EARTHRENEW INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the 3 and 6 Months Ended June 30, 2023 and 2022

August 29, 2023

The following Management's Discussion and Analysis (MD&A) for EarthRenew Inc. (EarthRenew, Replenish, Replenish Nutrients or the Company) was prepared as of August 29, 2023, and focuses on information and key statistics from the June 30, 2023, consolidated financial statements, together with the accompanying notes thereto and pertains to known risks and uncertainties relating to the agriculture and manufacturing sectors. This discussion should not be considered all-inclusive, as it does not include all changes regarding general economic, political, governmental, and environmental conditions.

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by International Financial Reporting Standards (IFRS). Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as an alternative to net income (loss) or to cash from (used-in) operating, investing, and financing activities determined in accordance with IFRS, as indicators of our performance. We provide these measures 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.

This MD&A should be read in conjunction with the Company's annual audited consolidated financial statements as at and for the years ended December 31, 2022, and 2021, together with the accompanying notes thereto and the cautionary statement regarding forward-looking information and statements below. Unless otherwise indicated, all dollar amounts presented herein are in Canadian dollars.

BUSINESS OVERVIEW

EarthRenew is a company existing under the laws of the province of Ontario, Canada. The Company's common shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "ERTH". The head office is located at PO Box 1186 Station Main, Okotoks, Alberta, Canada, T1S 1B1.

EarthRenew and its wholly owned subsidiary Replenish Nutrients deliver leading regenerative fertilizer solutions to support a farm system that prioritizes healthy soils and grower profitability. By combining essential macro and micro nutrients with our proprietary manufacturing process, the Company has developed a sustainable alternative to synthetic fertilizers that enhances overall soil function and biology while providing valuable plant-available nutrients farmers rely upon for healthy crops. For additional information refer to the Company's website at www.replenishnutrients.com and on SEDAR+ at www.sedarplus.ca.

During 2022, the Company revised its reportable segments in accordance with IFRS 8 – *Operating Segments* to be the Fertilizer and Power segments, whereby the Company's historical Corporate segment has been combined into the Fertilizer segment as one reportable segment. The Company believes the Fertilizer and Power segments provide the most relevant information for users to evaluate the nature and financial effects of the business activities and the economic environment in which the Company operates. Under these segments the Company tracks revenues, expenses, and profitability metrics for which the Company's chief operating decision maker evaluates performance and allocates resources. Prior period balances conform to current period presentation.

MARKET OUTLOOK AND GUIDANCE

2023 continues to present strong macro forces in Replenish's favour through continued investment in Canadian-based food and fertilizer production resulting from ongoing concerns with geopolitical tensions in Europe impacting food security and fertilizer supply. Replenish continues to position itself ahead of its competition in the growing sector of sustainable agricultural with its proprietary biologically-active regenerative fertilizer products and no-waste, chemical-free manufacturing processes that will allow it to take advantage of the significant demand and investment dollars flowing to sustainable agricultural practices, including regenerative fertilizer.

The second quarter of 2023 saw robust revenues and margins, including positive adjusted EBITDA and positive operating cash flow in the Fertilizer segment, despite encountering the headwinds of working through some higher cost inventory carried over from geopolitical tensions and abnormally high pricing in the prior year. As the average cost of inventory continues to drop and the Company continues to ramp up granulated production at the Beiseker facility and realize the full-year impact of its ongoing cost savings initiatives, there is strong line of sight to continued positive adjusted EBITDA and operating cash flow going forward. The second quarter marks the third consecutive quarter the Company continues to build a track record of consistent and steadily improving margins through strong distribution channels and diligent financial and operational management. 2023 has continued to show fertilizer commodity prices return closer to historical averages where Replenish realizes higher margins. As granulated fertilizer production increases at the Beiseker facility and upcoming DeBolt facility, Replenish will continue to build more resilience into the business model through increased margins, wider and larger distribution channels, and lower seasonality impacts to the business.

In July 2023, Replenish was extremely pleased to announce it was selected to receive a $7 million dollar non-dilutive government grant from Emissions Reductions Alberta (ERA) as part of Alberta's Industrial Transformation Challenge. The ERA grant will support the construction of a new regenerative fertilizer manufacturing facility near DeBolt, Alberta, and will support local Alberta construction and manufacturing jobs as well as reduce greenhouse gas (GHG) emissions compared to the traditional fertilizer manufacturing process and lead to increased carbon sequestration properties in the soil through the use of regenerative fertilizers. As part of the ERA application process, an independent study on GHG emissions was conducted showing that over 22,000 tons of CO2e per year would be avoided based on the facility's contemplated production of 50,000 metric tons of regenerative fertilizer per year. Also contemplated under the ERA application was the creation of 200 cumulative construction jobs and 50 permanent and direct and indirect jobs as a result of the construction and ongoing operation of the DeBolt facility. This non-dilutive investment from the Alberta government validates the incredible value of Replenish's proprietary and patented sustainable regenerative fertilizer products and manufacturing process to bring immediate and long-lasting benefits to the environment through a lower carbon footprint, to soil and plant health, to the farmer's bottom-line, and ultimately to Replenish shareholders. Over the coming weeks, the Company will be submitting the required follow-up project documentation and debt financing to the ERA to finalize the funding in the third or fourth quarter of 2023. The finalization of the ERA grant is subject to typical financing conditions including due diligence and execution of formal agreements.

On the product development front, the Company continues to see exceptional and consistent results from its independent field trials with Farming Smarter and Biome Makers proving the efficacy of its products and their contribution to soil and plant health. The Company is also continuing to conduct on-farm grower trials across the Prairie provinces, showcasing the adaptability of our product to diverse environmental and soil conditions. The continued success of these independent field trials coupled with the proprietary nature of Replenish's products and manufacturing processes provide unique opportunities to accelerate earnings and cash flow growth in the Company without the need for additional capital spend. The Company continues to be encouraged by its ongoing development of licensing opportunities.

