



NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

You are invited to our 2019 annual general and special meeting of shareholders

When: Friday, June 28, 2019 at 10:00 a.m. (Toronto time)

Where: 65 Queen Street West, #800, Toronto, ON M5H 2M5

The purpose of the Meeting is as follows:

1. **Financial Statements.** Receive and consider the audited financial statements as at and for the fiscal year ended December 31, 2018, together with the report of the auditors thereon;
2. **Elect Directors.** Consider and elect the directors for the ensuing year;
3. **Auditor Appointment.** It is proposed that UHY McGovern Hurley LLP be appointed as auditor of the Corporation;
4. **Stock Option Plan.** It is proposed that shareholders re-approve the rolling stock option plan;
5. **Other Business.** Consider other business as may properly come before the Meeting or any postponement(s) or adjournment(s) thereof.

This notice is accompanied by a form of proxy, a management information circular (the "Circular"), and the audited consolidated financial statements of the Corporation as at and for the fiscal year ended December 31, 2018 and related management's discussion and analysis of financial condition.

You may vote your shares by proxy if you are unable to attend the meeting. Please review the enclosed Circular and date, sign and return the enclosed form of proxy to the Corporation's transfer agent by 10:00 a.m. EST on June 26, 2019.

The directors of the Corporation have fixed the close of business on May 21, 2019 as the record date, being the date for the determination of the registered holders entitled to notice and to vote at the Meeting and any adjournments(s) thereof.

DATED at Toronto, Ontario as of the 29th day of May, 2019

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "Keith Driver"

Chief Executive Officer

EARTHRENEW INC.

**MANAGEMENT INFORMATION CIRCULAR
MAY 29, 2019**

INFORMATION REGARDING CONDUCT OF MEETING

Solicitation of Proxies

This management information circular (“Circular”) is furnished in connection with the solicitation by the management of EarthRenew Inc. (“EarthRenew” or the “Corporation”) of proxies to be used at the annual general and special meeting (the “Meeting”) of holders of common shares (“Shareholders”) of the Corporation to be held on Friday, June 28, 2019 at 10:00 a.m. (Toronto time) and at any postponement(s) or adjournment(s) thereof for the purposes set forth in the accompanying notice of meeting (“Notice of Meeting”). References in this Circular to the “Meeting” include references to any postponement(s) or adjournment(s) thereof. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited through other means by employees, consultants and agents of the Corporation. The cost of solicitation by management will be borne by the Corporation.

The board of directors of EarthRenew (the “Board” or the “Board of Directors”) has by resolution fixed the close of business on May 21, 2019 as the record date for the meeting (the “Record Date”) being the date for the determination of the registered holders of common shares of the Corporation (the “Common Shares”) entitled to notice of and to vote at the Meeting and any adjournment(s) or postponement(s) thereof (the “Shareholders”). The Board has by resolution fixed 10:00 a.m. (Toronto time) on June 26, 2019, or 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment(s) or postponement(s) of the Meeting, as the time by which proxies to be used or acted upon at the Meeting or any adjournment(s) or postponement(s) thereof shall be deposited with the Corporation’s transfer agent. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion without notice.

The Corporation shall make a list of all persons who are registered holders of Common Shares on the Record Date and the number of Common Shares registered in the name of each person on that date. Each Shareholder is entitled to one vote on each matter to be acted on at the Meeting for each Common Share registered in his name as it appears on the list.

Unless otherwise stated, the information contained in this Circular is as of May 29, 2019. All dollar amount references, unless otherwise indicated, are expressed in Canadian dollars.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder desiring to appoint some other person or company to represent him or her at the Meeting may do so** by inserting such person's name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of the transfer agent of the Corporation indicated on the enclosed envelope not later than the times set out above.

In addition to revocation in any other manner permitted by law, a Shareholder may revoke a proxy given pursuant to this solicitation by depositing an instrument in writing (including another proxy bearing a later date) executed by the Shareholder or by an attorney authorized in writing at 65 Queen Street West, Suite 815, Toronto, Ontario, M5H 2M5 at any time up to and including the last business day preceding the day of the Meeting or with the Chairman of the Meeting not later than the times set out above.

Voting of Proxies

Common Shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed form of proxy **will be voted for each of the matters to be voted on by Shareholders as described in this Circular or withheld from voting or voted against if so indicated on the form of proxy and in accordance with the instructions of the Shareholder on any ballot that may be called for. In the absence of such election, the proxy will confer discretionary authority to be voted in favour of each matter set out in the form of proxy for which no choice has been specified.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting. At the time of printing this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

Non-Registered Holders

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a holder who is not a registered Shareholder (a **"Non-Registered Holder"**) are registered either: (i) in the name of an intermediary with whom the Non-Registered Holder deals in respect of the Common Shares such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans (an **"Intermediary"**); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited of which the Intermediary is a participant). In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation will distribute copies of the Notice of Meeting, form of proxy and this Circular to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are then required to forward the materials to the appropriate Non-Registered Holders. Non-Registered Holders will be given, in substitution for the proxy otherwise contained in proxy-related materials, a request for voting instructions (the **"Voting Instructions Form"**) which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary, will constitute voting instructions which the Intermediary must follow.

The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder who receives the voting instructions form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should so indicate in the place provided for that purpose in the Voting Instructions Form and a form of legal proxy will be sent to the Non-Registered Holder. In any event, Non-Registered Holders should carefully follow the instructions of their Intermediary set out in the Voting Instructions Form.

Voting Securities and Principal Holder Thereof

The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares. As of the Record Date (and also as of May 29, 2019), the Corporation had 86,909,292 Common Shares issued and outstanding and no preferred shares issued and outstanding.

As at the Record Date, Forbes & Manhattan Inc. beneficially owns, 9740,052 securities carrying 11.28% of the voting rights attached to the Common Shares.

Interest of Persons in Matters to be Acted Upon

No director or executive officer of the Corporation, nor any person who had held such a position since the beginning of the last completed financial year end of the Corporation, no Nominee nor any respective associates or affiliates of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise in any matter to be acted upon at this Meeting other than the election of directors and the re-approval of the Corporation's stock option plan.

EXECUTIVE COMPENSATION DISCLOSURE

Oversight and Description of Director and Named Executive Officer Compensation

Named Executive Officers:

For the financial year ended December 31, 2018, the objectives of EarthRenew's compensation strategy was to ensure that compensation for its Named Executive Officers (as defined below) is sufficiently attractive to recruit, retain and motivate high performing individuals to assist EarthRenew in achieving its goals, that include, but are not limited to, commencing electricity production at its Strathmore facility, maximizing potential revenue from electricity sales, securing patents for EarthRenew's unique technology and advancing the redevelopment of the fertilizer production facility.

The process for determining executive compensation is relatively informal, in view of the size and early stage of the Corporation and its operations. Executive officers are involved in the process and make recommendations to the Board of Directors, which considers for approval the discretionary components (e.g. cash bonuses) of the annual compensation of senior management (other than the Chief Executive Officer). Except as otherwise described below, the Corporation does not maintain specific performance goals or use benchmarks in determining the compensation of executive officers. The Board of Directors may at its discretion award either a cash bonus or stock options for high achievement or for accomplishments that the Board of Directors deem as worthy of recognition.

Compensation for the Named Executive Officers is composed primarily of three components: base fees, performance bonuses and stock-based compensation. In establishing the levels of base fees, performance bonuses and the award of stock options, the Corporation takes into consideration a variety of factors, including the financial and operating performance of the Corporation, and each Named Executive Officer's individual performance and contribution towards meeting corporate objectives, responsibilities and length of service.

Salary

Amounts paid to executive officers as base salary, including merit salary increases, are determined in accordance with an individual's performance and salaries in the marketplace for comparable positions. However, certain Named Executive Officers provide their services in similar capacities to other reporting issuers, in addition to EarthRenew. There is no mandatory framework that determines which of these factors may be more or less important and the emphasis placed on any of these factors may vary among the executive officers. The determination of base salaries relies principally on negotiations between the respective Named Executive Officer and the Corporation and is therefore heavily discretionary.

Bonus

EarthRenew's cash bonus awards are designed to reward an executive for the direct contribution that he or she has made to the Corporation. Named Executive Officers are entitled to receive discretionary bonuses from time to time as determined or approved by the Board of Directors or the Chief Executive Officer, as applicable. The Corporation does not currently prescribe a set of

formal objective measures to determine discretionary bonus entitlements. Rather, the Corporation uses informal goals which may include an assessment of an individual's current and expected future performance, level of responsibilities and the importance of his/her position and contribution to the Corporation. Precise goals or milestones are not pre-set by the Board. There were no bonuses considered or paid to the Named Executive Officers during the financial year ended December 31, 2018.

Stock Option Grants

Options are granted pursuant to the Corporation's Stock Option Plan (as defined herein) and in accordance with the rules of the Canadian Securities Exchange ("CSE"). The Stock Option Plan is administered by the Board, which has authority to amend the Stock Option Plan and the terms of the outstanding options, subject to applicable regulatory and shareholder approvals and provided that no amendment may materially impair the rights of existing option holders in respect of options outstanding prior to the amendment.

Directors:

Compensation of directors in the financial period ended December 31, 2018 was determined on a case-by-case basis with reference to the role that each director provides to the Corporation. The following information details compensation paid in the recently completed financial year. Directors may receive cash bonuses from time to time, which the Corporation awards to directors for serving in their capacity as a member of the Board. In addition, directors are entitled to participate in the Stock Option Plan, which is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibilities and the importance of his/her position and contribution to the Corporation.

Table of Compensation Excluding Compensation Securities

The following table summarizes the compensation paid during the two financial years ended December 31, 2018, and December 31, 2017 in respect of the individuals who were carrying out the role of the Chief Executive Officer of the Corporation ("CEO") and Chief Financial Officer of the Corporation ("CFO") and each of the three most highly compensated executive officers other than the CEO and CFO at the end of the most recently completed financial year whose total compensation was individually more than \$150,000 for that financial year and any other individual that earned more than \$150,000 in the most recently completed financial year who is neither an officer of the Corporation nor acting in a similar capacity (the "NEOs" or "Named Executive Officers"). Other than as identified in the table below, no other executive officer received compensation of \$150,000 or more in the year ended December 31, 2018. The table below also includes compensation paid to directors of the Corporation for the financial years ended December 31, 2018, and December 31, 2017.

Table of Compensation Excluding Compensation Securities

Name and principal position	Year Ended	Salary, Consulting Fees, or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total compensation (\$)
Keith Driver, President and CEO and a Director ⁽³⁾	2018	240,000 ⁽¹⁾	NIL	NIL	NIL ⁽²⁾	NIL	240,000
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Ryan Ptolemy, Chief Financial	2018	NIL	NIL	NIL	NIL	NIL	NIL

Officer ⁽⁴⁾	2017	NIL	NIL	NIL	NIL ⁽²⁾	NIL	NIL
David Argyle, Director	2018	NIL	NIL	NIL	NIL	NIL	NIL
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Catherine Stretch, Director	2018	NIL	NIL	NIL	NIL	NIL	NIL
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Damian Lopez, Former President and CEO and Director ⁽³⁾	2018	NIL	NIL	NIL	NIL ⁽²⁾	NIL	NIL
	2017	NIL	NIL	NIL	NIL ⁽²⁾	NIL	NIL
Tito Gandhi, Former Director ⁽⁵⁾	2018	NIL	NIL	NIL	NIL	NIL	NIL
	2017	NIL	NIL	NIL	NIL	NIL	NIL
Bernard Wilson, Former Director ⁽⁶⁾	2018	NIL	NIL	NIL	NIL	NIL	NIL
	2017	NIL	NIL	NIL	NIL	NIL	NIL

Notes:

- (1) Compensation has been paid or accrued by the Corporation as consulting fees under the independent contractor agreement with the Named Executive Officer as described under the heading “Executive Compensation – Employment, Consulting and Management Agreements” of this Circular.
- (2) The value of perquisites received by NEOs did not exceed the lesser of \$50,000 and 10% of their respective total annual compensation.
- (3) Keith Driver was appointed as the President, CEO and a director of the Corporation on December 21, 2018 following the resignation of Mr. Lopez.
- (4) Ryan Ptolemy was appointed CFO of the Corporation on August 28, 2017.
- (5) Tito Gandhi resigned as a director of the Corporation on December 21, 2018.
- (6) Bernard Wilson resigned as a director of the Corporation on December 21, 2018.

Stock Options and Other Compensation Securities

The following table provides information regarding the compensation securities granted or issued to each NEO and director of the Corporation during the year ended December 31, 2018.

