309**	**-**	**(510,159)**	**-**	**-**	**1,229,150**
Share-based compensation	**-**	**-**	**-**	**104**	**-**	**104**
Stock options exercised	**34,040**	**-**	**-**	**(12,040)**	**-**	**22,000**
Net loss	**-**	**-**	**-**	**-**	**(1,853,041)**	**(1,853,041)**
Balance, June 30, 2021	**22,564,675**	**-**	**755,779**	**1,076,040**	**(13,870,266)**	**10,526,228**

EARTHRENEW INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Expressed in Canadian dollars)	Note	**Three Months Ended June 30, 2021**	Three Months Ended June 30, 2020	**Six Months Ended June 30, 2021**	Six Months Ended June 30, 2020
OPERATING ACTIVITIES					
Net loss		**$ (1,062,957)**	$ (1,335,591)	**$ (1,853,041)**	$ (2,015,462)
Items not affecting cash:					
Depreciation and amortization	8,9	**299,291**	39,559	**371,474**	79,120
Share-based compensation	13	**-**	347,891	**104**	347,891
Interest payable		**38,011**	-	**38,011**	-
Changes in non-cash working capital	22	**397,821**	259,132	**573,474**	(139,747)
Net cash used in operating activities		**(327,834)**	(689,009)	**(869,978)**	(1,728,198)
FINANCING ACTIVITIES					
Private placement proceeds	13	**628,259**	-	**628,259**	1,565,990
Shares to be issued	13	**-**	133,000		133,000
Change in long-term debt		**3,913**	-	**3,913**	-
Lease liability payments	10	**(36,380)**	(14,449)	**(43,662)**	(28,610)
Long-term debt payments		**(33,513)**	-	**(33,513)**	-
Proceeds from exercise of options	13	**-**	-	**22,000**	-
Proceeds from exercise of warrants	13	**810,000**	-	**1,229,150**	-
Net cash provided by financing activities		**1,372,279**	118,551	**1,806,147**	1,670,380
INVESTING ACTIVITIES					
Additions to property, plant and equipment	8	**(354,156)**	-	**(354,156)**	-
Cash acquired	6	**18,360**	-	**18,360**	-
Acquisition of Replenish	6	**(1,412,000)**	-	**(1,412,000)**	-
Net cash used in investing activities		**(1,747,796)**	-	**(1,747,796)**	**-**
Decrease in cash during the period		**(703,351)**	(570,458)	**(811,627)**	(57,818)
CASH - BEGINNING OF PERIOD		**845,492**	946,848	**953,768**	434,208
CASH – END OF PERIOD		**$ 142,141**	$ 376,390	**$ 142,141**	$ 376,390

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

(Expressed in Canadian dollars, excepts as otherwise noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

EarthRenew Inc. (the "Company" or "EarthRenew") is a publicly listed company incorporated in the province of Ontario, Canada and its shares are listed on the Canadian Securities Exchange ("CSE"). The Company trades under the symbol "ERTH.CN" on the CSE. The Company's head office is located at 65 Queen Street West, 9th Floor, Toronto, Ontario, Canada, M5H 2M5.

EarthRenew is engaged in the following business activities:

- Low-cost sustainable power generation; and
- Production of compost-based fertilizers for sale to agricultural farmers.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations, and do not include any adjustments to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Details of deficit and working capital (current assets less current liabilities) of the Company are as follows:

	June 30, 2021	December 31, 2020
Deficit	**$ (13,870,266)**	$ (12,017,225)
Working Capital	**$ (598,700)**	$ 871,536

These matters represent material uncertainties that cast significant doubt as to the Company`s ability to continue as a going concern. The continuation of the Company as a going concern is dependent upon its ability to obtain the necessary equity financing to continue operations, and its ability to attain profitable operations. EarthRenew may periodically have to raise additional capital to fund projects and continue operations and while it has been successful in doing so in the past, there can be no assurance the Company will be able to do so in the future.

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. COVID-19 has had a minimal effect on the Company's operations to date. The Company's power generation activities are largely affected by peak power demand for electricity caused by weather-related events pushing up the demand for electricity.

2. BASIS OF PRESENTATION

STATEMENT OF COMPLIANCE

The unaudited condensed interim consolidated financial statements are prepared according to International Accounting Standard (IAS) 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") effective as of June 30, 2021. They do not include all the disclosures required in annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020. Certain comparative figures have been reclassified to conform with current period presentation.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors, on August 27, 2021.

BASIS OF CONSOLIDATION

All entities in which the Company has a controlling interest are fully consolidated from the date that control commences until the date that control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

These unaudited condensed interim consolidated financial statements include the accounts of EarthRenew Inc. and its wholly owned subsidiaries EarthRenew Strathmore Inc. and Replenish Nutrients Ltd. Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions have been eliminated.

BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements are prepared on a historic cost basis; except for financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies, which are outlined in the Company's annual audited financial statements for the year ended December 31, 2020.

FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of the Company and its subsidiary is the currency of the primary economic environment in which it operates. The Company's condensed interim consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("Foreign Currencies") are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in Foreign Currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed interim consolidated financial statements are prepared following the same accounting policies used in the Company's audited consolidated financial statements as at December 31, 2020, except as described below.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed are measured at their fair value as at the acquisition date. Acquisition costs are expensed in the period incurred.

Any contingent consideration to be transferred by the Company will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is determined to be an asset or liability will be recognized in accordance with IFRS 9 – Financial Instruments, either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the fair value of consideration transferred over the fair value of the net identifiable assets acquired in a business combination. Any negative difference is considered a bargain purchase and is recognized directly in the consolidated statements of income (loss) and comprehensive income (loss).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to the cash-generating unit ("CGU"), which is expected to benefit from the synergies of the business combination.

Goodwill is tested annually for impairment or more frequently when there is an indication that goodwill may be impaired. Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of other assets in the CGU on a pro rata basis. Goodwill impairment is recorded in the consolidated statements of income (loss) and comprehensive income (loss) in the period of impairment. Impairment losses on goodwill are not reversed in subsequent periods. The Company completes its annual impairment test as at December 31.