OVERALL PERFORMANCE

Consolidated Results

	3 Months		6 Months	
Period ending June 30	**2023**	**2022**	**2023**	**2022**
Revenue	4,295,830	7,034,394	6,785,559	10,098,108
Gross profit	593,168	974,317	731,960	727,301
Gross profit %	14%	14%	11%	7%
Selling, general and administration	610,389	1,052,814	1,237,528	1,987,211
Operating earnings (loss)	(553,169)	(532,356)	(1,558,507)	(2,171,833)
Operating earnings (loss) %	-13%	-8%	-23%	-22%
Non-operating (income) expense	61,682	718,057	(537,603)	718,172
Net earnings (loss)	(563,851)	(1,286,713)	(827,904)	(2,650,305)
Net earnings (loss) per share	(0.00)	(0.01)	(0.01)	(0.03)
Funds from (used-in) operations	131,052	21,696	(39,467)	(1,161,159)
Changes in non-cash working capital	43,242	(2,994,013)	(469,934)	(3,490,539)
Fund from (used-in) operating activities	174,294	(2,972,317)	(509,401)	(4,651,698)
Consolidated adjusted EBITDA[1]	(6,995)	(78,497)	(485,116)	(1,259,910)
Consolidated adjusted EBITDA %[1]	-0%	-1%	-7%	-12%

[1]These are non-IFRS financial and operational measures – refer to Non-IFRS Financial and Operational Measures section

For the 3 and 6 months ended June 30, 2023, the Company continued to show consistent and steady improvements in gross profit margins, net earnings (loss), funds from (used-in) and cash flows from (used-in) operations, and adjusted EBITDA[1] margins over the same period in 2022. This is the third consecutive quarter the Company has shown improvement on these metrics on the back of diligent financial and operational management where the Company continues to realize the additional full-year benefits of continued cost savings initiatives and the introduction of higher margin granulated fertilizer production at the Beiseker facility. Going forward, the Company is well positioned to take advantage of its optimized cost structure and granulated fertilizer production to drive towards consistent and sustainable positive adjusted EBITDA and cash flow from operations.

Segmented Results

Refer to discussion of segmented results under "Results of Operations" for the 3 and 6 months ended June 30, 2023 and 2022.

RESULTS OF OPERATIONS

Fertilizer Segment

	3 Months		6 Months	
Period ending June 30	**2023**	**2022**	**2023**	**2022**
Sales volumes (metric tons)	9,745	11,154	13,904	17,284
Average selling price ($ per metric ton)	414	611	458	554
Revenue	4,260,338	7,006,817	6,624,077	9,922,908
Direct costs	3,646,070	5,856,347	5,911,044	9,051,831
Gross profit	**614,268**	**1,150,470**	**713,033**	**871,077**
Gross profit %	**14%**	**16%**	**11%**	**9%**
Depreciation and amortization	463,866	381,678	908,775	767,559
Selling, general and administration	562,514	1,017,186	1,122,515	1,859,696
Operating expense	**1,026,380**	**1,398,864**	**2,031,290**	**2,627,255**
Operating earnings (loss)	**(412,112)**	**(248,394)**	**(1,318,257)**	**(1,756,178)**
Operating earnings (loss) %	**-10%**	**-4%**	**-20%**	**-18%**
Non-operating (income) expense	55,454	710,804	(550,280)	703,680
Earnings (loss) before tax	**(467,566)**	**(959,198)**	**(767,977)**	**(2,459,858)**
Fertilizer adjusted EBITDA[1]	**61,980**	**133,284**	**(389,030)**	**(988,619)**
Fertilizer adjusted EBITDA %[1]	**1%**	**2%**	**-6%**	**-10%**

[1]These are non-IFRS financial and operational measures – refer to Non-IFRS Financial and Operational Measures section

Revenue

Revenue decreased $2.7 million and $3.3 million for the 3 and 6 months compared to the same periods in the prior year. The decrease for the 3 and 6 months was due to lower total sales volumes and lower average pricing per metric ton. The lower volumes are predominantly due to one large sale in the prior year that did not repeat in the current year to an existing customer that continues to be a strong customer for the Company. The lower average pricing was inline with expectations as the average market pricing for fertilizer products was down year over year after a large spike in pricing in the prior year due to geopolitical tensions in Europe. As the company ramps up granulated production at the Beiseker facility, it expects to realize premium pricing and higher margins on its granulated fertilizer products going forward.

Gross Profit

Gross profit decreased $0.5 million and 2 percentage points and decreased $0.2 million but increased 2 percentage points for the 3 and 6 months compared to the same periods in the prior year. As noted in the discussion of revenue, the quarterly decrease was impacted by one large sale in the prior year where pricing and margins were unusually high. And while the year-to-date absolute gross profit was down slightly, the increased gross profit percentage is an excellent indication of the Company's growing and sustainable gross margin percentages when commodity prices are trending closer to historical averages as they are in the current year. As noted in the discussion of revenue, as additional granulated fertilizer capacity is built out at the Beiseker facility in 2023, the Company expects this will also lead to higher realized gross profit and gross profit percentage going forward.

Depreciation and Amortization

Depreciation and amortization increased $0.1 million and $0.1 million for the 3 and 6 months compared to the same periods in the prior year. The increase is primarily due additional capital spend in latter half of 2022 and first half of 2023 coming online in the first and second quarters of 2023. The Company expects depreciation charges to grow modestly in the coming quarters and then level-ff as the Beiseker facility becomes fully commissioned and operational.

Selling, General and Administration

Selling, general and administrative expense decreased $0.5 million and $0.7 million for the 3 and 6 months compared to the same periods in the prior year. The decrease was driven by diligent cost control and restructuring initiatives across all back-office and overhead functions and has allowed the Company to efficiently support current operations without the need to add significant costs as the Company scales operations going forward. The Company expects continued savings in selling, general and administration costs in the coming year as the full year impact of several initiatives have not yet been realized. The Company continuously evaluates ways to be more efficient in all its support functions and expects to maintain this diligent approach going forward.

Non-Operating Income and Expense

The fertilizer segment realized lower net non-operating expense of $0.7 million and higher net non-operating income $1.3 million for the 3 and 6 months compared to the same period in the prior year. The lower net non-operating expense was driven mostly by the favourable impact of the change in the fair value of contingent consideration, higher bad debt recovery, and lower research and development spend. The higher net non-operating income was driven by mostly by the favourable impact of the change in the fair value of contingent consideration, higher income from government funding and insurance proceeds, and lower research and development spend.