Compensation Securities

Name and Position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying Securities, and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant (\$) ⁽⁶⁾	Closing price of security or underlying security at year end (\$) ⁽⁶⁾	Expiry Date
Keith Driver, President & CEO and a Director	Stock Options ⁽¹⁾	590,000 ⁽²⁾	Jul 18, 2017	\$0.25	N/A	N/A	July 18, 2021

Ryan Ptolemy, Chief Financial Officer	Stock Options	300,000	July 18, 2017	\$0.25	N/A	N/A	July 18, 2021
David Argyle, Director	Stock Options	590,000	July 18, 2017	\$0.25	N/A	N/A	July 18, 2021
Catherine Stretch, Director	Stock Options	590,000	July 18, 2017	\$0.25	N/A	N/A	July 18, 2021
Damian Lopez, Former President & CEO and Director ⁽³⁾	Stock Options	250,000	August 21, 2017	\$0.14	N/A	N/A	August 21, 2022
Tito Ghandi, Former Director ⁽⁴⁾	Stock Options	250,000	August 21, 2017	\$0.14	N/A	N/A	August 21, 2022
Bernard Wilson, Former Director ⁽⁵⁾	Stock Options	250,000	August 21, 2017	\$0.14	N/A	N/A	August 21, 2022

Notes:

- (1) Granted pursuant to the provisions of the Corporation's Stock Option Plan as further described herein in the section entitled "Stock Option Plan."
- (2) These stock options vested immediately.
- (3) Mr. Lopez resigned from the Corporation on December 21, 2018.
- (4) Mr. Ghandi resigned from the Corporation on December 21, 2018.
- (5) Mr. Wilson resigned from the Corporation on December 21, 2018.
- (6) The Company's shares began trading on the CSE on January 10, 2019.

Compensation Securities Exercised

No compensation securities were exercised by NEOs or directors during the year ended December 31, 2018.

Stock Option Plan

The Corporation believes that weighting compensation to options better aligns the interests of management with the interests of shareholders and is consistent with the Corporation's growth strategy.

Accordingly, the Corporation has adopted a stock option plan (the "**Stock Option Plan**"). The Stock Option Plan was approved by the Shareholders of the Corporation at its last annual and special meeting held on August 10, 2018. A copy of the Stock Option Plan is attached hereto as Schedule "A". The following is a summary of the terms of the Stock Option Plan, which is qualified in its entirety by the provisions of the Stock Option Plan.

Pursuant to the Stock Option Plan, the Corporation may grant up to that number of stock options that equals 10% of the number of issued and outstanding Common Shares at the time of the stock

option grant, from time to time. This percentage is consistent with the historically approved stock option plans of the Corporation and the Corporation believes that it is competitive with industry peers. As of the Record Date, there was an aggregate of 5,250,000 stock options outstanding under the Corporation's existing Stock Option Plan, which represents approximately 6.04% of the outstanding Common Shares. The Stock Option Plan provides that the Corporation cannot grant stock options to any one person representing more than 5% of the outstanding Common Shares.

Under the Stock Option Plan, stock options may be granted to employees, officers and certain consultants of the Corporation and designated affiliates. The Stock Option Plan is designed to advance the interests of the Corporation by encouraging employees, directors, officers and eligible consultants to have equity participation in the Corporation through the acquisition of Common Shares. In determining the terms of each grant of stock options, consideration is given to the participant's present and potential contribution to the success of the Corporation.

The terms and conditions of each option granted under the Stock Option Plan will be determined by the Board. Options will be priced in the context of the market and in compliance with applicable securities laws and stock exchange guidelines. Consequently, the exercise price for any stock option shall not be lower than the market price of the underlying Common Shares at the time of grant. Vesting terms will be determined at the discretion of the Board. The Board shall also determine the term of stock options granted under the Stock Option Plan, provided that no stock option shall be outstanding for a period greater than five years.

The Stock Option Plan provides for amendment procedures that specify the kind of amendments to the Stock Option Plan that will require shareholder approval. The Board believes that except for certain material changes to the Stock Option Plan it is important that the Board has the flexibility to make changes to the Stock Option Plan without shareholder approval. Such amendments could include making appropriate adjustments to outstanding options in the event of certain corporate transactions, the addition of provisions requiring forfeiture of options in certain circumstances, specifying practices with respect to applicable tax withholdings and changes to enhance clarity or correct ambiguous provisions.

Upon the termination of an optionholder's engagement with the Corporation, the cancellation or early vesting of any stock option shall be in the discretion of the Board. In general, the Corporation expects that stock options will be cancelled 90 days following an optionholder's termination from the Corporation. Stock options granted under the Stock Option Plan shall not be assignable.

The Corporation will not provide financial assistance to any optionholder to facilitate the exercise of options under the Stock Option Plan.

Employment, Consulting and Management Agreements

Presently, EarthRenew has a consulting agreement with Keith Driver, as further described below.

Keith Driver

The Corporation entered into a contract with Keith Driver effective November 10, 2016, pursuant to which Mr. Driver agreed to provide consulting services to a pre-CSE listing predecessor company to the Corporation (the "**Predecessor Company**"). Pursuant to the contract, Mr. Driver is entitled to compensation for the provision of services which included base fees of \$7,000 per month for the period from September 1 2016 to November 30, 2016, \$20,000 per month for the period from December 1, 2016 through until the plant at the Strathmore facility is commissioned (being defined as such plant producing pellets for sale) and \$25,000 per month for the period following such plant being commissioned (the "**Base Fees**", plus certain cash bonuses and grants of equity following the achievement of specified milestones, and, thereafter, as the Board may from time to time determine. This agreement may be terminated at any time for just cause without notice or payment

in lieu of notice and without payment of any termination fees. Either party may terminate this agreement at any time upon 30 days' written notice to the other party.

The milestone payments and grants referred to in the paragraph above consist of the following: (1) the issuance of 2.5% of the Predecessor Company's outstanding shares at the equivalent per share price of \$0.01, upon signing the consulting agreement; (2) \$25,000 upon signing an off-take agreement; (3) \$25,000 and the issuance of an additional 2.5% of the Predecessor Company's outstanding shares at the equivalent per share price of \$0.01, upon achieving in excess of \$2 million in funding for the Predecessor Company; (4) \$25,000 and the issuance of an additional 2.5% of the Predecessor Company's outstanding shares at the equivalent per share price of \$0.01 (calculated pre-dilution), upon receipt of environmental approvals for operation of the Strathmore facility; and (5) \$100,000 and the issuance of an additional 2.5% of the Predecessor Company's outstanding shares at the equivalent per share price of \$0.01, upon the commissioning of the plant at the Strathmore facility. Prior to the date on which the shares of the Company were listed on the CSE, items (1) through (2) had been paid and/or granted. The Corporation anticipates that it will enter into a new consulting agreement with Mr. Driver effective June 1, 2019 to supplant Mr. Driver's existing consulting agreement, and such new consulting agreement is not expected to include any milestone payment or grant obligations.

The estimated incremental payments, payables and benefits that may have been paid to Keith Driver pursuant to the above noted agreement in the event of termination without cause (assuming such termination was effective as of December 31, 2018) is detailed below:

Named Executive Officer	Termination not for Cause (\$)	Termination on a Change of Control (\$)
Keith Driver	Base Fee multiplied by each year of service	N/A
Salary and Quantified Benefits	Nil	N/A
Bonus	Nil	N/A
Total	\$60,000 ⁽¹⁾	N/A

Notes: (1) Mr. Driver's current Base Fee is \$20,000 per month; such amount is expected to remain unchanged pursuant to the consulting agreement that the Corporation anticipates it will enter into with Mr. Driver effective June 1, 2019.

Securities Authorized for Issuance Under Equity Compensation Plans

The table below sets out the outstanding options under the Stock Option Plan, being the Corporation's only compensation plan under which Common Shares are authorized for issuance, as of the Record Date.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders	5,250,000	\$0.22	3,440,929
Equity compensation plans not approved by security holders	N/A	N/A	N/A

TOTAL	525,000	\$0.22	3,440,929
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Indebtedness of Directors and Executive Officers

As at the date of this Circular and during the financial year ended December 31, 2018, no director or executive officer of the Corporation or Nominee, as defined below, (and each of their associates and/or affiliates) was indebted, including under any securities purchase or other program, to (i) the Corporation or its subsidiaries, or (ii) any other entity which is, or was at any time during the financial year ended December 31, 2018, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or its subsidiaries.

Directors' and Officers' Insurance and Indemnification

The Corporation maintains insurance for the benefit of its directors and officers against liability in their respective capacities as directors and officers. The Corporation has purchased in respect of directors and officers an aggregate of \$2,000,000 in coverage. The approximate amount of premiums paid by the Corporation in 2018 in respect of such insurance was \$8,600.

Interest of Informed Persons in Material Transactions

No informed person (as such term is defined under applicable securities laws) of the Corporation or Nominee (and each of their associates or affiliates) has had any direct or indirect material interest in any transaction involving the Corporation since January 1, 2018 or in any proposed transaction which has materially affected or would materially affect the Corporation or its subsidiaries.

CORPORATE GOVERNANCE POLICIES

The Corporation and the Board recognize the importance of corporate governance to the effective management of the Corporation and to the protection of its stakeholders, particularly Shareholders. The Corporation's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Corporation are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. The directors are kept informed of the Corporation's operations at regular meetings and through reports and discussions with management on matters within their particular areas of expertise.

The Corporation believes that its corporate governance practices are in compliance with applicable Canadian requirements. The Corporation has considered the applicable requirements and believes that its approach is appropriate and works effectively for the Corporation and its shareholders.

Board of Directors

Pursuant to National Instrument 58-101, a director is independent if the director has no direct or indirect relationship with the issuer that could, in the view of the issuer's Board, be reasonably expected to interfere with the exercise of a member's independent judgment. Certain directors are deemed to have a material relationship with the issuer by virtue of their position or relationship with the Corporation. The Board of Directors is currently comprised of three members and both Mr. Argyle and Ms. Stretch have been determined to be independent of the Corporation. Mr. Driver is the President and CEO of the Corporation and is therefore not considered independent. In assessing whether a director is independent for these purposes, the circumstances of each director have been examined in relation to a number of factors.

Other Public Corporation Directorships

Mr. Driver, Mr. Argyle and Ms. Stretch are also directors of the reporting issuers set out below:

Name	Directorships and or Officer Positions with Other Reporting Issuers
David Argyle	None
Keith Driver	None
Catherine Stretch	AnalytixInsight Inc. (Director) Emerita Resources Corp. (Director) UEX Corporation (Director) Aguia Resources Ltd. (Chief Commercial Officer)

Orientation and Continuing Education

The Board will be responsible for ensuring that new directors are provided with an orientation and education program, which will include written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings, and opportunities for meetings and discussion with senior management and other directors. Directors are expected to attend all meetings of the Board and are also expected to prepare thoroughly in advance of each meeting in order to actively participate in the deliberations and decisions.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. The Board notes that it has benefited from the experience and knowledge of individual members of the Board in respect of the evolving governance regime and principles. The Board ensures that all directors are apprised of changes in the Corporation's operations and business.

Ethical Business Conduct

The Board is apprised of the activities of the Corporation and ensures that it conducts such activities in an ethical manner. The Board of Directors had not adopted a written code of business conduct and ethics, however, the Board of Directors encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to consultants, officers and directors to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary actions for violations of ethical business conduct. In particular, the Board of Directors ensures that directors exercise independent judgment in considering transactions and certain activities of the Corporation by holding in camera sessions of independent directors, when applicable, and by having each director declare his or her interest in a particular transaction and abstaining from voting on such matters, where applicable.

Nomination of Directors

The Board is largely responsible for identifying new candidates for nomination to the Board. The process by which candidates are identified is through recommendations presented to the Board, which establishes and discusses qualifications based on corporate law and regulatory requirements as well as education and experience related to the business of the Corporation.

Compensation

The Board of Directors is responsible for determining the compensation of the directors and Chief Executive Officer of the Corporation. The process for determining executive compensation is relatively informal, in view of the size and early stage of the Corporation and its operations. The Corporation does not maintain specific performance goals or use benchmarks in determining the compensation of executive officers. The Board of Directors may at its discretion award either a cash bonus or stock options for high achievement or for accomplishments that the Board of Directors deem as worthy of recognition.

The Board reviews and discusses proposals received by the Chief Executive Officer of the Corporation regarding the compensation of management and the directors.

Board Assessments

The Board and its individual directors are assessed on an informal basis continually as to their effectiveness and contribution. The Chairman of the Board encourages discussion amongst the Board as to evaluation of the effectiveness of the Board as a whole and of each individual director. All directors are free to make suggestions for improvement of the practice of the Board at any time and are encouraged to do so.

Audit Committee

The purposes of the Audit Committee are to assist the Board's oversight of: the integrity of the Corporation's financial statements; the Corporation's compliance with legal and regulatory requirements; the qualifications and independence of the Corporation's independent auditors; and the performance of the independent auditors and the Corporation's internal audit function.