INVENTORY

Inventory is measured at the lower of cost and net realizable value. The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present condition. Inventory is comprised of raw materials, work in progress, and finished goods. The cost of inventory is determined using the weighted average method.

Net realizable value is calculated as the difference between the estimated selling price and estimated costs to complete processing into a saleable form. Inventory is written down to net realizable value when the cost of inventory is estimated to be unrecoverable due to obsolescence, damage or declining selling prices. When the circumstances that previously caused inventory to be written down below cost no longer exist, the amount of write-down previously recorded is reversed.

INTANGIBLE ASSETS

Intangible assets are initially recognized at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated depreciation and any accumulated impairment losses. The Intangible assets are amortized on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The estimated useful lives and depreciation methods are reviewed annually, with any changes in estimate accounted for prospectively.

Intangible assets are amortized on a straight-line basis over the estimated useful lives of the related assets as follows:

Customer relationships	10 years
Brand name	10 years
Assembled workforce	5 years

RESEARCH AND DEVELOPMENT COSTS

The company is engaged in research and development activities of new and existing products. Research costs are expensed as they are incurred. Development costs are also expensed in the period incurred, unless such costs meet the criteria for recognition as an intangible asset.

GOVERNMENT GRANTS

Government grants are recognized in the Consolidated Statement of Loss and Comprehensive Loss over the periods in which the entity recognizes expenses for the related costs for which the grants are intended to compensate. Government grants are recognized only when there is reasonable assurance that the Company will comply with the condition attached to the grant and that the grant will be received.

Investment tax credits related to the research and development expenditures are accrued as an offset to the expense when there is reasonable assurance that the credits will be realized. Investment tax credits are recoverable from the Governments of Canada and Alberta under the Scientific Research and Experimental Development Incentive Programs and are subject to government approval.

The Company accounts for a forgivable loan from the government as a government grant when there is reasonable assurance that the Company will meet the terms for the forgiveness of the loan. The Company records the government loan at its estimated fair value at the date in which the payments are recorded. The estimated fair value of the loan is determined using the effective interest rate method. The difference between the fair value and the proceeds of the interest free loans is a benefit and is also accounted for as a government grant. The benefit is accreted to the loan over the term of the loan.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new or amended standards or interpretations issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee (IFRIC) do not have to be early adopted in the current period.

The standards issued, but not yet effective, are described below.

- IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and are to be applied retrospectively. Earlier adoption is permitted.

- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") was amended in February 2021 to introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier adoption is permitted.

- IAS 16 – Property, Plant and Equipment ("IAS 16") was amended in May 2020 to prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022. Earlier adoption is permitted.

- IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

The Company will adopt these amendments as of their effective dates and is currently assessing their impacts on adoption. There are no other standards or interpretations issued, but not yet effective, that the Company anticipates may have a material effect on the unaudited interim condensed consolidated financial statements once adopted.

5. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant judgments, estimates and assumptions considered by management in preparing the consolidated financial statements include:

- Assets' carrying values and impairment charges - In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Contingencies - Contingencies can be either possible assets or possible liabilities arising from past events, which, by their nature, will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential impact of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

- Depreciation rates - All plant and equipment are depreciated over a term, which the Company believes is the best approximation of the asset utility to the Company. If the estimated life had been longer than management's estimate, the carrying amount of the asset would have been higher. The Company applies significant estimates to determine the useful lives, considering technological advancements, past experience, expected use and review of useful lives.

- Share-based payments - Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Income taxes, value added, withholding and other taxes - The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- Discount rate used in adoption of IFRS 16 - The determination of the Company's lease liabilities, right-of-use assets, and net investment in lease depends on certain assumptions, which include the selection of the discount rate. The discount rate is set by reference to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's consolidated financial statements.

- Expected credit losses - Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

6. ACQUISITIONS

On May 12, 2021, EarthRenew acquired 100% of the issued and outstanding securities of Replenish Nutrients Ltd., a regenerative fertilizer and nutrient company located in Okotoks, Alberta. The Company paid $1,412,000 in cash and issued a total of 21,264,093 common shares of EarthRenew at a deemed price of $0.248 per common share. The acquisition has an effective date of May 1, 2021.

As additional consideration, the Company also agreed to pay the following:

- ongoing earn-out payments totalling an aggregate of up to $7,000,000 based on qualifying gross annual revenue of Replenish multiplied by an earn-out factor for each of its 12-month fiscal periods ending June 30, 2025 payable by a combination of cash payments and the issuance of common shares of EarthRenew, provided the security holders of Replenish continue to be bound by consulting or employment agreements entered into with the Company; and
- supplemental earn-out payments of an aggregate amount of up to $2,000,000 based on certain sales parameters, which shall be payable by a combination of cash payments and the issuance of EarthRenew Shares and evidenced by promissory notes that have been issued to the security holders of Replenish.

This acquisition was accounted for using the acquisition method, with the operating results included in the Company's financial and operating results commencing on the closing date of the acquisition.

Consideration		
Cash	$	1,412,000
Common shares		5,273,496
Working capital adjustment		90,490
Contingent consideration		5,326,000
Total purchase price		12,101,986
Shareholder loans		(2,807,333)
Purchase consideration	**$**	**9,294,653**

Allocation of purchase price		
Cash	$	18,360
Accounts receivable and other assets		2,914,952
Inventory		1,366,528
Plant and equipment		3,068,577
Intangible Assets		11,408,000
Accounts payable and other liabilities		(12,011,789)
Goodwill		2,530,025
Net assets received	**$**	**9,294,653**

The above amounts are estimates, which were made by management at the time of preparation of these financial statements based on information available. Amendments may be made to these amounts as values subject to estimate are finalized, including the determination of goodwill acquired.

The value of goodwill is primarily attributable to the cost synergies associated with the reduction of general and administrative expenses, revenue growth and future market development. This goodwill is not deductible for income tax purposes.