Operating Earnings (Loss) % and Adjusted EBITDA %[1]

The Company recorded a 6 percentage point reduction in operating earnings (loss) percentage and a 1 percentage point reduction in adjusted EBITDA percentage for the 3 months compared to the same period in the prior year. As noted in the revenue and gross profit discussions, this was largely due to a one large sale in the prior year that resulted in increased revenues and margins. The Company also recorded a 2 percentage point reduction in operating earnings (loss) percentage and a 4 percentage point increase in adjusted EBITDA percentage for the 6 months compared to the same period in the prior year. The minor decrease in operating percentage is due to the one large sale in the prior year while the increase in the adjusted EBITDA percentage is due to the increased efficiency in operations as well as the cost saving and restructuring initiatives achieved in selling, general and administration expense. Encouragingly, the Company expects to see further improvement in all margin percentages as commodity prices return to historical averages, the Company realizes the full-year benefit of its cost saving initiatives, and the Company realizes higher margins from additional granulated fertilizer production.

Power Segment

	3 Months		6 Months	
Period ending June 30	**2023**	**2022**	**2023**	**2022**
Revenue	35,492	27,577	161,482	175,200
Direct costs	56,592	203,730	142,555	318,976
Gross profit	**(21,100)**	**(176,153)**	**18,927**	**(143,776)**
Depreciation and amortization	72,082	72,181	144,164	144,364
Selling, general and administration	47,875	35,628	115,013	127,515
Operating expense	**119,957**	**107,809**	**259,177**	**271,879**
Operating earnings (loss)	**(141,057)**	**(283,962)**	**(240,250)**	**(415,655)**
Non-operating (income) expense	6,228	7,253	12,677	14,492
Earnings (loss) before tax	**(147,285)**	**(291,215)**	**(252,927)**	**(430,147)**

Revenue and Gross Profit

Revenue was effectively flat for the 3 and 6 months compared to the same period in the prior year with a slight increase for 3 months and a slight decrease for 6 months. The improved gross profit for the 3 and 6 months was due to lower maintenance costs incurred in the current year.

Depreciation and Amortization

Depreciation and amortization was largely unchanged for the 3 and 6 months compared to the same period in the prior year as there were no major changes to the asset base in the Power segment.

Selling, General and Administration

Selling, general and administrative expense was effectively flat for the 3 and 6 months compared to the same period in the prior year with a slight increase for the 3 months and a slight decrease for 6 months ended. The Company is diligently keeping overheads as low as possible in the Power segment with the objective to achieve breakeven or positive cash flows in this segment by year end.

Non-Operating Income and Expense

Non-operating income and expense was largely unchanged for the 3 and 6 months compared to the same period in the prior year. Non-operating expense mostly comprised of finance costs related to a land lease.

LIQUIDITY AND CAPITAL RESOURCES

The Company continues to manage its liquidity, capital resources and capital structure in line with its overall capital allocation and corporate strategy. The Company expects to generate sufficient cash flows from current cash balances and operating and financing activities to meet its required capital expenditures and expects to meet all debt and lease financing requirements with a combination of current cash balances, non-cash working capital and any equity financing, where required. The Company manages liquidity risk through the management of its capital structure and working capital and monitors and reviews actual and forecasted cash flows and the effect on bank covenants, and maintains credit facilities, manages capital spend, and raises equity financing, to ensure cash resources are available to meet the Company's liquidity needs.

The accompanying 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. Although the Company has raised funds through the issuance of equity securities and debt financing in the past, there can be no assurance the Company will be able to raise sufficient funds in the future if it is not able to generate positive cash flows. For the 3 and 6 months ended June 30, 2023, the Company generated a net loss of $563,851 and $827,904, respectively (2022 net loss of $1,286,713 and $2,650,305, respectively) and positive operating cash flows of $174,443 and negative $509,252, respectively (2022 – negative operating cash flow of $2,972,317 and $4,651,698, respectively) and had a deficit at June 30, 2023, of $22,590,610 (December 31, 2022 – $22,419,593). While the Company has a positive working capital balance and anticipates generating positive cash flow from operations in the coming year from higher margins on product sales and reductions in selling, general and administrative expenses, there can be no assurance these initiatives will be successful and that the positive working capital balance will be sufficient to fund the Company's operations. Further, it is not possible to predict whether financing efforts will be successful if they are required to fund the Company's operations. These conditions indicate that material uncertainties exist that cast a significant doubt on the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to generate positive cash flow from operations or obtain additional financing to fund its operations. These consolidated financial statements do not include any adjustments to the carrying value of the assets and liabilities, the reported revenues and expenses or the balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Sources and Uses of Cash

	3 Months		**6 Months**	
Period ending June 30	**2023**	**2022**	**2023**	**2022**
Funds from (used-in) operations	131,052	21,696	(39,467)	(1,161,159)
Changes in non-cash working capital	43,242	(2,994,013)	(469,934)	(3,490,539)
Cash from (used in) operating activities	174,294	(2,972,317)	(509,401)	(4,651,698)
Cash from (used in) investing activities	(462,971)	22,397	(906,361)	(384,428)
Cash from (used in) financing activities	(125,157)	9,817,866	(233,084)	11,304,748
Increase (decrease) in cash	**(413,834)**	**6,867,946**	**(1,648,846)**	**6,268,622**
Cash balance, beginning of period	2,397,183	675,653	3,632,195	1,274,977
Cash balance, end of period	**1,983,349**	**7,543,599**	**1,983,349**	**7,543,599**

Cash from (used in) Operating Activities

Cash flow used-in operating activities decreased $3.1 million and $4.1 million for the 3 and 6 months compared to the same period in the prior year. This marked improvement over the prior periods was due to higher operating margins of $0.1 million and $1.1 million and improved working capital changes of $3.0 million and $3.0 million respectively for the 3 and 6 months ended. The Company was very encouraged by the improved operating margins driven by increased operational and overhead efficiencies and continues to diligently manage working capital requirements to keep the business running efficiently. As previously noted, the Company expects further improvements to operating margins as the full-year impact of cost savings initiatives and increased margins from additional granulated fertilizer production and operational efficiencies are realized.

Cash from (used in) Investing Activities

Cash flow used-in investing activities increased $0.5 million and $0.5 million for the 3 and 6 months compared to the same periods in the prior year. The increased use of cash was primarily due to higher capital expenditures for upgrades at the Beiseker granulation facility, partially offset by proceeds from a sale-leaseback in transaction. The Company continues to expect to fully fund the DeBolt and Bethune facilities through a combination of cash on hand, cash from operations and debt and equity financing as required.

Cash from (used in) Financing Activities

Cash flow used-in financing activities increased $9.9 million and $11.5 million for the 3 and 6 months compared to the same periods in the prior year. The increased used of cash was due to the absence of proceeds the equity raise, proceeds from long-term debt and the exercise of warrants that were received in the prior year. Going forward, the Company continues to manage its growth plans through a debt and equity capital structure that optimizes risk-adjusted returns for shareholders.