National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators (the "**Instrument**") governs the composition and function of audit committees of every CSE listed company, including the Corporation. The Instrument requires the Corporation to have a written audit committee Charter and to make the disclosure required by Form 52-110F2, which includes disclosure of the text of the audit committee charter in the management information circular of the Corporation wherein management solicits proxies from the security holders of the Corporation for the purpose of electing directors to the Board.

Please see Schedule "B" for the Audit Committee Charter.

Composition of the Audit Committee

The Corporation's audit committee is comprised of three directors: Keith Driver, David Argyle and Catherine Stretch. Each member of the audit committee is financially literate and each of Mr. Argyle and Ms. Stretch are independent, as such term is defined in the Instrument.

Relevant Education and Experience

See pages 13 and 14 for the biographies of each member of the Audit Committee.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year has there been a recommendation of the audit committee to nominate or compensate an external auditor which was not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on either (a) an exemption in section 2.4 of the Instrument; or (b) an exemption from the Instrument, in whole or in part, granted under Part 8 (*Exemptions*) of the Instrument. As the Corporation is listed on the Canadian Securities Exchange, it is relying on the exemption provided in section 6.1 of the Instrument with respect to Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

Pre-Approval Policies and Procedures

The audit committee of the Corporation has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

Audit Fees

The Corporation's external auditors, UHY McGovern Hurley LLP, Chartered Accountants billed the Corporation \$50,500 in the fiscal year ending December 31, 2018 and \$18,000 in the fiscal year ended December 31, 2017, for audit fees.

Audit-Related Fees

The Corporation's external auditors, UHY McGovern Hurley LLP, Chartered Accountants, billed the Corporation \$10,000 in the fiscal year ending December 31, 2018 and \$nil in the fiscal year ended December 31, 2017 for assurance and related services related to the performance of the audit or review of the Corporation's financial statements, which are not included in audit fees.

Tax Fees

The Corporation's external auditors, UHY McGovern Hurley LLP, Chartered Accountants, billed the Corporation \$4,250 in the fiscal year ending December 31, 2018 and \$2,600 in the fiscal year ended December 31, 2017 for tax compliance, tax advice and tax planning.

All Other Fees

The Corporation's external auditors charged for other fees \$nil for the fiscal year ended December 31, 2018 and \$nil for the fiscal year ended December 31, 2017.

MATTERS TO BE CONSIDERED

Financial Statements

The financial statements for the fiscal year ended December 31, 2018, together with the auditor's report thereon, and the interim financial statements for the three months ended March 31, 2018 will be presented to Shareholders for review at the Meeting and were mailed to Shareholders with the Notice of Meeting and this Circular. No vote by the Shareholders is required with respect to this matter.

Election of Directors

The Board currently consists of three directors, being David Argyle, Catherine Stretch, and Keith Driver. The Corporation has nominated three persons (the "Nominees") for election as directors at

the Meeting. At the Meeting, Shareholders will be asked to elect each individual Nominee as a director.

The following table provides the names of the Nominees and information concerning such Nominees. The persons in the enclosed form of proxy intend to vote for the election of the Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director.

Information in the table below regarding the number of Common Shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by the Nominees is based upon information furnished by the respective Nominee and is as at the Record Date.

Name and Municipality of Residence	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned or Over which Control is Exercised ⁽¹⁾
Catherine Stretch ⁽²⁾ Toronto, Ontario	Chief Commercial Officer, Agua Resources Ltd.	December 21, 2018	5,388,902
Keith Driver ⁽²⁾ Calgary, Alberta	President and CEO of EarthRenew	December 21, 2018	4,636,364
David Argyle ⁽²⁾ Belo Horizonte, Brazil	Co-Chairman, Brazil Potash Corp.	December 21, 2018	3,888,902

Notes:

- (1) The Corporation has relied exclusively on the respective Nominee for this information.
- (2) Member of the Audit Committee.

Biographical information for each of the nominated directors is set out below:

Keith Driver – President, CEO and Director

Keith Driver has served in leadership positions in several environmental technology companies over his decades long work history. His unique mix of finance, marketing, technology, engineering and strategic management and wealth of experience working with and for new and emerging products and technologies across an array of diverse industries in addition to his absolute understanding of the environmental engineering arena are why Keith leads EarthRenew. It is worth noting that much of Keith’s work history was directly related to the processing of organic feedstocks and marketing those end-products, such as compost and biochar. Keith holds two degrees in engineering from the University of Guelph and an MBA from the University of Calgary where he also serves as a sessional instructor.

Catherine Stretch – Director

Catherine Stretch has over 20 years of experience in Canadian capital markets, with a particular emphasis on the natural resource and agriculture sectors. She is currently the Chief Commercial Officer of Agua Resources Limited, an Australian Securities Exchange and TSX Venture Exchange (“TSXV”) dual listed company developing phosphate assets in Brazil. Previously, Catherine was a partner and the Chief Operating Officer of a Canadian investment firm that had \$1 billion in assets under management and focused on managing investment funds. Catherine currently sits on the Board of Emerita Resources, a TSXV listed company developing various mineral assets in Spain; AnalytixInsight, a TSXV listed company developing data analytics software with a particular focus

on global financial markets; and, UEX Corporation, a TSX listed company engaged in the exploration and development of uranium and cobalt. Catherine has a BA in Economics and History from Western University and an MBA in International Business from the Schulich School of Business at York University.

David Argyle – Director

Mr. Argyle has more than 30 years of experience identifying, developing, financing and managing fertilizer, mining and energy projects in South America, Asia, Africa and Australia. David earned an MBA from the University of Michigan and holds a Bachelor of Commerce from the University of Western Australia.

Management does not contemplate that any of the Nominees will be unable to serve as a director. **Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the election of each of the Nominees.** If prior to the Meeting any of such Nominee is unable to or unwilling to serve, the persons named in the accompanying form of proxy will vote for another nominee or nominees in their discretion if additional nominations are made at the Meeting. Each Nominee elected will hold office until his successor is elected at the next annual meeting of the Corporation, or any postponement(s) or adjournment(s) thereof, or until his successor is elected or appointed

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or corporation, except the directors and executive officers of the Corporation acting solely in such capacity.

The Board of Directors recommends that Shareholders vote in favour of electing each of the directors as set forth above. PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF EACH SUCH DIRECTOR.

Cease Trade Orders or Bankruptcies

Other than as set out below, no proposed director of the Corporation is, or within ten years prior to the date hereof has been, (a) a director, chief executive officer or chief financial officer of any company (including the Corporation) that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; (b) no proposed director of the Corporation (i) is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; and (c) no proposed director has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body

that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Approval of Stock Option Plan

The Corporation is required to obtain the approval of its Shareholders to any stock option plan that is a “rolling” plan yearly at the Corporation’s annual meeting of Shareholders. Accordingly, at the Meeting, Shareholders will be asked to approve the following ordinary resolution approving the Stock Option Plan:

“BE IT RESOLVED THAT:

1. the current stock option plan of EarthRenew Inc. (the “**Corporation**”), as described in the management information circular of the Corporation dated May 29, 2019 is hereby approved; and
2. any director or officer of the Corporation is hereby authorized to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the true intent of these resolutions.”

Management of the Corporation recommends that you vote in favour of resolutions approving the Stock Option Plan. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the Stock Option Plan.

Appointment of Auditors

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the appointment of UHY McGovern Hurley LLP, Chartered Accountants of Toronto, Ontario as auditors of the Corporation until the close of the next annual meeting of shareholders of the Corporation and to authorize the directors to fix their remuneration. UHY McGovern Hurley LLP, Chartered Accountants have been the auditors for the Corporation since April 13, 2004.

Management of the Corporation recommends that Shareholders vote in favour of the appointment of UHY McGovern Hurley LLP and the authorization of the Board of Directors to fix their remuneration. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the appointment of UHY McGovern Hurley LLP and the authorization of the Board of Directors to fix their remuneration.

Appointment of Aaron Atin as Corporate Secretary

Mr. Atin is a corporate and securities lawyer with securities, mergers and acquisition and corporate finance experience. Mr. Atin is currently a legal consultant to various Toronto Stock Exchange, TSXV and Canadian Securities Exchange listed companies in various sectors including mining, financial services, agriculture and technology. Mr. Atin began his legal career as a corporate law associate at Davies Ward Phillips & Vineberg LLP. Mr. Atin holds a Bachelor of Arts from the University of Waterloo and a J.D. from the University of Toronto, Faculty of Law.

Additional Information

Additional information relating to the Corporation may be found under the profile of the Corporation on SEDAR at www.sedar.com. Additional financial information is provided in the Corporation’s audited financial statements and related management’s discussion and analysis for the financial year ended December 31, 2018, which can be found under the profile of the Corporation on

SEDAR. Shareholders may also request these documents from legal counsel of the Corporation by email at aaron.atin@fmresources.ca or by telephone at (416) 861-5888.

Board of Directors Approval

The contents of this Circular and the sending thereof to the Shareholders of the Corporation have been approved by the Board.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Keith Driver*"

President and Chief Executive Officer

Toronto, Ontario
May 29, 2019

SCHEDULE "A"

EarthRenew Inc.

(the "Company")

STOCK OPTION PLAN

1. STATEMENT OF PURPOSE

1.1 **Principal Purposes** – The principal purposes of the Plan are to provide the Company with the advantages of the incentive inherent in share ownership on the part of employees, officers, directors and consultants responsible for the continued success of the Company; to create in such individuals a proprietary interest in, and a greater concern for, the welfare and success of the Company; to encourage such individuals to remain with the Company; and to attract new employees, officers, directors and consultants to the Company.

1.2 **Benefit to Shareholders** – The Plan is expected to benefit shareholders by enabling the Company to attract and retain skilled and motivated personnel by offering such personnel an opportunity to share in any increase in value of the Shares resulting from their efforts.

2. INTERPRETATION

2.1 **Defined Terms** – For the purposes of this Plan, the following terms shall have the following meanings:

- (a) **"Act"** means the *Securities Act* (Ontario), as amended from time to time;
- (b) **"Associate"** shall have the meaning ascribed to such term in the Act;
- (c) **"Board"** means the Board of Directors of the Company;
- (d) **"Change in Control"** means:
 - (i) a takeover bid (as defined in the Act), which is successful in acquiring Shares,
 - (ii) the change of control of the Board resulting from the election by the members of the Company of less than a majority of the persons nominated for election by management of the Company,
 - (iii) the sale of all or substantially all the assets of the Company,
 - (iv) the sale, exchange or other disposition of a majority of the outstanding Shares in a single transaction or series of related transactions,
 - (v) the dissolution of the Company's business or the liquidation of its assets,
 - (vi) a merger, amalgamation or arrangement of the Company in a transaction or series of transactions in which the Company's shareholders receive less than 51% of the outstanding shares of the new or continuing corporation, or
 - (vii) the acquisition, directly or indirectly, through one transaction or a series of transactions, by any Person, of an aggregate of more than 50% of the outstanding Shares;

- (e) “**Committee**” means a committee of the Board appointed in accordance with this Plan, or if no such committee is appointed, the Board itself;
- (f) “**Company**” means EarthRenew Inc. a company incorporated under the laws of the Province of Ontario;
- (g) “**Consultant**” means an individual, other than an Employee, senior officer or director of the Company or a Subsidiary Company, or a Consultant Company, who:
 - (i) provides ongoing consulting, technical, management or other services to the Company or a Subsidiary Company, other than services provided in relation to a distribution of the Company’s securities,
 - (ii) provides the services under a written contract between the Company or a Subsidiary Company and the individual or Consultant Company,
 - (iii) in the reasonable opinion of the Company spends or will spend a significant amount of time and attention on the affairs and business of the Company or a Subsidiary Company, and
 - (iv) has a relationship with the Company or a Subsidiary Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;
- (h) “**Consultant Company**” means, for an individual Consultant, a company of which the individual is an employee or shareholder, or a partnership of which the individual is an employee or partner;
- (i) “**CSE**” means the Canadian Securities Exchange.
- (j) “**Date of Grant**” means the date specified in the Option Agreement as the date on which the Option is effectively granted;
- (k) “**Disability**” means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:
 - (i) being employed or engaged by the Company, a Subsidiary Company or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or a Subsidiary Company, or
 - (ii) acting as a director or officer of the Company or a Subsidiary Company;
- (l) “**Disinterested Shareholder Approval**” means an ordinary resolution approved by a majority of the votes cast by members of the Company at a shareholders’ meeting, excluding votes attaching to Shares beneficially owned by Insiders to whom Options may be granted and Associates of those persons;
- (m) “**Effective Date**” means the effective date of this Plan, which is the later of the day of its approval by the shareholders of the Company and the day of its acceptance for filing by the Exchange if such acceptance for filing is required under the rules or policies of the Exchange;
- (n) “**Eligible Person**” means:

- (i) an Employee, senior officer or director of the Company or any Subsidiary Company,
 - (ii) a Consultant,
 - (iii) an individual providing Investor Relations Activities for the Company, and
 - (iv) a company, all of the voting securities of which are beneficially owned by one or more of the persons referred to in (i), (ii) or (iii) above;
- (o) **“Employee”** means:
- (i) an individual who is considered an employee under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source),
 - (ii) an individual who works full-time for the Company or a Subsidiary Company providing services normally provided by an employee and who is subject to the same control and direction by the Company or a Subsidiary Company over the details and methods of work as an employee of the Company or a Subsidiary Company, but for whom income tax deductions are not made at source, and
 - (iii) an individual who works for the Company or a Subsidiary Company, on a continuing and regular basis for a minimum amount of time per week, providing services normally provided by an employee and who is subject to the same control and direction by the Company or a Subsidiary Company over the details and methods of work as an employee of the Company or a Subsidiary Company, but for whom income tax deductions are not made at source;
- (p) **“Exchange”** means the stock exchange or over the counter market on which the Shares are listed;
- (q) **“Exchange Act”** means the United States *Securities Exchange Act* of 1934, as amended;
- (r) **“Fair Market Value”** means, where the Shares are listed for trading on an Exchange, the last closing price of the Shares before the Date of Grant on the Exchange which is the principal trading market for the Shares, as may be determined for such purpose by the Committee, provided that, so long as the Shares are listed only on the CSE, the “Fair Market Value” shall not be lower than the last closing price of the Shares before the Date of Grant less the maximum discount permitted under the policies of the CSE;
- (s) **“Guardian”** means the guardian, if any, appointed for an Optionee;
- (t) **“Insider”** shall have the meaning ascribed to such term in the Act;
- (u) **“Investor Relations Activities”** means any activities or oral or written communications, by or on behalf of the Company or a shareholder of the Company that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:
- (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company,

- (A) to promote the sale of products or services of the Company, or
 - (B) to raise public awareness of the Company,

that cannot reasonably be considered to promote the purchase or sale of securities of the Company,
- (ii) activities or communications necessary to comply with the requirements of
 - (A) applicable securities laws,
 - (B) the rules and policies of the CSE, if the Shares are listed only on the CSE, or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Company,
- (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if
 - (A) the communication is only through the newspaper, magazine or publication and
 - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer, or
- (iv) activities or communications that may be otherwise specified by the CSE, if the Shares are listed only on the CSE;
- (v) “**Option**” means an option to purchase unissued Shares granted pursuant to the terms of this Plan;
- (w) “**Option Agreement**” means a written agreement between the Company and an Optionee specifying the terms of the Option being granted to the Optionee under the Plan;
- (x) “**Option Price**” means the exercise price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of Sections 6.3 and 10;
- (y) “**Optionee**” means an Eligible Person to whom an Option has been granted;
- (z) “**Person**” means a natural person, company, government or political subdivision or agency of a government; and where two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such syndicate or group shall be deemed to be a Person;
- (aa) “**Plan**” means this Stock Option Plan of the Company;
- (bb) “**Qualified Successor**” means a person who is entitled to ownership of an Option upon the death of an Optionee, pursuant to a will or the applicable laws of descent and distribution upon death;

- (cc) “**Shares**” means the common shares in the capital of the Company as constituted on the Date of Grant, adjusted from time to time in accordance with the provisions of Section 10;
- (dd) “**Subsidiary Company**” shall mean a company which is a subsidiary of the Company; and
- (ee) “**Term**” means the period of time during which an Option may be exercised.

3. **ADMINISTRATION**

3.1 **Board or Committee** – The Plan shall be administered by the Board or by a Committee appointed in accordance with Section 3.2.

3.2 **Appointment of Committee** – The Board may at any time appoint a Committee, consisting of not less than three of its members, to administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and appoint new members in their place, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan. In the absence of the appointment of a Committee by the Board, the Board shall administer the Plan.

3.3 **Quorum and Voting** – A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this Section 3, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. No member of the Committee who is a director to whom an Option may be granted may participate in the decision to grant such Option (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee in which action is to be taken with respect to the granting of an Option to him).

3.4 **Powers of Board and Committee** – The Board shall from time to time authorize and approve the grant by the Company of Options under this Plan, and any Committee appointed under Section 3.2 shall have the authority to review the following matters in relation to the Plan and to make recommendations thereon to the Board;

- (a) administration of the Plan in accordance with its terms,
- (b) determination of all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the value of the Shares,
- (c) correction of any defect, supply of any information or reconciliation of any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan,
- (d) prescription, amendment and rescission of the rules and regulations relating to the administration of the Plan;
- (e) determination of the duration and purpose of leaves of absence from employment which may be granted to Optionees without constituting a termination of employment for purposes of the Plan,
- (f) with respect to the granting of Options:

- (i) determination of the employees, officers, directors or consultants to whom Options will be granted, based on the eligibility criteria set out in this Plan,
- (ii) determination of the terms and provisions of the Option Agreement which shall be entered into with each Optionee (which need not be identical with the terms of any other Option Agreement) and which shall not be inconsistent with the terms of this Plan,
- (iii) amendment of the terms and provisions of an Option Agreement, provided the Board obtains:
 - (A) the consent of the Optionee, and
 - (B) if required, the approval of any stock exchange on which the Shares are listed,
- (iv) determination of when Options will be granted,
- (v) determination of the number of Shares subject to each Option,
- (vi) determination of the vesting schedule, if any, for the exercise of each Option, and
- (g) other determinations necessary or advisable for administration of the Plan.

3.5 **Obtain Approvals** – The Board will seek to obtain any regulatory, Exchange or shareholder approvals which may be required pursuant to applicable securities laws or Exchange rules.

3.6 **Administration by Committee** – The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan. In addition, the Committee's administration of the Plan shall in all respects be consistent with the Exchange policies and rules.

4. **ELIGIBILITY**

4.1 **Eligibility for Options** – Options may be granted to any Eligible Person.

4.2 **Insider Eligibility for Options** – Notwithstanding Section 4.1, if the Shares are listed only on the CSE, grants of Options to Insiders shall be subject to the policies of the CSE.

4.3 **No Violation of Securities Laws** – No Option shall be granted to any Optionee unless the Committee has determined that the grant of such Option and the exercise thereof by the Optionee will not violate the securities law of the jurisdiction in which the Optionee resides.

5. **SHARES SUBJECT TO THE PLAN**

5.1 **Number of Shares** – The maximum number of Shares issuable from time to time under the Plan is that number of Shares as is equal to 10% of the number of issued Shares at the Date of Grant of an Option. The maximum number of Shares issuable under the Plan shall be adjusted, where necessary, to take account of the events referred to in Section 10.

5.2 **Expiry of Option** – If an Option expires or terminates for any reason without having been exercised in full, the unpurchased Shares subject thereto shall again be available for the purposes of the Plan.

5.3 **Reservation of Shares** – The Company will at all times reserve for issuance and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

6. **OPTION TERMS**

6.1 **Option Agreement** – Each Option granted to an Optionee shall be confirmed by the execution and delivery of an Option Agreement and the Board shall specify the following terms in each such Option Agreement:

- (a) the number of Shares subject to option pursuant to such Option, subject to the following limitations if the Shares are listed only on the CSE:
 - (i) the number of Shares reserved for issuance pursuant to Options to any one Optionee shall not exceed 5% of the issued Shares in any 12-month period,
 - (ii) the number of Shares reserved for issuance pursuant to Options to any one Consultant shall not exceed 2% of the issued Shares in any 12-month period, and
 - (iii) the aggregate number of Shares reserved for issuance pursuant to Options to Employees and those individuals conducting Investor Relations Activities shall not exceed 2% of the issued Shares in any 12-month period;
- (b) the Date of Grant;
- (c) the Term, provided that, if the Shares are listed only on the CSE, the length of the Term shall in no event be greater than five years following the Date of Grant for all Optionees;
- (d) the Option Price, provided that the Option Price shall not be less than the Fair Market Value of the Shares on the Date of Grant;
- (e) subject to Section 6.2 below, any vesting schedule upon which the exercise of an Option is contingent;
- (f) if the Optionee is an Employee, Consultant or an individual providing Investor Relations Activities for the Company, a representation by the Company and the Optionee that the Optionee is a bona fide Employee, Consultant or an individual providing Investor Relations Activities for the Company, as the case may be, of the Company or a Subsidiary Company; and
- (g) such other terms and conditions as the Board deems advisable and are consistent with the purposes of this Plan.

6.2 **Vesting Schedule** – The Board, as applicable, shall have complete discretion to set the terms of any vesting schedule of each Option granted, including, without limitation, discretion to:

- (a) permit partial vesting in stated percentage amounts based on the Term of such Option; and
- (b) permit full vesting after a stated period of time has passed from the Date of Grant.

6.3 **Amendments to Options** – Amendments to the terms of previously granted Options are subject to regulatory approval, if required. If required by the Exchange, Disinterested Shareholder

Approval shall be required for any reduction in the Option Price of a previously granted Option if the Optionee is an Insider of the Company at the time of the proposed reduction in the Option Price.

6.4 **Uniformity** – Except as expressly provided herein, nothing contained in this Plan shall require that the terms and conditions of Options granted under the Plan be uniform.

7. EXERCISE OF OPTION

7.1 **Method of Exercise** – Subject to any limitations or conditions imposed upon an Optionee pursuant to the Option Agreement or Section 6 hereof, an Optionee may exercise an Option by giving written notice thereof, specifying the number of Shares in respect of which the Option is exercised, to the Company at its principal place of business at any time after the Date of Grant until 4:00 p.m. (Toronto time) on the last day of the Term, such notice to be accompanied by full payment of the aggregate Option Price to the extent the Option is so exercised and an indication as to suitable arrangements made with the Corporation, in accordance with Section 15.7, for the receipt by the Corporation of an amount sufficient to satisfy any withholding tax requirements under applicable tax legislation in respect of the exercise of an Option (the “**Withholding Obligations**”). Such amounts shall be in lawful money (Canadian funds) by cash, cheque, bank draft or wire transfer. Payment by cheque made payable to the Company in the amount of the aggregate Option Price shall constitute payment of such Option Price unless the cheque is not honoured upon presentation, in which case the Option shall not have been validly exercised. Such payment shall be in lawful money (Canadian funds) by cash, cheque, bank draft or wire transfer. Payment by cheque made payable to the Company in the amount of the aggregate Option Price shall constitute payment of such Option Price unless the cheque is not honoured upon presentation, in which case the Option shall not have been validly exercised.

7.2 **Issuance of Certificates** – Not later than the third business day after exercise of an Option in accordance with Section 7.1, the Company shall issue and deliver to the Optionee a certificate or certificates evidencing the Shares with respect to which the Option has been exercised. Until the issuance of such certificate or certificates, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the certificate is issued, except as provided by Section 10 hereof.

7.3 **Compliance with U.S. Securities Laws** – As a condition to the exercise of an Option, the Board may require the Optionee to represent and warrant in writing at the time of such exercise that the Shares are being purchased only for investment and without any then-present intention to sell or distribute such Shares. At the option of the Board, a stop-transfer order against such Shares may be placed on the stock books and records of the Company and a legend, indicating that the stock may not be pledged, sold or otherwise transferred unless an opinion of counsel is provided stating that such transfer is not in violation of any applicable law or regulation, may be stamped on the certificates representing such Shares in order to assure an exemption from registration. The Board may also require such other documentation as may from time to time be necessary to comply with United States’ federal and state securities laws. The Company has no obligation to undertake registration of Options or the Shares issuable upon the exercise of the Options.

8. TRANSFERABILITY OF OPTIONS

8.1 **Non-Transferable** – Except as permitted by applicable securities laws and the policies of the Exchange, and as provided otherwise in this Section 8, Options are non-assignable and non-transferable.

8.2 **Death of Optionee** – Subject to Section 8.3, if the employment of an Optionee as an Employee of, or the services of a Consultant providing services to, the Company or any Subsidiary Company, or the employment of an Optionee as an individual providing Investor Relations Activities, or the position of the Optionee as a director or senior officer of the Company or any Subsidiary Company, terminates as a result of such Optionee’s death, any Options held by such

Optionee shall pass to the Qualified Successor of the Optionee and shall be exercisable by such Qualified Successor until the earlier of a period of not more than one year following the date of such death and the expiry of the Term of the Option.