Management completed an assessment in identifying and measuring all the assets acquired and liabilities assumed prior to the recognition of goodwill. This assessment included a thorough review of all internal and external sources of information available on circumstances that existed at the acquisition date. The Company engaged independent valuation experts to assist in determining the fair value of assets acquired and liabilities assumed and related deferred income tax impacts.

Total transaction costs of $147,447 for legal and advisory services related to the acquisition of Replenish were expensed.

Pro forma results of operations

The following pro forma results of operations assume Replenish was acquired by the Company on January 1, 2021:

	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
Revenue	$ 2,648,274	$ 5,005,971
Net loss	$ (1,099,283)	$ (2,516,770)

The pro forma results of operations are not intended to reflect the results that would have actually occurred had the acquisition closed on January 1, 2021. Further, the pro forma results of operations are not necessarily indicative of the results that may be generated by the Company in the future or reflect future events that may occur following the acquisition in a subsequent period or periods.

7. INVENTORY

Total carrying amount of inventory is as follows:

December 31, 2020	$ -
Raw materials	625,223
Work in progress	27,052
Finished goods	318,587
June 30, 2021	**$ 970,862**

During the six months ended June 30, 2021, $908,374 of inventory was recognized as cost of sales.

8. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the changes in the carrying amount of property, plant and equipment is as follows:

	Equipment	Electricity Equipment	Plant and Buildings	Vehicles	Land	Right-of-use assets	Total
Cost							
At December 31, 2019	$ 61,479	$ 500,000	$3,605,804	$ -	$ -	$ 428,659	$ 4,595,942
Disposals	(61,479)	-	-	-	-	-	(61,479)
Modification of lease	-	-	-	-	-	322,200	322,200
At December 31, 2020	**-**	**500,000**	**3,605,804**	**-**	**-**	**750,859**	**4,856,663**
Acquisitions	1,052,500	-	660,650	88,000	1,250,825	16,602	3,068,577
Additions	295,353	-	58,803	-	-	-	354,156
At June 30, 2021	**$ 1,347,853**	**$ 500,000**	**$4,325,257**	**$ 88,000**	**$1,250,825**	**$ 767,461**	**$ 8,279,396**
Accumulated depreciation							
At December 31, 2019	$ 25,616	$ 50,000	$ -	$ -	$ -	$ 342,924	$ 418,540
Depreciation	14,089	100,000	144,231	-	-	43,276	301,596
Disposals	(39,705)	-	-	-	-	-	(39,705)
At December 31, 2020	**-**	**150,000**	**144,231**	**-**	**-**	**386,200**	**680,431**
Depreciation	21,106	50,000	72,116	2,909	4,387	28,889	179,407
At June 30, 2021	**$ 21,106**	**$ 200,000**	**$ 216,347**	**$ 2,909**	**$ 4,387**	**$ 415,089**	**$ 859,839**
Net Book Value							
At December 31, 2020	-	350,000	3,461,573	-	-	364,659	4,176,232
At June 30, 2021	**$1,326,747**	**$ 300,000**	**$4,108,910**	**$ 85,091**	**$1,246,438**	**$ 352,372**	**$ 7,419,558**

9. INTANGIBLE ASSETS

A reconciliation of the changes in the carrying amount of intangible assets is as follows:

	Customer Relationships	Brand Name	Assembled Workforce	Total
Cost				
At December 31, 2020	-	-	-	-
Acquisitions	$ 6,170,000	$ 5,122,000	$ 116,000	$ 11,408,000
Amortization	(102,833)	(85,367)	(3,867)	(192,067)
At March 31, 2021	**$ 6,067,167**	**$ 5,036,633**	**$ 112,133**	**$ 11,215,933**

10. LEASE LIABILITIES

Upon the adoption of IFRS 16, operating leases were reassessed as lease liabilities for right-of-use assets using an estimated discount rate of 8%. The Company has lease agreements in place for land as well as office premises. The Company is party to an agreement to lease office space. On September 30, 2014, the Company entered into an indemnity agreement with 2227929 Ontario Inc., who agreed to incur all obligations related to this lease agreement and to release the Company from any and all claims, liability for personal injury, and loss of income or damages. The lease was renewed in 2020 and a termination provision was included, allowing the Company to terminate the agreement within 12 months. As a result of the termination provision, the lease is no longer presented as a lease liability and net investment in lease. Subsequent to March 31, 2021, the Company exercised the termination provision and terminated the lease.

The changes in lease liabilities are as follows:

	June 30, 2021	December 31, 2020
Balance, beginning of period	**$ 393,323**	$ 419,278
Acquisition	**364,411**	-
Interest expense	**31,761**	21,988
Lease payments	**(75,422)**	(370,143)
Lease renewals	**-**	322,200
Balance, end of period	**714,073**	393,323
Current portion	**100,182**	30,019
Long-term portion	**613,891**	363,304
Lease Liabilities	**$ 714,073**	$ 393,323

The total undiscounted amount of the estimated future cash flows to settle the lease liabilities over the remaining lease term is $904,997.

The following is a reconciliation from the undiscounted lease payments to the lease liabilities:

2021	$ 109,190
2022	170,933
2023	141,503
2024	133,899
2025	93,813
2026	74,159
2027	66,000
2028	66,000
2029	49,500
Total contractual cash flows	**904,997**
Less: interest	(190,924)
Lease liabilities	**$ 714,073**

11. LONG TERM DEBT

BANK OF MONTREAL LOAN

The company's subsidiary, Replenish, is authorized for banking facilities from the Bank of Montreal ("BMO") to a maximum of $2,360,000 as follows:

- Asset and capital financing loan to a maximum of $1,100,000 for the purchase of new or used equipment
- Real estate financing loan to a maximum of $960,000 for the purchase of land and building
- Operating demand loan to a maximum of $250,000
- Credit card limit to a maximum of $50,000

All BMO loans have an interest rate of prime plus 1% per annum, due on demand and are secured by a registered first mortgage in the amount of $1,200,000 on the existing land and building with a net book value of $1,186,905 and personal guarantees from all prior Replenish directors in the amount of $2,360,000. All BMO loans are subject to the following covenants:

- Debt service coverage ration of greater than or equal to 1.25
- A loss of customer who accounts for greater than 10% of sales will be reported to the bank
- Non-BMO debt is not to exceed $75,000 without prior consent.