Financial Condition and Capital Structure

	30-Jun-2023		31-Dec-2022	
Current assets	14,450,754		19,712,651	
Current liabilities	(9,137,373)		(16,251,046)	
Net working capital (deficit)	**5,313,381**		**3,461,605**	
Debt	3,462,659		3,498,665	
Lease liabilities	961,889		654,584	
Contingent consideration	5,711,741		5,772,995	
	10,136,289	**42%**	**9,926,244**	**40%**
Shareholders' equity	**14,109,237**	**58%**	**14,916,689**	**60%**
	24,245,526	**100%**	**24,842,933**	**100%**

The Company's objectives when managing capital are to: (i) ensure the Company has the financial capacity to execute on its strategy of growing regenerative agriculture products and practices; (ii) maintain financial flexibility in order to meet financial commitments and maintain the confidence of shareholders, creditors, and the market; and (iii) optimize the use of capital and capital structure to provide best-in-class risk-adjusted returns on investment to shareholders. Management considers the Company's net working capital (deficit), defined as current assets less current liabilities, as well as the ratio of debt to equity, as the key components of capital to be managed.

The Company has established criteria to manage the capital structure based on current economic conditions, risk characteristics of underlying assets and planned capital and liquidity requirements. Total capitalization and liquidity are maintained or adjusted by issuing new debt or equity securities or through the disposal of underperforming or non-core assets when required.

SUMMARY OF QUARTERLY RESULTS

	30-Jun-2023	31-Mar-2023	31-Dec-2022	30-Sep-2022
Revenue	4,295,830	2,489,729	4,449,048	2,723,244
Net earnings (loss)	(563,851)	(364,053)	(3,357,636)	(1,076,760)
Net earnings (loss) per share	(0.00)	(0.00)	(0.02)	(0.01)
	30-Jun-2022	**31-Mar-2022**	**31-Dec-2021**	**30-Sep-2021**
Revenue	7,034,394	3,063,714	7,673,011	2,559,209
Net earnings (loss)	(1,286,713)	(1,363,592)	(432,738)	(2,417,262)
Net earnings (loss) per share	(0.01)	(0.01)	(0.00)	(0.03)

Seasonality

In line with fertilizer industry norms, the Company's current operations are strongly influenced by seasonality whereby fertilizer application typically occurs in the spring prior to crop seeding and late fall after crop harvesting. Additionally, weather conditions, crop pests, regional and global pricing for crops, and global geo-political tensions also impact the timing and financial results of the Company. To manage these potential fluctuations, the Company develops strong relationships throughout its supply chain to ensure it effectively manages input costs while also providing value-added products and services to its customers. Additionally, as the Company continues to expand its granulated fertilizer business, this will offset some of the spring and late fall seasonality through the ability to sell and store granulated fertilizer throughout the year.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Litigation

From time to time the Company is subject to claims and lawsuits arising in the ordinary course of operations. In the opinion of management, the ultimate resolution of such pending legal proceedings will not have a material adverse effect on the Company's financial position.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company's cash needs are met with cash generated by operations, strategic sale of non-core assets, and financing provided by debt and lease instruments. The Company manages liquidity risk through management of its capital structure, and monitoring and reviewing actual and forecasted cash flows and the effect on bank covenants to ensure there are available cash resources to meet the Company's liquidity needs. The Company's cash and cash equivalents, cash flow from operating activities, and strategic sale of non-core assets, are expected to be greater than anticipated capital expenditures and the contractual maturities of the Company's financial liabilities.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest:

	Total	< 1 Year	1-3 Years	4-5 Years	After 5 Years
Accounts payable and accrued liabilities	**8,012,433**	8,012,433	-	-	**-**
Contingent consideration[1]	**5,711,741**	-	5,711,741	-	-
Long-term debt	**3,741,304**	1,013,043	1,119,136	1,609,125	-
Lease liabilities	**1,204,313**	315,486	572,589	233,738	82,500
Total	**18,669,791**	**9,340,962**	**7,403,466**	**1,842,863**	**82,500**

[1]The Company has the ability to settle up to 60% of the contingent consideration in common shares of the Company, which would reduce the cash obligation of this liability.

Credit Risk

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. The Company's trade receivables are with customers in the agriculture and energy industries and are subject to credit risk. In order 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 account 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 other receivables at each reporting period and its allowance for expected future credit losses. An expected credit loss account 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 expected credit loss account 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. For the 3 and 6 months ended June 30, 2023, the Company had two customers that comprised more than 10% of total revenue (2022 – two customers).

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and foreign exchange rates.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. For the 3 and 6 months ended June 30, 2023, if the interest rate increased/decreased by 1% with all other variables held constant, the Company's net income would have increased/decreased by $35,792. The Company has minimal exposure to interest rate risk as existing debt and leases have fixed interest rates and would only be subject to interest rate fluctuations when refinancing is required.

Foreign Exchange Rate Risk

The Company is exposed to foreign exchange rate risk primarily through the purchase of certain US dollar denominated expenses, where the Company typically converts Canadian dollars to US dollars at a spot rate. At this time, there are typically minimal US dollar requirements in the day-to-day business.

Fair Value

The fair value of the contingent consideration was recorded based on an estimated fair value discount rate, and estimated forecasted revenues, and is considered a Level 3 fair value instrument as the measurement is based on unobservable information.

The fair values of cash and cash equivalents, trade and other receivables, cash deposits, accounts payable and accrued liabilities, long-term debt and lease liabilities approximate their fair value as at June 30, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

Refer to Note 22 of the Company's consolidated financial statements for disclosure related to related parties.

CRITICAL ACCOUNTING ESTIMATES

In the preparation of the Company's 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 consolidated financial statements have been set out in Note 3 of the Company's annual consolidated financial statements.

OUTSTANDING SHARE DATA

Refer to Note 14 of the Company's consolidated financial statements for a summary of the authorized, issued, and outstanding share capital of the Company. There have been no changes to the Company's outstanding shares as of the date of this Management's Discussion and Analysis.