8.3 **Disability of Optionee** – If the employment of an Optionee as an Employee of, or the services of a Consultant providing services to, the Company or any Subsidiary Company, or the employment of an Optionee as an individual providing Investor Relations Activities for the Company, or the position of the Optionee as a director or senior officer of the Company or any Subsidiary Company, is terminated by reason of such Optionee's Disability, any Options held by such Optionee that could have been exercised immediately prior to such termination of employment or service shall be exercisable by such Optionee, or by his Guardian, for a period of not more than one year following the date of such following the termination of employment or service of such Optionee. If such Optionee dies within that period of not more than one year, any Option held by such Optionee that could have been exercised immediately prior to his or her death shall pass to the Qualified Successor of such Optionee, and shall be exercisable by the Qualified Successor until the earlier of a period of not more than one year following the death of such Optionee and the expiry of the Term of the Option.

8.4 **Vesting** – Options held by a Qualified Successor or exercisable by a Guardian shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

8.5 **Deemed Non-Interruption of Employment** – Employment shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Optionee's right to reemployment with the Company or any Subsidiary Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Optionee's reemployment is not so guaranteed, then the Optionee's employment shall be deemed to have terminated on the ninety-first day of such leave.

9. **TERMINATION OF OPTIONS**

9.1 **Termination of Options** – To the extent not earlier exercised or terminated in accordance with Section 8, an Option shall terminate at the earliest of the following dates:

- (a) the termination date specified for such Option in the Option Agreement;
- (b) where the Optionee's position as an Employee, a Consultant, a director or a senior officer of the Company or any Subsidiary Company, or an individual providing Investor Relations Activities for the Company, is terminated for cause, the date of such termination for cause;
- (c) where the Optionee's position as an Employee, a Consultant, a director or a senior officer of the Company or any Subsidiary Company or an individual providing Investor Relations Activities for the Company terminates for a reason other than the Optionee's Disability or death or for cause, not more than 90 days after such date of termination or, if the Shares are listed only on the CSE, not more than 30 days after such person ceases to be employed to provide Investor Relations Activities; PROVIDED that if an Optionee's position changes from one of the said categories to another category, such change shall not constitute termination or cessation for the purpose of this Subsection 9.1(c); and
- (d) the date of any sale, transfer, assignment or hypothecation, or any attempted sale, transfer, assignment or hypothecation, of such Option in violation of Section 8.1.

9.2 **Lapsed Options** – If Options are surrendered, terminate or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such

lapsed Options. If an Option has been surrendered in connection with the regranting of a new Option to the same Optionee on different terms than the original Option granted to such Optionee, then, if required, the new Option is subject to approval of the Exchange.

9.3 **Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement** – If the Optionee retires, resigns or is terminated from employment or engagement with the Company or any Subsidiary Company, the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares which were not vested at that time or which, if vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

10. ADJUSTMENTS TO OPTIONS

10.1 **Alteration in Capital Structure** – If there is any change in the Shares through or by means of a declaration of stock dividends of the Shares or consolidations, subdivisions or reclassifications of the Shares, or otherwise, the number of Shares available under the Plan, the Shares subject to any Option and the Option Price therefor shall be adjusted proportionately by the Board and, if required, approved by the Exchange, and such adjustment shall be effective and binding for all purposes of the Plan.

10.2 **Effect of Amalgamation, Merger or Arrangement** – If the Company amalgamates, merges or enters into a plan of arrangement with or into another corporation, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Optionee would have received upon such amalgamation, merger or arrangement if the Optionee had exercised the Option immediately prior to the record date applicable to such amalgamation, merger or arrangement, and the exercise price shall be adjusted proportionately by the Board and such adjustment shall be binding for all purposes of the Plan.

10.3 **Acceleration on Change in Control** – Upon a Change in Control, all Options shall become immediately exercisable, notwithstanding any contingent vesting provisions to which such Options may have otherwise been subject.

10.4 **Acceleration of Date of Exercise** – Subject to the approval of the Exchange, if required, the Board shall have the right to accelerate the date of vesting of any portion of any Option which remains unvested.

10.5 **Determinations to be Binding** – If any questions arise at any time with respect to the Option Price or exercise price or number of Option Shares or other property deliverable upon exercise of an Option following an event referred to in this Section 10, such questions shall be conclusively determined by the Board, whose decisions shall be final and binding.

10.6 **Effect of a Take-Over** – If a *bona fide* offer (the “Offer”) for Shares is made to an Optionee or to shareholders generally or to a class of shareholders which includes the Optionee, which Offer constitutes a take-over bid within the meaning of the Act, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon any Option held by an Optionee may be exercised in whole or in part, notwithstanding any contingent vesting provisions to which such Options may have otherwise been subject, by the Optionee so as to permit the Optionee to tender the Shares received upon such exercise (the “Optioned Shares”) to the Offer. If:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the offeror pursuant thereto;

the Optioned Shares or, in the case of clause (b) above, the Optioned Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Optioned Shares, the Option shall be reinstated as if it had not been exercised. If any Optioned Shares are returned to the Company under this Section, the Company shall refund to the Optionee any Option Price paid for such Optioned Shares.

11. APPROVAL, TERMINATION AND AMENDMENT OF PLAN

11.1 **Shareholder Approval** – This Plan, if the Shares are listed only on the CSE, is subject to Disinterested Shareholder Approval on a yearly basis at the Company's next ensuing annual general meeting.

11.2 **Power of Board to Terminate or Amend Plan** – Subject to the approval of the Exchange, if required, the Board may terminate, suspend or discontinue the Plan at any time or amend or revise the terms of the Plan; provided, however, that, except as provided in Section 10, the Board may not do any of the following without obtaining, within 12 months either before or after the Board's adoption of a resolution authorizing such action, approval by the Company's shareholders at a meeting duly held in accordance with the applicable corporate laws:

- (a) increase the maximum number of Shares which may be issued under the Plan;
- (b) materially modify the requirements as to eligibility for participation in the Plan; or
- (c) materially increase the benefits accruing to participants under the Plan;

however, the Board may amend the terms of the Plan to comply with the requirements of any applicable regulatory authority, or as a result of changes in the policies of the Exchange relating to director, officer and employee stock options, without obtaining the approval of the Company's shareholders.

11.3 **No Grant During Suspension of Plan** – No Option may be granted during any suspension, or after termination, of the Plan. Amendment, suspension or termination of the Plan shall not, without the consent of the Optionee, alter or impair any rights or obligations under any Option previously granted.

12. CONDITIONS PRECEDENT TO ISSUANCE OF SHARES

12.1 **Compliance with Laws** – Shares shall not be issued with respect to an Option unless the exercise of such Option and the issuance and delivery of such shares shall comply with all relevant provisions of law, including, without limitation, any applicable United States' state securities laws, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations thereunder and the requirements of any Exchange or automated interdealer quotation system of a registered national securities association upon which such Shares may then be listed or quoted, and such issuance shall be further subject to the approval of counsel for the Company with respect to such compliance, including the availability of an exemption from registration for the issuance and sale of such Shares. The inability of the Company to obtain from any regulatory body the authority deemed by the Company to be necessary for the lawful issuance and sale of any Shares under this Plan, or the unavailability of an exemption from registration for the issuance and sale of any Shares under this Plan, shall relieve the Company of any liability with respect to the non-issuance or sale of such Shares other than with respect to a refund of any Option Price paid.

13. USE OF PROCEEDS

13.1 **Use of Proceeds** – Proceeds from the sale of Shares pursuant to the Options granted and exercised under the Plan shall constitute general funds of the Company and shall be used for general corporate purposes, or as the Board otherwise determines.

14. **NOTICES**

14.1 **Notices** – All notices, requests, demands and other communications required or permitted to be given under this Plan and the Options granted under this Plan shall be in writing and shall be either delivered personally to the party to whom notice is to be given, in which case notice shall be deemed to have been duly given on the date of such personal delivery; telecopied, in which case notice shall be deemed to have been duly given on the date the telecopy is sent; or mailed to the party to whom notice is to be given, by first class mail, registered or certified, return receipt requested, postage prepaid, and addressed to the party at his or its most recent known address, in which case such notice shall be deemed to have been duly given on the tenth postal delivery day following the date of such mailing.

15. **MISCELLANEOUS PROVISIONS**

15.1 **No Obligations to Exercise** – Optionees shall be under no obligation to exercise Options granted under this Plan.

15.2 **No Obligation to Retain Optionee** – Nothing contained in this Plan shall obligate the Company or any Subsidiary Company to retain an Optionee as an employee, officer, director or consultant for any period, nor shall this Plan interfere in any way with the right of the Company or any Subsidiary Company to reduce such Optionee's compensation.

15.3 **Binding Agreement** – The provisions of this Plan and of each Option Agreement with an Optionee shall be binding upon such Optionee and the Qualified Successor or Guardian of such Optionee.

15.4 **Use of Terms** – Where the context so requires, references herein to the singular shall include the plural, and vice versa, and references to a particular gender shall include either or both genders.

15.5 **Headings** – The headings used in this Plan are for convenience of reference only and shall not in any way affect or be used in interpreting any of the provisions of this Plan.

15.6 **No Representation or Warranty** – The Company makes no representation or warranty as to the future value of any Shares issued in accordance with the provisions of this Plan.

15.7 **Income Taxes** – Upon the exercise of an Option by an Optionee, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy any Withholding Obligations relating thereto under applicable tax legislation. Unless otherwise prohibited by the Board or by applicable law, satisfaction of the amount of the Withholding Obligations (the "**Withholding Amount**") may be accomplished by any of the following methods or by a combination of such methods as determined by the Company in its sole discretion:

- (a) the tendering by the Optionee of cash payment to the Company in an amount less than or equal to the Withholding Amount; or
- (b) the withholding by the Company from the Shares otherwise due to the Optionee such number of Shares as it determines are required to be sold by the Company, as trustee, to satisfy the Withholding Amount (net of selling costs). By executing and delivering the Option Agreement, the Optionee shall be deemed to have consented to such sale and have granted to the Company an irrevocable power of attorney to effect the sale of such Shares and to have acknowledged and agreed

that the Company does not accept responsibility for the price obtained on the sale of such Shares; or

- (c) the withholding by the Company from any cash payment otherwise due by the Company to the Optionee, including salaries, directors fees, consulting fees and any other forms of remuneration, such amount of cash as is required to pay and satisfy the Withholding Amount;

provided, however, in all cases, that the sum of any cash so paid or withheld and the fair market value of any Shares so withheld is sufficient to satisfy the Withholding Amount.

The provisions of the Option Agreement shall provide that the Optionee (or their beneficiaries) shall be responsible for all taxes with respect to any Options granted under the Option Plan and an acknowledgement that neither the Board nor the Company shall make any representations or warranties of any nature or kind whatsoever to any person regarding the tax treatment of Options or payments on account of the Withholding Amount made under the Option Plan and none of the Board, the Company, nor any of its employees or representatives shall have any liability to an Optionee (or its beneficiaries) with respect thereto.

15.8 **Compliance with Applicable Law** – If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange or over the counter market having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

15.9 **Conflict** – In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

15.10 **Governing Law** – This Plan and each Option Agreement issued pursuant to this Plan shall be governed by the laws of the Province of Ontario.

15.11 **Time of Essence** – Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be, or to operate as, a waiver of the essentiality of time.

15.12 **Entire Agreement** – This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

16. **EFFECTIVE DATE OF PLAN**

16.1 **Effective Date of Plan** – This Plan shall be effective on the later of the day of its approval by the shareholders of the Company given by way of ordinary resolution and the day of its acceptance for filing by the Exchange.

SCHEDULE "B"

Audit Committee Charter

(Implemented pursuant to National Instrument 52-110)

This Charter has been adopted by the Board in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

PART 1

Purpose: The purpose of the Committee is to:

- a) significantly improve the quality of the Corporation's financial reporting;
- b) assist the Board to properly and fully discharge its responsibilities;
- c) provide an avenue of enhanced communication between the Board and external auditors;
- d) enhance the external auditor's independence;
- e) increase the credibility and objectivity of financial reports; and
- f) strengthen the role of the outside members of the Board by facilitating in depth discussions between Members, management and external auditors.

1.1 Definitions

"accounting principles" has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

"Affiliate" means a company that is a subsidiary of another company or companies that are controlled by the same entity;

"audit services" means the professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

"Board" means the board of directors of the Corporation;

"Charter" means this audit committee charter;

"Corporation" means EarthRenew Inc.

"Committee" means the committee established by and among certain members of the Board for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;

"Control Person" means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation, except where there is evidence showing that the holder of those securities does not materially affect control of the Corporation;

"executive officer" means an individual who is:

- a) the chair of the Corporation;
- b) the vice-chair of the Corporation;
- c) the President of the Corporation;

- d) the vice-president in charge of a principal business unit, division or function including sales, finance or production;
- e) an officer of the Corporation or any of its subsidiary entities who performs a policy-making function in respect of the Corporation; or
- f) any other individual who performs a policy-making function in respect of the Corporation;

“financially literate” has the meaning set forth in Section 1.3;

“immediate family member” means a person’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person’s immediate family member) who shares the individual's home;

“independent” has the meaning set forth in Section 1.2;

“Instrument” means National Instrument 52-110;

“MD&A” has the meaning ascribed to it in the National Instrument 51-102;

“Member” means a member of the Committee;

“National Instrument 51-102” means National Instrument 51-102 *Continuous Disclosure Obligations*;

“non-audit services” means services other than audit services;

1.2 Meaning of Independence

1. A Member is independent if the Member has no direct or indirect material relationship with the Corporation.

2. For the purposes of subsection 1, a material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member's independent judgment.