CANADA EMERGENCY BUSINESS ACCOUNT LOAN

On May 1, 2021, EarthRenew acquired all of the outstanding loans from Replenish, which included a $100,00 interest-free loan from the Canada Emergency Business Account Program ("CEBA"). By repaying the loan before December 31, 2022, the Company will benefit from a $30,000 loan forgiveness, which has been recorded as a government grant in the Consolidated Statement of Loss and Comprehensive Loss. If the loan is not repaid by December 31, 2022, it will be converted into a three-year term loan at an annual interest rate of 5%, with the entire loan to be repaid. The Company intends to repay the balance of $70,000 in December 2022.

The fair value of the CEBA Loan as at June 30, 2021 is $64,974. The fair value of the loan was discounted using an interest rate of 5%. For the six months ended June 30, 2021, accretion expense of $559 [June 30, 2019 - $Nil] was recorded related to the CEBA loan.

As at June 30, 2021, EarthRenew had the following outstanding long-term debt:

	Maturity	**June 30, 2021**	December 31, 2020
CEBA loan	Dec-2022	**$ 64,974**	$ -
BMO loan repayable in monthly payments of $843 plus interest	Jul-2023	**21,094**	-
BMO loan repayable in monthly payments of $2,166 plus interest	Sep-2024	**84,500**	-
BMO loan repayable in monthly payments of $5,574 plus interest	Sep-2024	**217,389**	-
BMO loan repayable in monthly payments of $1,230 plus interest	May-2025	**57,835**	-
BMO loan repayable in monthly payments of $256 plus interest	Jul-2025	**12,556**	-
BMO loan repayable in monthly payments of $4,705 plus interest	Sep-2036	**861,176**	-
BMO operating demand loan		**238,169**	-
		$ 1,557,693	$ -

	June 30, 2021	December 31, 2020
Current portion of long-term debt	**$ 448,996**	$ -
Long-term portion of long-term debt	**1,108,697**	-
	$ 1,557,693	$ -

12. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity, long-term debt and leases. The Company manages its capital structure and makes adjustments based on the funds available to support the development of its operations. The board of directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the board of directors to sustain future development of the business.

The Company is dependent upon external financing to fund its activities. To continue to carry out the Company's planned development and funding of ongoing administrative expenses the Company will utilize its existing working capital and will raise additional capital as appropriate.

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets.

On October 8, 2020, the Company entered into an equity financing facility (the "Facility") for up to $10,000,000 with Alumina Partners (Ontario) Ltd. ("Alumina"), an affiliate of New York-based private equity firm Alumina Partners LLC. The investment agreement provides the Company with an at-will financing facility over a period of 24 months during which the Company can draw down, at its sole discretion, equity private placement tranches of up to $500,000. Each tranche will be composed of units, with each unit consisting of one common share of the Company and one common share purchase warrant, at discounts between 15 and 25 percent of the closing price of the common shares on the day prior to the Company's drawdown notice to Alumina. The exercise price of the warrants will be at a 25 percent premium over market at the time of issuance and the warrants will have a term of 60 months. Each draw down from the Facility may be subject to approval of the Canadian Securities Exchange. All securities issued pursuant to a financing under the Facility will be subject to a statutory hold period that expires four months and one day from issuance. As at June 30, 2021, no drawdowns under the facility had taken place.

13. SHARE CAPITAL

AUTHORIZED
The Company is authorized to issue an unlimited number of voting common shares, without par value.

ISSUED AND OUTSTANDING COMMON SHARES
A reconciliation of the number and dollar amount of outstanding shares at June 30, 2021 is shown below.

Common Shares	Number	Amount
Balance at December 31, 2019	33,537,017	$ 11,241,434
Private placements	20,647,840	3,489,059
Issuance costs	-	(214,584)
Balance at December 31, 2020	**54,184,857**	**14,515,909**
Shares issued for acquisitions	21,264,096	5,273,496
Shares issued for debt settlement	2,184,663	541,796
Private placements	1,795,027	460,125
Warrants exercised	2,859,665	1,739,309
Options exercised	100,000	34,040
Balance, June 30, 2021	**82,388,308**	**$ 22,564,675**

On June 8, 2020, the Company completed a 3:1 share consolidation. Prior to the consolidation, the Company had 133,471,292 common shares outstanding, and following the consolidation had 44,490,350 common shares outstanding. All current and comparative common share amounts in these condensed interim consolidated financial statements have been retroactively adjusted to reflect the share consolidation.

On February 20, 2020, the Company closed a private placement financing by issuing 10,953,333 common shares at a price of $0.15 per share for gross proceeds of $1,643,000. The Company paid finders fees of $76,510 in cash and issued 510,066 finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of $0.30 per warrant until February 20, 2022. The fair value of the warrants issued was estimated at $116,214 using the Black-Scholes option pricing model with the following assumptions: stock price of $0.09; expected dividend yield of 0%; expected volatility of 203%; risk-free interest rate of 1.45% and an expected life of 2 years. A director of the Company subscribed for 3,700,000 common shares of this private placement for proceeds of $185,000.

On July 24, 2020, the Company closed a private placement financing by issuing 6,977,840 units at a price of $0.30 per unit for gross proceeds of $2,093,352. Each unit consists of one common share of the Company, and one-half of one common share purchase warrant, entitling the holder of a whole warrant to acquire one additional common share at an exercise price of $0.45 until July 24, 2022. The Company paid finders fees of $79,524 in cash and issued 265,078 finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of $0.45 per warrant until July 24, 2022. The fair value of the 3,488,920 warrants and 265,078 finder warrants was estimated at $605,085 and $59,275, respectively, using the Black-Scholes option pricing model with the following assumptions: stock price of $0.275; expected dividend yield of 0%; expected volatility of 205%; risk-free interest rate of 0.45% and an expected life of 2 years. Directors and officers of the Company subscribed for 3,736,667 common shares of this private placement for proceeds of $1,121,000.