NON-IFRS FINANCIAL AND OPERATIONAL MEASURES

The Company uses both IFRS measures and certain non-IFRS financial measures to assess performance. Non-IFRS financial measures are financial measures disclosed by a company that (a) depict historical or expected future financial performance, financial position or cash flow of a company, (b) with respect to their composition, exclude amounts that are included in, or include amounts that are excluded from, the composition of the most directly comparable financial measure disclosed in the consolidated financial statements of the Company, (c) are not disclosed in the consolidated financial statements of the Company, and (d) are not a ratio, fraction, percentage or similar representation. Non-IFRS ratios are financial measures disclosed by a company that are in the form of a ratio, fraction, percentage or similar representation that has a non-IFRS financial measure as one or more of its components, and that are not disclosed in the financial statements of the Company.

These non-IFRS financial measures and non-IFRS ratios are not standardized financial measures under IFRS and, therefore, are unlikely to be comparable to similar financial measures presented by other companies. Management believes these non-IFRS financial measures and non-IFRS ratios provide transparent and useful supplemental information to help investors evaluate our financial performance, financial condition and liquidity using the same measures as management. These non-IFRS financial measures and non-IFRS ratios should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with IFRS.

The following section outlines our non-IFRS financial measures and non-IFRS ratios, their compositions, and why management uses each measure. It also includes reconciliations to the most directly comparable IFRS measures. Except as otherwise described herein, our non-IFRS financial measures and non-IFRS ratios are calculated on a consistent basis from period to period and are adjusted for specific items in each period, as applicable. As additional non-recurring or unusual items arise in the future, we generally exclude these items in our calculations.

Consolidated Adjusted EBITDA

Most directly comparable IFRS financial measure: Net earnings (loss).

Definition: EBITDA is defined as earnings before interest, taxes, depreciation, and amortization. Adjusted EBITDA is defined as EBITDA adjusted for certain non-operating, non-recurring and non-cash items as described in the table below.

Why we use the measure and why it is useful to investors: This metric is used by management to evaluate the earnings and performance of the Company before consideration of capital, financing and tax structures that may vary from company to company. Prior period Adjusted EBITDA has been calculated and presented in accordance with the current period calculation and presentation.

		3 Months		**6 Months**	
Period ending June 30		**2023**	**2022**	**2023**	**2022**
Revenue	A	4,295,830	7,034,394	6,785,559	10,098,108
Net earnings (loss)		(563,851)	(1,286,713)	(827,904)	(2,650,305)
Income tax expense (recovery)		(51,000)	36,300	(193,000)	(239,700)
Depreciation and amortization		535,948	453,859	1,052,939	911,923
Finance costs		58,514	59,609	103,142	102,013
EBITDA		**(20,389)**	**(736,945)**	**135,177**	**(1,876,069)**
Transaction costs		-	-	-	-
Share-based compensation		10,226	-	20,452	-
Foreign exchange (gain) loss		(26)	16,238	1,726	14,704
Bad debt expense (recovery)		(141,994)	(29,761)	(141,994)	(157,219)
Research and development expense		42,415	115,317	57,617	132,513
(Gain) loss on disposal of assets		-	6,236	6,426	6,236
Impairment		-	-	-	-
Other (income) expense		(180,462)	(215,510)	(503,266)	(231,264)
Change in fair value of contingent liability		283,235	765,928	(61,254)	851,189
Consolidated adjusted EBITDA	B	**(6,995)**	**(78,497)**	**(485,116)**	**(1,259,910)**
Consolidated adjusted EBITDA %	B / A	**-0%**	**-1%**	**-7%**	**-12%**

Fertilizer Adjusted EBITDA

Most directly comparable IFRS financial measure: Net earnings (loss).

Definition: EBITDA is defined as earnings before interest, taxes, depreciation, and amortization. Adjusted EBITDA is defined as EBITDA adjusted for certain non-operating, non-recurring and non-cash items as described in the table below.

Why we use the measure and why it is useful to investors: This metric is used by management to evaluate the earnings and performance of the Company before consideration of capital, financing and tax structures that may vary from company to company. Prior period Adjusted EBITDA has been calculated and presented in accordance with the current period calculation and presentation.

		3 Months		**6 Months**	
Period ending June 30		**2023**	**2022**	**2023**	**2022**
Fertilizer revenue	A	4,030,271	6,819,126	6,370,731	9,568,673
Service revenue	B	230,067	187,691	253,347	354,235
Total revenue	C	**4,260,338**	**7,006,817**	**6,624,078**	**9,922,908**
Sales volumes (metric tons)	D	9,745	11,154	13,904	17,284
Average selling price ($ per metric ton)	A / D	414	611	458	554
Gross profit	E	614,268	1,150,470	731,960	871,077
Gross profit %	E / C	14%	16%	11%	9%
Operating earnings (loss)	F	(412,112)	(248,394)	(1,318,257)	(1,756,178)
Operating earnings (loss) %	F / C	-10%	-4%	-20%	-18%
Net earnings (loss)		(416,566)	(995,498)	(574,977)	(2,220,158)
Income tax expense (recovery)		(51,000)	36,300	(193,000)	(239,700)
Depreciation and amortization		463,866	381,678	908,775	767,559
Finance costs		52,227	52,356	90,396	87,521
EBITDA		**48,527**	**(525,164)**	**231,194**	**(1,604,778)**
Transaction costs		-	-	-	-
Share-based compensation		10,226	-	20,452	-
Foreign exchange (gain) loss		33	16,238	1,795	14,704
Bad debt expense (recovery)		(141,994)	(29,761)	(141,994)	(157,219)
Research and development expense		42,415	115,317	57,617	132,513
(Gain) loss on disposal of assets		-	6,236	6,426	6,236
Impairment		-	-	-	-
Other (income) expense		(180,462)	(215,510)	(503,266)	(231,264)
Change in fair value of contingent liability		283,235	765,928	(61,254)	851,189
Fertilizer adjusted EBITDA	G	**61,980**	**133,284**	**(389,030)**	**(988,619)**
Fertilizer adjusted EBITDA %	G / C	**1%**	**2%**	**-6%**	**-10%**

RISKS AND UNCERTAINTIES

Limited Operating History

Replenish commenced commercial operations as a 100% wholly owned subsidiary of EarthRenew upon its acquisition by EarthRenew in May 2021. Accordingly, EarthRenew and Replenish have a relatively limited operating history from which an investor can evaluate its business and prospects with respect to its fertilizer operating segment. EarthRenew has generated net losses and negative cash flow from operations since the acquisition of Replenish in May 2021 and expects to incur net losses and negative cash flow from operations for a period of time as it expands and restructures its operations, streamlines fertilizer production and commercialization, and applies for regulatory permits and approvals associated with any such expansion. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the expansion of a nascent business operating in a competitive industry.