3. Despite subsection 2 and without limitation, the following individuals are considered to have a material relationship with the Corporation:

- a) a Control Person of the Corporation;
- b) an Affiliate of the Corporation; and
- c) an employee of the Corporation.

1.3 Meaning of Financial Literacy – For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

PART 2

2.1 Audit Committee – The Board has hereby established the Committee for, among other purposes, compliance with the Instrument.

2.2 Relationship with External Auditors – The Corporation will henceforth require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

2.3 Committee Responsibilities

1. The Committee shall be responsible for making the following recommendations to the Board:

- a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
- b) the compensation of the external auditor.

2. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

This responsibility shall include:

- a) reviewing the audit plan with management and the external auditor;
- b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
- c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
- d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
- e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;
- f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
- g) reviewing interim unaudited financial statements before release to the public;
- h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, the annual information form and management's discussion and analysis;
- i) reviewing any evaluation of internal controls by the external auditor, together with management's response;
- j) reviewing the terms of reference of the internal auditor, if any;
- k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and
- l) reviewing the appointments of the Chief Financial Officer and any key financial executives involved in the financial reporting process, as applicable.

3. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.

4. The Committee shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.

5. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and shall periodically assess the adequacy of those procedures.

6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102, and the planned steps for an orderly transition.

7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in the National Instrument 51-102, on a routine basis, whether or not there is to be a change of auditor.

8. The Committee shall, as applicable, establish procedures for:

- a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
- b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

9. As applicable, the Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, as applicable.

10. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

2.4 De Minimis Non-Audit Services – The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

- a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the fiscal year in which the services are provided;
- b) the Corporation or the relevant subsidiary of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 Delegation of Pre-Approval Function

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).

2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 1 must be presented to the Committee at its first scheduled meeting following such pre-approval.

PART 3

3.1 Composition

1. The Committee shall be composed of a minimum of three Members.
2. Every Member shall be a director of the issuer.
3. The majority of Members shall be independent.
4. Every audit committee member shall be financially literate.

PART 4

4.1 Authority – Until the replacement of this Charter, the Committee shall have the authority to:

- a) engage independent counsel and other advisors as it determines necessary to carry out its duties,

- b) set and pay the compensation for any advisors employed by the Committee,
- c) communicate directly with the internal and external auditors; and
- d) recommend the amendment or approval of audited and interim financial statements to the Board.

PART 5

5.1 Disclosure in Information Circular – If management of the Corporation solicits proxies from the security holders of the Corporation for the purpose of electing directors to the Board, the Corporation shall include in its management information circular the disclosure required by Form 52-110F2 (*Disclosure by Venture Issuers*).

PART 6

6.1 Meetings

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.
2. Opportunities shall be afforded periodically to the external auditor, the internal auditor, if any, and to members of senior management to meet separately with the Members.
3. Minutes shall be kept of all meetings of the Committee.

EARTHRENEW INC.
(Formerly Valencia Ventures Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of EarthRenew Inc.

Opinion

We have audited the consolidated financial statements of EarthRenew Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of (loss) income and comprehensive (loss) income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had limited working capital and a cumulative deficit as at December 31, 2018, and had incurred a net loss for the year then ended. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

UHY McGovern Hurley LLP



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 25, 2019

EARTHRENEW INC.

(Formerly Valencia Ventures Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**(Expressed in Canadian dollars)**

	Note	December 31, 2018	December 31, 2017
ASSETS			
Current			
Cash		\$ 885,873	\$ 724,886
Receivables		89,608	8,732
Digital assets	3	4,117	-
Prepaid expenses		33,210	1,040
Total current assets		1,012,808	734,658
Non-current			
Plant and equipment	4	4,212,037	4,175,805
Intangible assets		23,550	23,550
TOTAL ASSETS		\$ 5,248,395	\$ 4,934,013
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 711,597	\$ 540,314
Loan from related parties	5	54,479	2,552,330
TOTAL LIABILITIES		766,076	3,092,644
EQUITY			
Share capital	6b	9,511,745	3,611,701
Shares to be issued	6b	1,120,000	-
Share-based payments reserve	6c	829,500	692,000
Deficit		(6,978,926)	(2,462,332)
TOTAL EQUITY		4,482,319	1,841,369
TOTAL LIABILITIES AND EQUITY		\$ 5,248,395	\$ 4,934,013

Nature of operations and going concern	1
Commitments and contingencies	9
Subsequent events	12

Approved on behalf of the Directors:

"David Argyle"

Director

"Catherine Stretch"

Director

See accompanying Notes to the Consolidated Financial Statements

EARTHRENEW INC.**(Formerly Valencia Ventures Inc.)****CONSOLIDATED STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME****(Expressed in Canadian dollars)**

For the years ended December 31,	Note	2018	2017
EXPENSES			
Professional, consulting and management fees		\$ 869,247	\$ (941,493)
General and administrative		100,843	142,388
Shareholder communication and filing fees		5,989	-
Utilities and maintenance		67,700	59,919
Travel and accommodation		13,279	58,039
Depreciation		10,246	-
Insurance		3,700	7,575
Property taxes		23,160	23,610
Interest expenses		11,770	2,518
Share-based payments		-	692,000
Foreign exchange loss		3,436	5,854
Total expenses before other items		1,109,370	50,410
OTHER ITEMS			
Income from digital currency mining		\$ 19,750	\$ -
Revaluation of digital currency		(2,333)	-
Other income		17,550	-
Gain on debt settlement	5	2,100,752	2,311,192
Transaction costs	10	(5,542,945)	-
Net (loss) income before income taxes		(4,516,596)	2,260,782
Net (loss) income and comprehensive (loss) income for the year		\$ (4,516,596)	\$ 2,260,782
Net (loss) income per share - basic and diluted		(0.08)	0.08
Weighted average number of shares outstanding - basic and diluted		55,734,750	27,985,416

See accompanying Notes to the Consolidated Financial Statements

EARTHRENEW INC.**(Formerly Valencia Ventures Inc.)****CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY****(Expressed in Canadian dollars)**

	Number of shares #	Share capital	Share-based payment reserve	Deficit	Total
Balance, December 31, 2016	30,000,000	\$ 1	-	\$ (4,723,112)	\$ (4,723,111)
Share issued for services	13,127,000	-	-	-	-
Private placement	7,873,000	2,361,900	-	-	2,361,900
Share issued for debt settlement	4,000,000	1,249,800	-	-	1,249,800
Share based payments	-	-	692,000	-	692,000
Income for the year	-	-	-	2,260,782	2,260,782
Balance, December 31, 2017	55,000,000	\$ 3,611,701	\$ 692,000	\$ (2,462,330)	\$ 1,841,371
Shares to be issued	5,090,910	1,120,000	-	-	1,120,000
Share issued for debt settlement	6,998,735	1,539,722	-	-	1,539,722
Acquisition of Valenica Ventures Inc.	19,819,647	4,360,322	137,500	-	4,497,822
Loss for the year	-	-	-	(4,516,596)	(4,516,596)
Balance, December 31, 2018	86,909,292	10,631,745	829,500	(6,978,926)	4,482,319

See accompanying Notes to the Consolidated Financial Statements

EARTHRENEW INC.
(Formerly Valancia Ventures Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Note	Year ended December 31,	
		2018	2017
CASH (USED IN) PROVIDED BY:			
OPERATING ACTIVITIES			
Net (loss) income		\$ (4,516,596)	\$ 2,260,782
Items not affecting cash:			
Share-based payments		-	692,000
Gain on settlement of debt	5	(2,100,752)	(2,311,192)
Transaction costs	10	5,542,945	-
Depreciation	4	10,246	-
Interest payable		11,770	-
Change in non-cash working capital items			
Accounts receivable		(80,876)	13,555
Digital assets		(4,117)	-
Prepaid expenses		(32,170)	-
Accounts payable and accrued liabilities		674,016	(1,197,310)
Net cash used in operating activities		\$ (495,534)	\$ (542,165)
FINANCING ACTIVITIES			
Private placement	6b	1,000,000	2,361,900
Loan received	5	53,000	100,000
Loan repaid	5	(350,000)	(1,308,262)
Net cash provided by financing activities		\$ 703,000	\$ 1,153,638
INVESTING ACTIVITIES			
Disposition of capital assets	4	15,000	104,500
Acquisition of capital assets	4	(61,479)	-
Net cash used in investing activities		\$ (46,479)	\$ 104,500
Effect of exchange rate changes on cash		-	-
INCREASE IN CASH DURING THE YEAR		160,987	715,973
CASH - BEGINNING OF YEAR		724,886	8,913
CASH - END OF YEAR		\$ 885,873	\$ 724,886
SUPPLEMENTAL CASH FLOW INFORMATION			
Shares issued for debt settlement	5	(1,539,722)	-
Shares issued in reverse takeover transaction	10	(4,497,822)	-

See accompanying Notes to the Consolidated Financial Statements

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

EarthRenew Inc. (the “Company” or “EarthRenew”) was incorporated in the province of Ontario and is a low-cost sustainable power generation company with a patented production process that converts livestock waste to nutrient-rich, slow-release pelleted organic fertilizer. EarthRenew converts natural gas to electricity from an industrial-sized gas turbine, which it intends to capitalize on through various revenue drivers. These include 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. EarthRenew has a full-scale commercial facility located on a 35,000-head cattle feedlot in Strathmore, Alberta.

These financial statements are prepared on a going concern basis which assumes the Company will be able to meet its obligations and continue its operations for the next fiscal year.

At December 31, 2018, the Company had limited positive working capital of \$246,732 and a cumulative loss since inception of \$(6,978,926). The Company has a need for equity capital and financing for working capital and development of its projects. During 2016, the Company curtailed operations and the Company had no revenue during 2017. These matters represent material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern. The Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations and was able to close a private placement financing subsequent to December 31, 2018. However, there is no assurance that funds will continue to be available on terms acceptable to the Company or at all. The consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities that would be necessary should the Company be unable to continue operations and such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

These annual consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the year ended December 31, 2018. The policies as set out below were consistently applied to all the periods presented unless otherwise noted. The Board of Directors approved these annual consolidated financial statements for issue on April 25, 2019.

b) Basis of preparation

These annual consolidated financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

c) New and future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

New standards and amendments adopted:

IFRS 2 – Share-based Payment (“IFRS 2”) was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The Company has adopted this standard effective January 1, 2018. There was no impact to the Company’s opening accumulated deficit on January 1, 2018 and adoption of this standard did not result in any change to the carrying value of the Company’s share-based payments reserve.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in July 2014 and replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The Company has adopted this standard effective January 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on January 1, 2018, and did not result in any change in the carrying values of the Company’s financial assets or liabilities.

IFRS 15 - Revenue from Contracts with Customers (“IFRS 15”) addresses how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services. The Section provides a single, principles based five-step model to be applied to all contracts with customers, with certain exceptions. The standard is effective for annual periods beginning on or after January 1, 2018. There was no material impact to the Company’s financial statements with the adoption of this standard.

Standards and amendments to be adopted:

IFRS 16 – Leases (“IFRS 16”) replaces IAS 17, Leases (“IAS 17”). The new model requires the recognition of almost all lease contracts on a lessee’s statement of financial position as a lease liability reflecting future lease payments and a ‘right-of-use asset’ with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company will apply IFRS 16 on its effective date retrospectively, with the cumulative effect of initially applying the standard as an adjustment to retained earnings and no restatement of comparative information. The Company has elected to measure its right of use assets at amounts equal to the associated lease liabilities and as such, the adjustment to retained earnings will be nil. Upon adoption, the Company has elected to apply the available exemptions for short-term leases and leases of low-value assets. The Company has also elected to apply the practical expedient whereby leases whose term ends within 12 months of the date of the initial application would be accounted for in the same way as short-term leases. The Company does not expect there will be a material impact to the consolidated statements of operations or the consolidated statements of cash flows.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

d) Principles of consolidation

(i) Subsidiaries

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. The Company's subsidiary consists of EarthRenew Strathmore Inc. (formerly 2292055 Ontario Inc.).