If at any time after four months and one day from the closing of the first tranche, the Company's common shares trade at $0.90 per share or higher on the CSE for a period of 30 consecutive days, the Company will have the right (but not the obligation) to accelerate the expiry date of the warrants to the date that is 30 days after the Company issues a news release announcing the exercise of the acceleration right.

On October 14, 2020, the Company closed a private placement financing by issuing 2,716,667 units at a price of $0.30 per unit for gross proceeds of $815,000. Each unit consists of one common share of the Company, and one-half of one common share purchase warrant, entitling the holder of a whole warrant to acquire one additional common share at an exercise price of $0.45 until October 14, 2022. The Company paid finders fees of $57,050 in cash and issued 190,167 finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of $0.45 per warrant until October 14, 2022. The fair value of the 1,358,334 warrants and 190,167 finder warrants was estimated at $237,216 and $44,503, respectively, using the Black-Scholes option pricing model with the following assumptions: stock price of $0.285; expected dividend yield of 0%; expected volatility of 207%; risk-free interest rate of 0.24% and an expected life of 2 years. A director of the Company subscribed for 2,666,667 common shares of this private placement for proceeds of $800,000.

If at any time after four months and one day from the closing of the second tranche, the Company's common shares trade at $0.90 per share or higher on the CSE for a period of 30 consecutive days, the Company will have the right (but not the obligation) to accelerate the expiry date of the warrants to the date that is 30 days after the Company issues a news release announcing the exercise of the acceleration right.

On May 12, 2021, EarthRenew acquired all of the issued and outstanding securities of Replenish Nutrients Ltd. for approximately $9,000,000, subject to certain adjustments, payable as $1,412,000 in cash and a total of 21,264,093 common shares of EarthRenew at a deemed price of $0.248 per EarthRenew common share. The consideration includes amounts to satisfy approximately $2,8000,000 of loans owed by Replenish. The acquisition has an effective date of May 1, 2021.

On May 21, 2021, the Company completed its shares for debt settlements with certain creditors of the Company's wholly-owned subsidiary, Replenish. The Company issued 2,184,663 common shares of the Company at a deemed price of $0.248 per share in satisfaction of outstanding debt of $541,796. The common shares issued are subject to a four month and one day hold period expiring on September 22, 2021.

On May 27, 2021, the Company closed a private placement financing by issuing 1,795,027 units at a price of $0.35 per unit for gross proceeds of $628,259. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant, entitling the holder of a whole warrant to acquire one additional common share at an exercise price of $0.475 for a period of 36 months from issuance. The common shares issues are subject to a statutory four month hold period, which expires on September 28, 2021. No finder's fees were paid.

The fair value of the 897,513 warrants was estimated at $168,134, using the Black-Scholes option pricing model with the following assumptions: stock price of $0.2564; expected dividend yield of 0%; expected volatility of 147%; risk-free interest rate of 0.51% and an expected life of 3 years.

WARRANTS

A summary of the Company's common share purchase warrants as at June 30, 2021 is shown below.

	Number	Weighted Average Exercise Price	Value of Warrants
December 31, 2019	266,000	$ 0.30	$ 35,511
Granted	5,812,565	0.44	1,062,293
December 31, 2020	**6,078,565**	**0.43**	**1,097,804**
Granted	897,513	0.48	168,134
Exercised	(2,859,666)	0.43	(510,159)
June 30, 2021	**4,116,412**	**$ 0.44**	**$ 755,779**

The following summarizes the warrants outstanding as of June 30, 2021:

Outstanding	Exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Expected Volatility	Expected Life	Expected Dividend Yield	Risk free interest rate
177,667	177,667	28-Nov-19	28-Nov-21	$ 0.30	$ 23,719	118%	2.00	0%	1.59%
213,733	213,733	20-Feb-20	20-Feb-22	$ 0.30	$ 48,697	203%	2.00	0%	1.45%
2,347,254	2,347,254	24-Jul-20	24-Jul-22	$ 0.45	$ 407,085	205%	2.00	0%	0.45%
265,078	265,078	24-Jul-20	24-Jul-22	$ 0.45	$ 59,275	205%	2.00	0%	0.45%
25,000	25,000	13-Oct-20	13-Oct-22	$ 0.45	$ 4,366	207%	2.00	0%	0.24%
190,167	190,167	13-Oct-20	13-Oct-22	$ 0.45	$ 44,503	207%	2.00	0%	0.24%
897,513	897,513	27-May-21	27-May-24	$ 0.475	$ 168,134	147%	3.00	0%	0.51%
4,116,412	**4,116,412**				**$ 755,779**				

SHARE-BASED PAYMENTS RESERVE

Stock options

The Company has an amended stock option compensation plan for executives and employees. In accordance with the terms of the plan, officers, non-independent directors, employees and consultants of the Company may be granted options to purchase common shares at exercise prices determined at the time of grant. The Company has adopted a Floating Stock Option Plan (the "Plan"), whereby the number of common shares reserved for issuance under the Plan is equivalent to up to 10% of the issued and outstanding shares of the Company. Options under the Plan which have been exercised or which have expired shall be available for subsequent grants. The option vesting terms are determined at the discretion of the board of directors.