Liquidity and Growth Capital

EarthRenew had positive operating cash for the 3 months ending and negative operating cash flow for the 6 months ending June 30, 2023, and will continue to have negative operating cash flow until revenues increase and/or expenses decrease. To fund the development of additional fertilizer manufacturing facilities, the Company requires additional debt, equity, or alternative financing or an extended period of time to build up sufficient capital from its existing operations. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing or generate sufficient operating cash flows in the future or that the terms of any financing will be favourable. Failure to obtain such additional financing or generate sufficient operating cash flows could result in the delay or indefinite postponement building additional fertilizer manufacturing facilities.

Fertilizer Product Markets and Distribution

The market and distribution channels for Replenish's products is relatively undeveloped compared to larger competitors in the industry and development of such markets and distribution channels requires significant marketing efforts and working capital. Accordingly, the Company may be required to modify its growth strategy as a result of actual or anticipated competition, customer response, lack of resources, regulatory requirements or other reasons. Operating results and the price at which Replenish will be able to sell its products and services will be highly dependent on the existence of a market for such products and services.

Success in marketing and selling products will depend upon multiple factors, including:

- the effectiveness of the products;
- the ability of Replenish to establish distribution networks and add sufficient manufacturing capacity at an acceptable cost and in compliance with regulatory requirements;
- the ability to generate commercial sales;
- acceptance of products and services by target markets;
- inherent development risks, such as fertilizer products not having the anticipated effectiveness;
- preclusion or obsolescence resulting from a third party developing superior or equivalent products;
- the ability to develop repeatable processes to manufacture fertilizer products in sufficient quantities; and
- general economic conditions.

If any of these factors cannot be overcome, Replenish may not be able to distribute products to target markets in a timely or cost-effective manner, which could adversely affect future growth and results.

There can be no assurance that illustrative or indicative use information in respect of products contained in this MD&A will reflect actual use of the Company's fertilizer products by growers. In adopting our products, growers will adopt and use the product in accordance with their own circumstances and may stage the adoption of product over time, or blend or use our fertilizer with other fertilizers, which may affect the demand for those products.

Operating results and the price at which Replenish can sell products will be dependent on demand for products. Demand for products will be affected by a number of factors including weather conditions, commodity prices, competition, and government policies. It is likely that the price at which Replenish sells its products will fluctuate if there are significant changes in the price and availability of other fertilizer products.

Access, Availability and Price of Raw Materials

Replenish currently relies on a limited number of vendors to supply the raw materials for its products, most notably, potash, rock phosphorus, compost and sulphur. Changes to the commercial terms, pricing, product quality, or accesses to sufficient quantities of these raw materials from existing vendors could adversely impact the Company's margins and cash flows by impacting the cost of production, production capacity and sales. While existing plans show that the Company's current vendors can adequately support the commercial and operational requirements of existing operations and the new fertilizer manufacturing facilities contemplated by the Company, unforeseen changes to the operating environment in which the Company and its vendors operate that lead to uneconomical pricing or availability of sufficient quantities and quality of raw materials will adversely impact the Company's ability to generate sufficient margins and cash flows.

Competition

The fertilizer manufacturing industry is highly competitive. Although Replenish does not produce the same products as traditional fertilizer manufacturers, the Company nonetheless expects demand, pricing and margins for its products will be affected by the price and availability of traditional fertilizer products. If the price, availability and performance of traditional fertilizer products is relatively attractive compared to the Company's regenerative fertilizer products, future sales, pricing and margins may suffer which could have a material adverse effect on the Company's business and financial condition. Many competitors in the fertilizer manufacturing industry are larger and have better access to capital and resources than Replenish, which could affect the Company's ability to compete. A competitor or a new entrant could also invent a technology or process that is superior to the Company's current technology or manufacturing process and this would have an adverse effect on the Company's ability to compete. The increased number of companies entering the regenerative fertilizer sector also creates additional competition and makes it more difficult for customers to differentiate between products, which could have an adverse impact on the Company's ability to increase its market share.

The development and implementation of new technologies may result in a significant reduction in the costs of fertilizer production. Technological advances by other fertilizer producers in methods to convert minerals, green wastes, biosolids and manures into fertilizer could increase the efficiency and decrease the cost of production, which could increase competition. The Company cannot predict when new technology may become available, the rate of acceptance of new technologies by its competitors or the costs associated with new technologies. It is also possible that the Company may not be able to incorporate new technological processes into its production process which could place the Company at a competitive disadvantage.

Production Process

Replenish's proprietary manufacturing process is a highly customized, integrated and complex process that requires high precision and quality control. While the Company has performed extensive research, development, design and engineering, and has strong experience operating and iterating on its production process, there can be no assurance that the production process will not encounter unexpected or unforeseen issues that prevent the Company from producing a consistent and continuous flow of product. A significant unexpected or unforeseen issue in our manufacturing process could adversely affect the ability to manufacture sufficient quality or quantity of products, thereby affecting the Company's ability to meet customer demand, which may adversely affect the business and financial results.

Product Liability

As a manufacturer and distributor of products designed to be used on crops for human consumption, the Company faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused loss or injury. The Company may be subject to various product liability claims, including, among others, that its products contributed to agricultural losses, injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect both the Company's reputation and goodwill with consumers, and could have a material adverse effect on the Company's business, financial condition and results of operations. The Company cannot ensure that its current or future liability insurance, together with indemnification rights under any potential future licence agreements and other collaborative arrangements, will be adequate to protect it against any claims and resulting liabilities or that it will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance may be cost prohibitive or completely unavailable. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the continued commercial offering of the Company's products.

Product Recalls

Manufacturers and distributors of products are occasionally subject to the recall or return of their products for a variety of reasons, including product defects such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. Recalls can cause unexpected expenses, legal proceedings, and the loss of sales. In addition, a product recall may require significant management attention, and the reputation of the recalled product's brand and the Company could be harmed. Additionally, product recalls can lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Intellectual Property

Replenish relies on a combination of patents, trademarks, trade secrets, confidentiality agreements and other contractual restrictions on disclosure to protect its intellectual property rights. The Company also enters into confidentiality agreements with employees, consultants, and other third parties, and controls access to and distribution of confidential information.