(ii) Transactions eliminated on consolidation

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

e) Significant accounting judgements, 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 areas of estimation and uncertainties considered by management in preparing the consolidated financial statements include:

Critical judgement in applying accounting policies:

- **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 in the case of assets 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**
Refer to Note 9.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

e) Significant accounting judgements, estimates and assumptions (continued)

Key sources of estimation uncertainty:

- **Depreciation rates**
All plant and equipment are depreciated on a straight-line basis over three to five years, which the Company believes is the best approximation of the asset utility to the Company. If the estimated life had been longer by than management's estimate, the carrying amount of the asset would have been higher.
- **Accounting for Digital Assets**
At present, there is limited guidance in IFRS on the recognition and measurement of Digital Assets. Noted below are the key policies used to account for these assets.
- **Fair Value of Digital Assets**
Digital Assets are measured at fair value using the quoted price on www.coinmarketcap.com. Management considers this fair value to be a Level 2 input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges. The Digital Assets are valued based on the closing price obtained from www.coinmarketcap.com ("Coin Market Cap") at the reporting period corresponding to the different Digital Assets mined by the Company. The Company is relying on the data available at www.coinmarketcap.com to be an accurate representation of the closing price for the different Digital Assets.
- **Useful life of mining equipment**
Management is amortizing mining equipment at four years on a straight-line basis. The mining equipment are used to generate digital assets (refer to discussion on revenue recognition in Note 2r). The rate at which the Company generates digital currencies and, therefore, consumes the economic benefits of its mining equipment are influenced by a number of factors including the following: the complexity of the mining process which is driven by the algorithms contained within the digital assets open source software; and the general availability of appropriate computer processing capacity on a global basis, technological obsolescence reflecting rapid development in the mining machines such that more recently developed hardware is more economically efficient to run in terms of digital assets mined as a function of operating costs, primarily power costs (i.e., the speed of mining machines evolution in the industry). Later mining machines models generally have faster processing capacity combined with lower operating costs and a lower cost of purchase.

Based on the Company's, and the industry's, short life cycle to date, management is limited by the market data available. Furthermore, the data available also includes data derived from the use of economic modelling to forecast future digital assets and the assumptions included in such forecasts, including digital currencies' (such as Bitcoin and Ethereum) price and network difficulty, are derived from management's assumptions which are inherently judgmental. Based on current data available management has determined that the straight line method of amortization over four years best reflects the current expected useful life of mining equipment. Management will review this estimate at each reporting date and will revise such estimates as and when data becomes available. The mining equipment has been assumed to have no residual value at the end of its useful life. Management will review the appropriateness of its assumption of nil residual value at each reporting date.

As set out in Note 4, management also assess whether there are any indicators of impairment of mining equipment at the end of each reporting period and if any such indication exists, the Company will estimate the recoverable amount of its mining equipment.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

e) Significant accounting judgements, estimates and assumptions (continued)

- 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.

f) 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 financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiary.

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.

g) Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at amortized cost. Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term interest-bearing securities with maturities at the date of purchase of three months or less.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

h) Financial instruments

Accounting policy under IFRS 9 applicable from January 1, 2018

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value either through profit or loss (“FVPL”) or through fair value of other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows and loan receivable are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of (loss) income.

Subsequent measurement – Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of (loss) income and comprehensive (loss) income. The Company measures its digital assets at FVPL.

Subsequent measurement – Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of (loss) income and comprehensive loss (income). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of operations and comprehensive (loss) income when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

h) Financial instruments (continued)

Accounting policy under IFRS 9 applicable from January 1, 2018 (continued)

Impairment of financial assets

The Company's only financial assets subject to impairment are receivables, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, receivables have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include trade payable and accrued liabilities and loans from related parties which are each measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – Financial liabilities at FVPL

Financial liabilities measured at FVPL include any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of (loss) income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of (loss) income.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

h) Financial instruments (continued)

Accounting policy under IAS 39 applicable prior to January 1, 2018

The accounting policy under IAS 39 for the comparative information presented in respect of financial assets and liabilities, was similar to the accounting policy adopted in 2018, with the following exceptions:

(i) Non-derivative financial assets

Non-derivative financial assets comprise cash and receivables. The cash and receivables are classified as loans and receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Non-derivative financial assets classified as available-for-sale are carried at fair value with changes in fair value recognized in other comprehensive income (loss).

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash for the purpose of the statement of cash flows.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Non-derivative financial liabilities

Non-derivative financial liabilities comprise accounts payable and accrued liabilities and loans from related parties. These liabilities are classified as other financial liabilities.

Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

h) Financial instruments (continued)

Accounting policy under IAS 39 applicable prior to January 1, 2018 (continued)

(iii) Impairment of financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date for impairment if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise or indicators that debtor or issuer will enter bankruptcy.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

i) Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of (loss) income over the period of borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period that they are incurred.

j) Taxation

Current income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit or loss as reported in the statement of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

j) Taxation (continued)

Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

k) Provisions

#

General

Provisions are recognised when (a) the Company has a present obligation (legal or constructive) as a result of a past event and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current risk free pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

l) (Loss) income per share

(Loss) income per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. No exercise or conversion is assumed during periods in which a net loss is incurred as the effect is anti-dilutive.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

m) Plant and Equipment

Items of plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included within plant and equipment.

n) Impairment of non-financial assets

At each statement of financial position reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

o) Restoration, rehabilitation and environmental obligations

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets. The increase in provisions for restoration, rehabilitation and environmental obligations due to the passage of time is charged to profit or loss as a finance cost. The Company did not have any material restoration, rehabilitation and environmental obligations as of December 31, 2018 and 2017.

p) Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the executive leadership team, which comprises the executive directors and certain senior executives. The executive leadership team is responsible for assessing the performance of the operating segments for the purpose of making decisions about resources to be allocated. Operating segments are combined for external reporting purposes where they have similar economic characteristics, and the nature of products and production processes, the type and class of customers and the methods to distribute products are all similar.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

q) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received.

The Company operates an employee stock option plan. The corresponding amount is recorded to the stock option reserve. The fair value of options is determined using the Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On exercise of a stock option, any amount related to the initial value of the stock option, along with the proceeds from exercise are recorded to share capital. On expiry of a stock option, any amount related to the initial value of the stock option is recorded to deficit.

r) Revenue recognition

Revenue comprises of the fair value of consideration received or receivable for the provision of services in the ordinary course of business. The Company derives certain incidental revenue from digital currency received for providing “mining” services to various digital currency blockchains. Mining is the process by which transactions are verified and added to the blockchain. A miner is only able to validate transactions once their computer equipment has solved a computationally difficult puzzle. Revenue is recognized according to the five-step model in IFRS 15, Revenue from contracts with customers. Digital currency mining is the ordinary business activity of the Company, and the consideration received meets the definition of revenue as income arising in the course of the Company’s ordinary activities. The Company has determined that the substance of its mining activities is a service provision under the scope of IFRS 15 notwithstanding the lack of a formal contractual arrangement under which it provides such services as the services are provided through the block chain protocol. Also, there is no collaboration arrangement within the block chain, and the Company’s rights and obligations are implied by the customary business practices prevalent within the industry.

Revenue is recognized by the Company when payment, in the form of digital currency, is received for mining services rendered. Revenue earned from digital currency mining activities is recognized at the fair value of the digital currency received as consideration on the date of actual receipt. Fair value is measured using the closing price on Coin Market Cap on the date of receipt. Revenue is recognized daily at the Canadian dollar value for the digital currencies mined. During the year ended December 31, 2018, the Company recognized \$19,750 (2017- nil) in revenue from Bitcoin mining.

Costs of fulfilling and revenue associated with the Company’s performance obligations are incurred simultaneously. The Company has not deferred any expenditures with regards to fulfilling its contracts.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

s) Digital assets

Digital assets consist of digital currencies generated from the Company's mining activities. The Company classifies and measures Digital Assets at fair value and realized and unrealized gains and losses are recorded through profit and loss. The Company obtains the equivalency rate of tradeable Digital assets to United States dollars ("USD") from Coin Market Cap, a source that aggregates data from multiple exchanges and applies a methodology to determine the best quoted USD price on the date the digital assets were generated. The Company converts the price from USD to CAD based on the closing exchange rate on the date of asset generation. Subsequent to initial recognition, Digital assets are remeasured at each reporting period to the Canadian dollar price. The resulting gain or loss from subsequent remeasurement is recognized in the consolidated statement of comprehensive income (loss) as a fair value remeasurement of Digital assets. The equivalency rate obtained from Coin Market Cap represents a generally well recognized quoted price for tradeable Digital Assets, and this information and all related databases are accessible to the Company.

3. DIGITAL ASSETS

Digital assets consist of Bitcoins. Below is a continuity of digital assets mined, acquired through purchase, settled and revalued during the year ended December 31, 2018.

	Bitcoins	
	Units	Value
Opening Balance, January 1, 2018	-	\$ -
Mined additions	2,311,64	19,750
Purchased additions	-	-
Settlements	-	-
Sold	(1,5348)	(13,300)
Unrealized loss in fair value through profit and loss	-	(2,333)
Ending balance, December 31, 2018	0.77684	\$ 4,117

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

4. PLANT AND EQUIPMENT

A reconciliation of the carrying amount for the years ended December 31, 2018 and 2017 is as follows:

Cost price

	Equipment	Buildings	Plant	Total
Cost as at December 31, 2016	\$ -	\$ 642,185	\$ 3,638,120	\$ 4,280,305
Disposals	-	-	104,500	104,500
Cost as at December 31, 2017	-	642,185	3,533,620	4,175,805
Acquisition	61,479	-	-	61,479
Disposals	-	-	(15,000)	(15,000)
Cost as at December 31 2018	\$ 61,479	\$ 642,185	\$ 3,518,620	\$ 4,222,284

Accumulated Depreciation

Balance 2016 and 2017	\$ -	\$ -	\$ -	\$ -
Charge for period	10,246	-	-	10,246
Balance at December 31, 2018	\$ 10,246	\$ -	\$ -	\$ 10,246

Net book value as at December 31, 2017	\$ -	\$ 642,185	\$ 3,533,620	\$ 4,175,805
Net book value as at December 31, 2018	\$ 51,233	\$ 642,185	\$ 3,518,620	\$ 4,212,037

The recorded value of the plant and equipment reflects the distressed value of the assets when they were purchased out of bankruptcy less adjustments for specific equipment subsequently disposed at the estimated carrying value.

5. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

Loans Payable

The Company entered into the loan agreement with 0890241 B.C. Ltd. 0890241 B.C. Ltd. provided a demand loan to the Company. This loan is unsecured and bears interest at 3%. The principal and interest totaling \$2,100,752 was outstanding at December 19, 2018. (December 31, 2017 - \$2,450,752). Directors of the Company are also directors of 0890241 B.C. Ltd. On December 19, 2018 directors of both 0890241 B.C. Ltd and 2292055 Ontario Inc. signed a loan forgiveness agreement for the entire amount of \$2,100,752.

On November 14, 2017, the Company borrowed \$100,000 from Aberdeen International Inc. The interest rate on the loan is 12%, The loan is repayable including the principal and accrued interest on or before November 14, 2018. The balance of loan including accrued interest was \$111,868 as of December 21, 2018 and on the same day the Company issued 508,491 common shares to settle the entire amount of \$111,868 (December 31, 2017 - \$101,678). An officer of the Company is also an officer of Aberdeen International Inc.

Director and officers advance fund to the Company. These advances are unsecured, due on demand and bear interest at 5%. Advances totaling \$54,479 was outstanding at December 31, 2018 (December 31, 2017 - \$nil).

During 2017, the Company granted 2,660,000 options with an exercise price of \$0.25 expiring July 18, 2021 to directors and officers of the Company.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

5. RELATED PARTY TRANSACTIONS (continued)

During 2018, the Company issued 1,636,363 shares to settled debt \$360,000 owed to officers of the Company.

The summary of loans to related parties as at December 31, 2018 and 2017 is as follows:

	Loan from Aberdeen	Loan from 0890241 BC Ltd	Loan from Directors	Total
Balance, December 31, 2017	\$ 101,578	\$ 2,450,752	\$ -	\$ 2,552,330
Loan repaid	-	(350,000)	-	(350,000)
Loan received	-	-	53,000	53,000
Interest expense	10,290	-	1,479	11,769
Debt for shares	(111,868)	-	-	(111,868)
Debt settlement	-	(2,100,752)	-	(2,100,752)
Balance on December 31, 2018	\$ -	\$ -	\$ 54,479	\$ 54,479

6. SHARE CAPITAL

a) Authorized

Unlimited number of voting common shares, without par value

b) Issued and outstanding common shares

	Number of Shares #	Share Capital \$
Balance as at December 31, 2016	30,000,000	1
Share issued for services	13,127,000	-
Private placement	7,873,000	2,361,900
Shares issued for debt settlement	4,000,000	1,249,800
Balance as at December 31, 2017	55,000,000	3,611,701
Shares to be issued	5,090,910	1,120,000
Shares issued for debt settlement	6,998,735	1,539,722
Acquisition of Valencia Ventures	19,819,647	4,360,322
Balance as at December 31, 2018	86,909,292	10,631,745
Less: Shares to be issued	5,090,910	1,120,000
Shares outstanding as at December 31, 2018	81,818,382	9,511,745

During 2017, the Company issued 13,127,000 common shares for nominal consideration which was the estimated fair value of the shares at the time of issue for services rendered to the Company by its directors, officers and consultants.