Each employee share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following summarizes the change in options as of June 30, 2021:

	Number	Weighted Average Exercise Price	Value of options
December 31, 2019	2,858,333	$ 0.51	$ 947,163
Granted	1,500,000	0.32	392,546
Expired	(593,333)	0.62	(251,733)
December 31, 2020	**3,765,000**	**0.41**	**1,087,976**
Granted	-	-	104
Exercised	(100,000)	(0.22)	(12,040)
June 30, 2021	**3,665,000**	**$ 0.42**	**$ 1,076,040**

On June 8, 2020, the Company completed a 3:1 share consolidation. Prior to the consolidation, the Company had 11,295,000 options outstanding, and following the consolidation had 3,765,000 options outstanding. All current and comparative option amounts in these unaudited condensed interim consolidated financial statements have been retroactively adjusted to reflect the share consolidation.

The consolidated number of stock options outstanding as at June 30, 2021 is as follows:

Outstanding	Exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Expected Volatility	Expected Life	Expected Dividend Yield	Risk free interest rate
923,333	923,333	18-Jul-17	18-Jul-21	$ 0.75	$ 479,210	100%	4.00	0%	1.48%
291,667	291,667	22-Aug-17	22-Aug-22	$ 0.42	$ 96,250	202%	5.00	0%	1.53%
416,667	416,667	08-Jul-19	08-Jul-24	$ 0.30	$ 32,250	105%	5.00	0%	1.57%
533,333	533,333	25-Oct-19	25-Oct-24	$ 0.18	$ 75,680	110%	5.00	0%	1.57%
333,333	333,333	02-Apr-20	02-Apr-25	$ 0.30	$ 57,000	147%	5.00	0%	0.59%
1,166,667	1,166,667	05-Jun-20	05-Jun-25	$ 0.33	$ 335,650	135%	5.00	0%	0.52%
3,665,000	**3,665,000**				**$1,076,040**				

On June 5, 2020, the Company granted 1,166,167 stock options to certain directors, officers and consultants of the Company pursuant to the Company's stock option plan. The stock options vested immediately, and each option may be exercised to acquire one common share of the Company at a price of $0.33 for a period of five years from the date of grant.

During the year ended December 31, 2020, 593,333 options were cancelled in accordance with the Plan and $251,733 was recorded against deficit.

During the six months ended June 30, 2021, 100,000 of the Company's stock options were exercised (six months ended June 30, 2020: nil), generating proceeds of $22,000 (six months ended June 30, 2020: $nil). The weighted average remaining life of the outstanding options at June 30, 2021 is 1.88 years (December 31, 2020: 3.04 years).

The fair value of options issued is determined using the Black-Scholes option pricing model, using the above inputs. Volatility is estimated by using the historical volatility of the Company, adjusted for the Company's expectation of volatility going forward. The expected life in years represents the period of time that the options granted are expected to be outstanding. The risk-free interest rate is based on Bank of Canada government bonds with a remaining term equal to the expected life of the options.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments are measured at amortized cost or fair value. Fair value represents the estimated amounts at which financial instruments could be exchanged between knowledgeable and willing parties in an arm's length transaction. Determining fair value requires management judgement.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The Company uses quoted market prices when available to estimate fair value. Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Management's judgement as to the significance of a particular input may affect placement within the fair value hierarchy levels.

The fair value hierarchy is as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and,
- Level 3 – Inputs that are not based on observable market data.

The valuation methods used to determine the fair value of each financial instrument and its associated level in the fair value hierarchy is described below.

Financial Instruments	Fair Value Method
Measured at Amortized Cost	
Cash, accounts receivable, and accounts payable and accrued liabilities	Measured initially at fair value, then at amortized cost after initial recognition. Fair value approximates carrying value due to their short-term nature.
Long-term debt	Measured initially at fair value, then at amortized cost after initial recognition using the effective interest method. Fair value is determined using discounted cash flows at the current market interest rate. (Level 2)
Measured at Fair Value	
Digital assets	Measured at fair value through profit or loss.

MARKET RISK

The Company's activities expose it to a variety of market risks, including foreign currency risk, interest rate risk, credit risk, and liquidity risk.

Management has overall responsibility for the establishment of risk management strategies and objectives. EarthRenew's risk management policies are established to identify the risks faced, to set appropriate risk limits, and to monitor adherence to risk limits. Risk management policies are reviewed regularly to reflect changes in market conditions and EarthRenew's activities.

Foreign currency risk

The Company funds the operations and maintains a head office in Canada. A portion of the Company's expenses are denominated in United States dollars. Consequently, the Company is exposed to fluctuations in the Canadian dollar relative to the United States dollar. The Company has not used derivative instruments to reduce its exposure to foreign exchange fluctuations.

The Company estimates that a 10% strengthening or weakening of the Canadian dollar against the United States dollar would result in a $16,000 decrease or $20,000 increase in net loss and comprehensive net loss.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in interest rates. The Company's interest-bearing liabilities include long-term debt. Changes in the prime interest rate may cause fluctuations in cash flow and interest expense.

A fluctuation of 0.5% in the interest rate would result in a $80,000 increase or $74,000 decrease in interest expense.

Credit risk

EarthRenew is exposed to credit risk if a customer or counterparty fails to meet its contractual obligations. The maximum credit risk that the Company is exposed to is the carrying value of cash and accounts receivable.

The Company's accounts receivables of $1,752,106 at June 30, 2021 are non-interest bearing. Management does not believe that the amounts outstanding for more than 90 days are impaired, or that the Company has significant concentration of credit risk.

The Company's receivables are summarized as follows:

	June 30, 2021	December 31, 2020
Trade receivables	**$ 1,661,250**	$ 58,389
Other receivables	**90,856**	54,803
	$ 1,752,106	$ 113,192

The following is an aging of the Company's accounts receivable:

	June 30, 2021	December 31, 2020
Current (less than 30 days)	**$ 1,219,957**	$ 113,192
31 – 90 days	**323,102**	-
Over 90 days	**209,047**	-
Total receivables	**$ 1,752,106**	$ 113,192

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Liquidity is managed through cash, debt and equity management strategies, when available.

The Company is exposed to liquidity risk primarily through its accounts payable and accrued liabilities. All of the Company's accounts payable and accrued liabilities have a contractual maturity of less than one year. As at June 30, 2021, the Company has a working capital deficit of $632,700. The Company expects to complete future equity or other debt financings, as required and available. However, there is no assurance that funds will be available on terms acceptable to the Company at all.