The Company's success will depend in part on its ability to maintain or obtain and enforce patent and other intellectual property protection for processes, products and technology, to preserve trade secrets and to operate without infringing upon the proprietary rights of third parties. Setbacks or failures in these areas could negatively affect the Company's ability to compete and materially and adversely affect its business and financial condition. Replenish has obtained patents or filed patent applications in the United States, Canada and internationally and may, in the future, seek additional patents or file additional patent applications. Certain aspects of the Company's technology are currently protected as trade secrets, for which the Company may or may not file patent applications.

There can be no assurance that the Company's patents or patent applications will be valid, or that patents will issue from the patent applications that have been filed or will be filed. Additionally, there can be no assurances that the scope of any claims granted in any patent will provide adequate protection for the processes used by the Company currently or in the future. The Company cannot be certain that the creators of Replenish's technology were the first inventors of inventions and processes covered by patents and patent applications or that they were the first to file. Accordingly, there can be no assurance that the Company's patents will be valid or will afford the Company with protection against competitors with similar technology or processes. Despite efforts to protect proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use proprietary information. Monitoring unauthorized use of confidential information is difficult and there is no certainty that steps the Company takes to prevent unauthorized use of patented products or confidential information will be effective.

The Company may deem it necessary or advisable to commence litigation to enforce intellectual property rights. Others may claim the Company has infringed upon their intellectual property rights and commence litigation against Replenish. The Company's commercial success depends in part on its ability to operate without infringing the patents and other proprietary rights of third parties. Infringement proceedings relating to intellectual property are often lengthy, costly and time-consuming and their outcome is uncertain. Moreover, if competitors prepare and file patent applications to claim technology that is also claimed by Replenish, the Company may be forced to participate in interference proceedings to determine priority of invention. Litigation and participation in such proceedings could result in substantial costs and diversion of the efforts of the Company, even if the eventual outcome is favourable. Litigation could also subject the Company to significant liabilities to third parties, require disputed rights to be licensed from third parties or require the Company to cease using certain technology. If the Company becomes involved in any patent litigation, interference, opposition or other administrative proceedings, it will incur substantial expense and the efforts of technical and management personnel will be significantly diverted. As a result of such litigation or proceedings the Company could lose its proprietary position and be restricted or prevented from manufacturing products, incur significant damage awards, including punitive damages, or be required to seek third-party licenses that may not be available on commercially acceptable terms, if at all. In addition, the Company may lack the resources, whether financial or otherwise, to monitor, prosecute and enforce intellectual property rights.

Government Regulation

The Company's operations will be subject to a variety of federal, provincial, state and local laws, regulations, and guidelines, including laws and regulations relating to health and safety, manure management, production and sale of fertilizers, including for organic farming use, the conduct of operations, the protection of the environment, the operation of equipment used in operations, and the transportation and import and export of products. The Company believes that it is currently in compliance with such laws and regulations. The Company intends to invest financial and managerial resources to ensure such compliance in the future. Although such expenditures historically have not been material, such laws or regulations are subject to change. Accordingly, it is impossible for the Company to predict the cost or impact of such laws and regulations on its future operations.

If the Company is unable to comply with current or future government regulations of its products and production activities, the Company may be forced to discontinue production of current or future products. Each product that is developed, produced, marketed, or licensed presents unique regulatory problems and risks. The problems and risks depend on the product type, its uses, and method of manufacture. For products used in human nutrition, the Company will be required to adhere to requirements published by the CFIA, USDA, the International Organization for Standardization ("ISO"), and other applicable standards. If it is unable to maintain its current compliance, or achieve compliance with standards applicable to anticipated expansion, its practices and procedures, as applicable, the Company may be unable to produce its current or future products.

Operating Risks and Insurance

The Company's operations will be subject to hazards inherent in the fertilizer manufacturing and sale, such as labour disruptions and unscheduled downtime, equipment defects, malfunctions and failures, loss of product in processing, and natural disasters, that can cause personal injury, loss of life, suspension of operations, damage to plants, business interruption and damage to or destruction of property, equipment and the environment. These risks could expose us to substantial liability for personal injury, wrongful death, property damage, pollution, and other environmental damages and the imposition of civil or criminal penalties. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators. In the event of equipment defects, malfunctions or failures, there can be no assurance that supplier warranties will be effective to compensate us for any losses.

The Company will continuously monitor its activities for quality control and safety. However, there are no assurances that safety procedures will always prevent the damages described above. Although the Company will maintain insurance coverage that it believes to be adequate and customary in the industries in which it operates, there are no assurances that such insurance will be adequate to cover all liabilities. In addition, there are no assurances that the Company will be able to maintain adequate insurance in the future at rates it considers reasonable and commercially justifiable. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits, or a claim at a time when the Company is not able to obtain liability insurance, could have a material adverse effect on its ability to conduct normal business operations.

The Company's operations are exposed to potential damage, including partial or full loss, resulting from disasters such as an earthquake, hurricane, fire, explosion, flood, severe storm, terrorist attack or other comparable events. The occurrence of a significant event that disrupts the ability of our plants to produce fertilizer for an extended period could have a material adverse effect on our business, financial condition and results of operations.

Weather and Climate

Adverse weather conditions represent a very significant operating risk affecting potential hosts and customers for products. Weather conditions affect the types of crops grown, the quality and quantity of production and the levels of farm inputs which, in turn, will affect demand for our products. Adverse weather conditions, such as drought or excessive rains, can result in both reduced production of the inputs we need to manufacture products by our hosts, reduced crop production by customers for products and increased costs to operate plants. During the winter and wet seasons, the Company expects the amount of inputs produced to decline. A reduction in the production of the inputs needed to manufacture our products or crop inputs because of adverse weather conditions could have a material adverse effect on operating results and financial condition.