The table below summarizes the Company's contractual obligations as at June 30, 2021:

	Recognized in Financial Statements	**Total**	**Less than 1 year**	**2-3 years**	**4-5 years**	**More than 5 years**
Accounts payable and accrued liabilities [1]	Yes-Liability	$ 3,176,070	$ 3,176,070	$ -	$ -	$ -
Long-term debt	Yes-Liability	1,557,693	374,314	348,239	119,712	715,428
Minimum lease payments	Yes-Liability	904,997	199,682	288,894	200,325	216,096
Interest payable [2]	No	400,688	41,143	67,909	52,356	239,280

1) Accounts payable and accrued liabilities exclude interest payable on long-term debt.
2) Excludes interest payable on lease liabilities

15. COMMITMENTS AND CONTINGENCIES

The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any ending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations.

A former consultant of the Company has initiated a legal action seeking approximately $51,400 for fees owed and damages, plus interest. The Company is currently defending the matter, and accordingly no provision for loss has been recognized.

The Company is party to certain management contracts. These contracts require that additional payments of up to approximately $1,856,333 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Minimum commitments upon termination under these contracts are approximately $958,667.

The Company has agreed to pay the security holders of Replenish ongoing earn-out payments totalling an aggregate of up to $7,000,000 based on qualifying gross annual revenue of Replenish multiplied by an earn-out factor for each of its 12-month fiscal periods ending June 30, 2025 payable by a combination of cash payments and the issuance of common shares of EarthRenew, provided the security holders of Replenish continue to be bound by consulting or employment agreements entered into with the Company.

The Company has also agreed to pay the security holders of Replenish supplemental earn-out payments of an aggregate amount of up to $2,000,000 based on certain sales parameters, which shall be payable by a combination of cash payments and the issuance of EarthRenew shares and evidenced by promissory notes that have been issued to the security holders of Replenish.

16. SEGMENTED INFORMATION

The company’s operating segments are reported based on the nature of their products and services and management responsibility. Intersegment amounts are eliminated on consolidation.

The Company’s operating segments are as follows:

- Low-cost sustainable power generation – EarthRenew provides low-cost sustainable power with a patented production process that converts livestock waste to nutrient rich, slow-release pelleted organic fertilizer. The Company converts natural gas to electricity from an industrial-sized gas turbine, which it intends to capitalize on through various revenue drivers, including selling surplus electricity to the electrical grid or to cryptocurrency miners, which can co-locate on site, and dry manure feedstock to produce high-value organic fertilizer.
- Production of compost-based fertilizers for sale to agricultural farmers - The Company services the organic farming and horticultural communities with the unique blend of rock phosphate, elemental sulphur, and compost-based fertilizers. The Company‘s products are certified for organic inputs by Canadian Organic Standards and the USDA National Organic Program. In addition to organic fertilizer supply, the Company has entered into strategic partnerships that provide the option for seamless product application. The Company also engages in the sale of agricultural machinery to farmers.

Results by operating segment for the three and six months ended June 30 are shown below:

Three Months Ended June 30, 2021	**Fertilizer**	**Electricity**	**Corporate**	**Total**
REVENUES	**$ 1,411,407**	**$ 174,255**	**$ -**	**$ 1,585,662**
Cost of goods sold	**(1,064,218)**	**(101,373)**	**-**	**(1,165,591)**
	347,189	**72,882**	**-**	**420,071**
EXPENSES				
General and administrative	**312,503**	**104,021**	**740,751**	**1,157,275**
Share-based payments	**-**	**-**	**-**	**-**
Research and development	**16,321**	**-**	**-**	**16,321**
Depreciation and amortization	**227,110**	**72,181**	**-**	**299,291**
Financing	**26,758**	**8,131**	**-**	**34,889**
Foreign exchange loss	**9,720**	**-**	**(3,189)**	**6,531**
	592,412	**184,333**	**737,562**	**1,514,307**
Other income	**6,242**	**-**	**25,037**	**31,279**
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$ (238,981)**	**$ (111,451)**	**$ (712,525)**	**$ (1,062,957)**

Three Months Ended June 30, 2020	Fertilizer	Electricity	Corporate	Total
REVENUES	$ -	$ 68,120	$ -	$ 68,120
Cost of goods sold	-	(66,794)	-	(66,794)
	-	1,326	-	1,326
EXPENSES				
General and administrative	-	131,527	825,001	956,528
Share-based payments	-	-	347,891	347,891
Research and development	-	-	-	-
Depreciation and amortization	-	39,559	-	39,559
Financing	-	2,152	-	2,152
Foreign exchange loss	-	-	1,023	1,023
	-	173,238	1,173,915	1,347,153
Other income	-	-	10,236	10,236
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ -	$ (171,912)	$ (1,163,679)	$ (1,335,591)

Six Months Ended June 30, 2021	Fertilizer	Electricity	Corporate	Total
REVENUES	**$ 1,411,407**	**$ 655,953**	**$ -**	**$ 2,067,360**
Cost of goods sold	**(1,064,218)**	**(224,020)**	**-**	**(1,288,238)**
	347,189	**431,933**	**-**	**779,122**
EXPENSES				
General and administrative	**312,503**	**238,025**	**1,698,104**	**2,248,632**
Share-based payments	**-**	**-**	**104**	**104**
Research and development	**16,321**	**-**	**25,762**	**42,083**
Depreciation and amortization	**227,110**	**144,364**	**-**	**371,474**
Financing	**26,758**	**15,849**	**-**	**42,607**
Foreign exchange loss	**9,720**	**-**	**(2,788)**	**6,932**
	592,412	**398,238**	**1,721,182**	**2,711,832**
Other income	**6,242**	**-**	**73,427**	**79,669**
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**(238,981)**	**33,695**	**(1,647,755)**	**(1,853,041)**
TOTAL ASSETS	**16,024,683**	**2,762,321**	**5,505,060**	**24,292,064**
GOODWILL	**$ 2,530,025**	**$ -**	**$ -**	**$ 2,530,025**

Six Months Ended June 30, 2020	Fertilizer	Electricity	Corporate	Total
REVENUES	$ -	$ 213,297	$ -	$ 213,297
Cost of goods sold	-	(175,573)	-	(175,573)
	-	37,724	-	37,724
EXPENSES				
General and administrative	-	223,537	1,406,822	1,630,359
Share-based payments	-	-	347,891	347,891
Research and development	-	-	-	-
Depreciation and amortization	-	79,120	-	79,120
Financing	-	-	4,669	4,669
Foreign exchange loss	-	-	1,987	1,987
	-	302,657	1,761,369	2,064,026
Other income	-	-	10,840	10,840
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	-	(264,933)	(1,750,529)	(2,015,462)
TOTAL ASSETS	-	3,184,993	1,974,110	5,639,075
GOODWILL	$ -	$ -	$ -	$ -

17. GENERAL AND ADMINISTRATIVE

The following is a summary of the general and administrative expenses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	**2021**	2020
Salaries and benefits	**$ 403,163**	$ 42,229	**$ 512,165**	$ 80,443
Professional fees	**174,327**	11,978	**224,797**	23,864
Consulting and management fees	**290,785**	633,894	**948,243**	1,153,459
Advertising and promotion	**29,301**	142,804	**172,522**	193,911
Shareholder communications and filing fees	**28,952**	57,592	**73,736**	75,092
Travel	**7,296**	106	**13,513**	3,404
Rent and office	**223,451**	65,407	**303,656**	100,186
	$ 1,157,275	$ 954,010	**$ 2,248,632**	$ 1,630,359

18. FINANCING

Financing costs are comprised of interest expense on long-term debt and the lease liabilities, and accretion of discount on the CEBA loan. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

The components of financing costs are summarized below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	**2021**	2020
Interest on long-term debt	**$ 10,287**	$ -	**$ 10,287**	$ -
Interest on lease liabilities	**24,043**	2,152	**31,761**	4,669
Accretion	**559**	-	**559**	-
	$ 34,889	$ 2,152	**$ 42,607**	$ 4,669

19. OTHER INCOME

The significant components recognized in other income are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	**2021**	2020
Government grants	**$14,924**	$ -	**$62,788**	$ -
Interest income	**335**	510	**861**	1,354
Shipping income	**6,180**	-	**6,180**	-
Storage income	**3,000**	-	**3,000**	-
Digital currency mining income	**-**	6,134	**-**	8,412
Other	**6,840**	1,074	**6,840**	1,074
	$ 31,279	$ 7,718	**$ 79,669**	$ 10,840

20. LOSS PER SHARE

Net loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for potentially dilutive instruments. For the six months ended June 30, 2021, there is no dilution in the net loss per share as there are no potential dilutive instruments outstanding.

The loss and average number of shares used to calculate loss per share are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	**2021**	2020
Weighted average shares outstanding (basic and diluted)	**62,602,603**	29,338,209	**62,602,603**	41,421,010
Net loss for the period	**$ (1,062,957)**	$ (1,335,591)	**$ (1,853,041)**	$ (2,015,462)
Net loss per share (basic and diluted)	**$ (0.02)**	$ (0.05)	**$ (0.03)**	$ (0.05)

21. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2021, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company:

- Received $520,321 (2020 - $nil) in fertilizer sales revenue.
- An officer of the Company exercised 66,666 stock options, generating gross proceeds of $12,000 (2020: $nil).

As at June 30, 2021, accounts receivables due from related parties amounted to $375,000 (2020 -$nil) and accounts payable and accrued liabilities due to related parties amounted to $ 838,203.38 (2020 - $265,433). The amounts outstanding are unsecured and non-interest bearing.

KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee having regard to the performance of individuals and market trends. Compensation to key management personnel was comprised of:

	June 30, 2021	**June 30, 2020**
Management fees	**$ 303,958**	$ 150,000
Share-based payments	**-**	196,900
	$ 303,958	$ 346,900

22. SUPPLEMENTAL CASH FLOW INFORMATION

The changes in non-cash working capital are summarized below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Accounts receivable	**$ 260,964**	$ 19,584	**$ 220,904**	$ 105,431
Prepaid expenses and deposits	**(52,524)**	15,904	**145,327**	(412,480)
Inventory	**395,666**	-	**395,666**	-
Digital assets	**-**	(6,135)	**-**	(8,413)
Accounts payable and accrued liabilities	**(206,285)**	229,779	**(188,423)**	175,715
	$ 397,821	$ 259,132	**$ 573,474**	$ (139,747)

23. SUBSEQUENT EVENTS

CREDIT FACILITY WITH AGRICULTURE FINANCIAL SERVICES CORPORATION

Effective July 21st, 2021, Replenish, a wholly owned subsidiary of EarthRenew, secured new senior secured asset-based credit facilities totalling $3.2 million (the "ABL Facility") from Agriculture Financial Services Corporation ("AFSC"). The ABL Facility will replace Replenish's existing senior debt, and will be used to fund inventory growth and capital expenditures related to Replenish's current production facilities.

The ABL Facility contemplates a five-year term, including interest-only payments until January 1st, 2022. Amounts drawn on the main facility bear interest at a rate of 3.52% per annum, while the inventory loan rate is 2.875% per annum. On closing, an aggregate of $2,558,968 was drawn on the ABL Facility, with $1,592,291 used to repay existing senior debt. The ABL Facility is subject to compliance with financial covenants starting in 2022. EarthRenew has provided an unlimited guarantee as security for the ABL Facility.

STOCK OPTION GRANTS

On August 3, 2021, EarthRenew granted a total of 3,890,000 stock options to certain officers, directors, employees, and consultants of the Company pursuant to the Company's stock option plan. The stock options vest immediately and may be exercised at a price of $0.25 per option for a period of five years from the date of grant.