Potential Acquisitions

As part of the Company's overall business strategy, it may pursue strategic acquisitions, which could provide additional product offerings, vertical integrations, additional industry expertise and a stronger industry presence. The success of any such acquisitions will depend, in part, on the ability of the Company to realize the anticipated benefits and synergies from integrating those companies into the businesses of the Company. Future acquisitions may expose the Company to potential risks, including risks associated with: (i) the integration of new operations, services and personnel, (ii) unforeseen or hidden liabilities, (iii) the diversion of resources from the Company's existing business and technology, (iv) potential inability to generate sufficient revenue to offset new costs, (v) the expense of acquisitions, and (vi) the potential loss of or harm to relationships with both employees and existing customers resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval. While the Company intends to conduct reasonable due diligence in connection with such strategic acquisitions, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of such companies for which the Company is not sufficiently indemnified. Any such unknown or undisclosed risks of liability could materially and adversely affect the Company's financial performance and results of operations. The Company could encounter additional transaction and integration related costs or other factors such as failure to realize all of the benefits from the acquisition. All of these factors could decrease or delay the anticipated accretive effect of the acquisition and cause a decrease in the market price of the common shares. The Company may not be able to successfully integrate and combine the operations, personnel, and technology infrastructure of any such strategic acquisition with its existing operations. If integration is not managed successfully by the Company's management, the Company may experience interruptions in its business activities, deterioration in its employee and customer relationships, increased costs of integration and harm to its reputation, all of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Power Generation

A portion of the Company's revenues and costs are tied, either directly or indirectly, to the market price for electricity. Market electricity prices are impacted by a number of factors including: the strength of the economy, the available transmission capacity, the price of fuel that is used to generate electricity (and, accordingly, certain of the factors that affect the price of fuel described below); the management of generation and the amount of excess generating capacity relative to load in a particular market; the cost of controlling emissions of pollution, including the cost of carbon; the structure of the particular market; and weather conditions that impact electrical load. As a result, the Company cannot accurately predict future electricity prices and electricity price volatility could have a material adverse effect on the Company.

The Company's power generation facilities depend on electric transmission systems and related facilities owned and operated by third parties to deliver the electricity that is generated to delivery points where ownership changes. These grids operate with both regulatory and physical constraints which in certain circumstances may impede access to electricity markets. There may be instances in system emergencies in which power generation facilities are physically disconnected from the power grid, or production curtailed, for short periods of time. In addition, the Company's power generation facility in the future may not be able to secure access to this interconnection or transmission capacity at reasonable prices, in a timely fashion or at all, which could then cause delays and additional costs in attempting to negotiate or renegotiate applicable power purchase agreements. Any such increased costs and delays could negatively impact the Company's revenues and financial condition.

General Business and Market Risk

Key Personnel

The senior officers of the Company will be critical to its success. In the event of the departure of a senior officer, the Company believes that it will be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as the Company grows is critical to its success. As the Company's business activity grows, it will require additional key financial, administrative and technical personnel as well as additional operations staff. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on future cash flows, earnings, results of operations and financial condition.

Conflicts of Interest

Directors and officers of the Company are or may become directors or officers of other reporting companies or have significant shareholdings in other fertilizer manufacturing companies. The Company and its directors and officers will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors, a director who has such a conflict will abstain from voting for or against the approval of such matter. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which one or more directors, or officers, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time.

Debt and Equity Financing

There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if and when required, on satisfactory terms. If additional financing is raised by the issuance of Common Shares or other forms of convertible securities from treasury, control of the Company may change and shareholders may suffer additional dilution. The Company's constating documents do not limit the amount of indebtedness that may be incurred. As a result, the level of EarthRenew's indebtedness from time to time could impair its ability to operate or otherwise take advantage of business opportunities that may arise.

Profitability

There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forgo certain business opportunities.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, and results of operations.

Price Volatility of Publicly Traded Securities and Markets for Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Common Shares will be affected by such volatility. A public trading market in the Common Shares having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of Common Shares at any given time, which, in turn is dependent on the individual decisions of investors over which the Company has no control. There can be no assurance that an active trading market in securities of the Company will be established and sustained. The market price for the Company's securities could be subject to wide fluctuations, which could have an adverse effect on the market price. The stock market has, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance, net asset values or prospects of particular companies. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

Dividends

The Company has not paid any dividends on its outstanding shares. Any payments of dividends on the Common Shares will be dependent upon the financial requirements of the Company to finance future growth, its financial condition and other factors the board of directors may consider appropriate in the circumstance. It is unlikely that the Company will pay dividends in the immediate future.

General Economic Conditions May Adversely Affect Growth

Events in global financial markets can have a profound impact on the global economy in general and the fertilizer industry in particular. Many industries can be negatively impacted by these market conditions. A slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, tax rates may adversely affect EarthRenew.

FORWARD LOOKING STATEMENTS

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 information, including expectations concerning future commodity pricing and input pricing, expectations regarding operations at the Company's Beiseker facility and the performance of its granulated fertilizer business, the anticipated costs associated with the purchase of capital equipment, expectations concerning the nature and timing of growth within the various business segments, expectations respecting the competitive position of such business segments, expectations concerning the availability of capital and the financing of future business activities, 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 using words such as "seek", "plan", "continue", "estimate", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "expect", "may", "anticipate" or "will" and similar expressions, and the negative variations thereof) 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.

These factors include, but are not limited to, such things as changes in industry conditions (including the levels of capital expenditures and environmental, social and governance practices), the credit risk to which the Company is exposed in the conduct of its business, fluctuations in prevailing commodity prices or currency and interest rates, the competitive environment to which the business segments are, or may be, exposed in all aspects of their business, the ability of the Company's business segments to access equipment (including parts) and new technologies and to maintain relationships with key suppliers, the ability of the Company's business segments to attract and maintain key personnel and other qualified employees, various environmental risks to which the Company's business is exposed in the conduct of its operations, inherent risks associated with the conduct of the businesses in which the Company's business segments operate, timing and costs associated with the acquisition of capital equipment, the impact of weather and other seasonal factors that affect business operations, availability of financial resources or third-party financing and the impact of new laws and regulations or changes in existing laws, regulations or administrative practices on the part of regulatory authorities, including without limitation taxation, labour and environmental laws and regulations and changes in how such laws and regulations are interpreted and enforced.

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, sources of historic growth opportunities and expectations relating to future economic and operating conditions. Forward-looking information concerning the current and future competitive position of the Company's business relationships is based upon the current competitive environment in which the Company operates, expectations relating to future economic and operating conditions, current and announced build programs and other expansion plans of other organizations that operate in the fertilizer business. Forward-looking information concerning the financing of future business activities is based upon the financing sources on which the Company and its predecessors have historically relied and expectations relating to future economic and operating conditions. Forward-looking information concerning future economic and operating conditions is based upon historical economic and operating conditions, opinions of third-party analysts respecting 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 information 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 information or statements, whether as a result of new information, future events or otherwise.

ADDITIONAL INFORMATION

Additional information is available on SEDAR+ at www.sedarplus.ca and the Company's website at www.replenishnutrients.com.