On October 10, 2017, the Company issued 4,000,000 common shares to settle \$1,249,800 of debt.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

On December 7, 2017, the Company closed a private placement for \$2,361,900 by issuing 7,873,000 common shares at \$0.30.

On December 21, 2018, the Company issued 6,998,735 common shares to settle \$1,539,722 of debt. A company owed by an officer of the Company was issued 1,636,363 common shares to settle \$360,000 of debt. Aberdeen International Inc. was issued 508,491 common shares to settle \$111,868 of debt. An officer of the Company is also an officer of Aberdeen International Inc.

On December 21, 2018, the Company issued 19,819,647 common shares as part to reverse takeover acquisition of Valencia Ventures Inc.

On January 9, 2019, the Company closed a private placement for \$1,120,000 by issuing 5,090,910 common shares at \$0.22. As at December 31, 2018, these common shares were determined to be shares to be issued and recorded in equity. Routemaster Capital Inc. subscribed for 500,000 common shares and Aberdeen International Inc. subscribed 1,000,000 common shares of this private placement. An officer of the Company is also an officer of Routemaster Capital Inc. and Aberdeen International Inc.

c) 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 consolidated number of stock options outstanding as at December 31, 2018 and 2017 is as follows:

Date of issue	Number of options outstanding	Number of options exercisable	Exercise price (CAD \$)	Expiry Date	Value \$
July 18, 2017	4,000,000	4,000,000	\$ 0.25	July 18, 2021	\$ 692,000
August 21, 2017	1,250,000	1,250,000	\$ 0.14	August 22, 2021	137,500
	5,250,000	5,250,000			\$ 829,500

During the year ended December 31, 2018, no stock options were granted and the Company recorded share-based payment expense of \$nil for the year ended December 31, 2018 (December 31, 2017: 4,000,000 stock options granted and share-based payment expense \$692,000). The weighted average grant date fair value of the options granted during the year ended December 31, 2018 was \$nil (December 31, 2017: \$0.25). The weighted average life of the outstanding options at December 31, 2018 is 2.57 years (December 31, 2017: 3.57 years).

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

7. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital. 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. There were no changes to the approach of management and the board of directors to capital management for the years ended December 31, 2018 and 2017. The Company is not subject to externally imposed capital requirements.

8. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks including market risk (including currency, commodity and cash flow interest rate risk), fair value risk, credit risk, liquidity risk and capital risk.

Fair value hierarchy

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

- 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.

As at December 31, 2018 and 2017, the Company's digital assets, classified as assets at fair value through profit and loss, have been classified as Level 2 financial instruments.

The carrying value of cash, receivables, and accounts payable and accrued liabilities and loans from related parties reflected in the consolidated statement of financial position approximate fair value because of the relatively short-term maturities.

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 USD and Canadian dollars. Consequently, the Company is exposed to fluctuations in foreign exchange rates. The Company has not used derivative instruments to reduce its exposure to foreign exchange fluctuations.

Credit risk

The Company's credit risk is primarily attributable to cash and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash consists of cash held in financial institutions from which management believes the risk of loss to be remote.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

8. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

As at December 31, 2018 the Company had limited working capital and at December 31, 2017, the Company had negative net working capital. 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.

9. 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 pending 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 officer of the Company has initiated a legal action seeking approximately \$51,400 for fees owed and damages plus interest. The Company intends to defend the matter and is currently reviewing its options with regards to this action. The Company has not accrued any liability for this matter.

The Company is party to certain management contracts. Minimum commitments remaining under these contracts were approximately \$60,000 all due within one year.

10. REVERSE TAKE-OVER TRANSACTION

On December 21, 2018, 2292055 Ontario Inc. completed its "reverse take-over" transaction, pursuant to an amalgamation agreement dated December 1, 2017 with Valencia Ventures Inc. On closing of the business combination, 2292055 Ontario Inc. became a listed company trading on the CSE trading under the name of EarthRenew Inc., symbol "ERTH". Trading of the shares commenced on January 10, 2019. Refer to the listing statement filed on www.sedar.com on January 9, 2019. This transaction is being accounted for as an asset acquisition.

The transaction is a reverse acquisition of a non-operating company. As a result, it has been accounted for as a capital transaction with 2292055 Ontario Inc. being identified as the acquirer and the equity consideration being measured at fair value, using the acquisition method of accounting. The RTO has been accounted for in the consolidation financial statements as a continuation of the financial statements of 2292055 Ontario Inc. (now EarthRenew Inc.) together with a deemed issuance of shares equivalent to the shares held by the former shareholders of Valencia Ventures Inc.

The transactions costs relating to the RTO plus the aggregate of the fair value of the consideration paid has been recognized as transaction costs in the consolidated statement of loss and comprehensive loss.

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

10. REVERSE TAKE-OVER TRANSACTION (continued)

Purchase price consideration paid:

Estimated fair value of shares issued	\$	4,360,322
Estimated fair value of options issued		137,500
Total consideration	\$	4,497,822

Fair Value of assets acquired and liabilities assumed:

Cash	\$	2,696
Receivables		57,104
Accounts payable and accrued liabilities		(1,104,922)
Excess purchase price over fair value of assets assumed (expensed)		5,542,945
Total net liabilities acquired	\$	4,497,822

The estimated fair value of the Company's shares was based on the most recent financing price as completed by the Company.

11. INCOME TAX

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2017 - 26.5%) were as follows:

	2018	2017
	\$	\$
Income (loss) before income taxes	(4,516,596)	2,260,782
Expected income tax provision (recovery) based on statutory rate	(1,197,000)	609,000
Adjustment to expected income tax benefit:		
Share-based payments	-	183,000
Transaction costs	1,469,000	
Benefit of tax assets not recognized	(272,000)	(792,000)
Deferred income tax provision (recovery)	-	-

EARTHRENEW INC. (formerly Valencia Ventures Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

11. INCOME TAX (continued)

b) Deferred Income Tax

Deferred tax assets have not been recognized in respect of the following temporary differences:

	2018	2017
	\$	\$
Non-capital loss carry-forwards	10,277,000	11,481,000
Capital losses and investments	86,918,000	86,917,709
Share issue costs	2,000	7,000
Mineral property costs	3,122,000	3,122,000
Plant and equipment	183,000	174,000
Total	100,502,000	101,701,709

The potential future benefit of these losses has not been recognized in the financial statements because it is not probable that future taxable profit will be available against which the Company can use the benefits.

c) Tax loss carry-forwards

As at December 31, 2018, the Company has non-capital tax losses for Canadian income tax purposes of approximately \$10,277,000, available to use against future taxable income. The non-capital losses expire as follows:

Year of Expiry	Amount
	\$
2026	582,000
2027	1,115,000
2028	1,440,000
2029	877,000
2030	831,000
2031	1,173,000
2032	1,235,000
2033	728,000
2034	981,000
2035	243,000
2036	237,000
2037	618,000
2038	217,000
	<u>10,277,000</u>

12. SUBSEQUENT EVENTS

On January 9, 2019, the Company closed a private placement for \$1,120,000 by issuing 5,090,910 common shares at \$0.22.

EARTHRENEW INC (formerly Valencia Ventures Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Containing information through April 25, 2019 unless otherwise noted)

Background

This Management's Discussion and Analysis ("MD&A") has been prepared based on information available to EarthRenew Inc. ("we", "our", "us", "EarthRenew" or the "Company") as of April 25, 2019 unless otherwise noted. The MD&A provides a detailed analysis of the Company's operations and compares its financial results with those of the previous periods and should be read in conjunction with our consolidated financial statements for the years ended December 31, 2018 and 2017 and MD&A as at and for the years ended December 31, 2018 and 2017. The financial statements and related notes of EarthRenew have been prepared in accordance with International Financial Reporting Standards ("IFRS") and do not reflect the adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

Please refer to the notes of the December 31, 2018 and 2017 annual financial statements for disclosure of the Company's significant accounting policies. Unless otherwise noted, all references to currency in this MD&A refer to Canadian dollars.

Additional information relating to the Company can be found on the EarthRenew website at www.EarthRenew.ca.

Cautionary Statement Regarding Forward Looking Information

Except for statements of historical fact relating to EarthRenew, certain information contained herein constitutes forward-looking information under Canadian securities legislation. Forward-looking information includes, without limitation, statements with respect to power generation and fertilizer aspect: the anticipated benefits of the products; the production rate of our Strathmore Plant; the energy efficiency and net energy costs of our Strathmore Plant; future production; the supply and demand for organic matter fertilizers in agriculture and other industries; emissions reductions and credits from various activities; the development of markets for our organic matter fertilizer and the demand for organic matter fertilizer; anticipated availability and sources of future financing; the commercialization of additional applications of EarthRenew's technology; growth expectations and plans; the ability to enter into additional Host agreements; the ability to hire and retain sufficient personnel; operating costs at the Strathmore Plant; and results of trials of products. With respect to forward-looking statements contained in this MD&A, we have made assumptions regarding, among other things: future prices of fertilizer and soil products; future prices of natural gas and electricity; the actual and expected results of manufacturing activities; organic waste composition including qualities and quantities; market acceptance of our products; ability to obtain equipment from suppliers; ability to obtain additional financing on satisfactory terms; ability to obtain and enforce our intellectual property rights; ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the regulatory framework governing our operations and environmental matters in the jurisdictions in which EarthRenew conducts and will conduct its business; future production levels; operating costs associated with the operation of EarthRenew's plants; future capital expenditures to be made by

EarthRenew; products will perform as indicated in research trials; ability to execute our growth plans; ability to enter into additional Host agreements; ability to quantify and verify emissions reductions and credits within established emissions credit regimes; ability to obtain required permits, grid access and power purchase arrangements for our second generation plants; ability to obtain organic inputs for our plants; the operation of our second generation plants, including in respect of matters referenced elsewhere in this prospectus; and the operation of our Strathmore Plant. The words “anticipates”, “plans”, “expects”, “indicative”, “intend”, “scheduled”, “timeline”, “estimates”, “forecasts”, “guidance”, “opportunity”, “outlook”, “potential”, “projected”, “schedule”, “seek”, “strategy”, “study” (including, without limitation, as may be qualified by “feasibility” and “pre-feasibility”), “targets”, “models”, or “believes”, or variations of or similar such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, or “should”, “might”, or “will be taken”, “occur” or “be achieved” and similar expressions identify forward-looking information. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by EarthRenew and its external professional advisors as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Forward-looking information is provided for the purpose of providing information about management’s expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in the “Risk Factors” section of this MD&A. These factors are not intended to represent a complete list of the factors that could affect EarthRenew. EarthRenew disclaims any intention or obligation to update or revise any forward-looking information or to explain any material difference between subsequent actual events and such forward-looking information, except to the extent required by applicable law.

Overview of the Company

EarthRenew is a sustainable power-generation company. The waste heat from the power generation is used to process and deliver nutrient-rich, slow-release pelleted organic fertilizers. EarthRenew’s competitive advantage rests in its unique ability to convert natural gas to electricity from an industrial-sized gas turbine and in so doing capture waste heat exhaust to dry manure feedstock to make organic fertilizer. EarthRenew has a commercial scale power generation and organic fertilizer plant in Strathmore, Alberta known as the Strathmore Plant that is located on a 35,000 head cattle feedlot.

The Strathmore Plant has the capacity to generate approximately four MWh of electricity per hour. EarthRenew expects to re-commence its electricity generation operations at the Strathmore Plant in Q1 2019. This electricity, which is already synchronized with the electrical grid system, can be used for other applications at the Strathmore Plant or sold to the electrical grid to meet price spikes occasioned by supply shortages and/or sudden surges in the demand for electricity.

In the future, EarthRenew expects to use about 1.5MWh of the 4.0 MWh generated by the Strathmore Plant to power the fertilizer production equipment and controls to produce pelleted organic fertilizers. The Strathmore Plant (first commissioned in 2008), was proven capable of producing sellable organic fertilizers. EarthRenew intends to upgrade the existing facility to address past design and process limitations and has engaged a team of engineers, construction and supply chain management to recommission the organic fertilizer production component.

As explained below, EarthRenew intends to restart the fertilizer production facility at the Strathmore Plant to produce as much as 60,000 tonnes of nutrient-rich, slow-release organic fertilizers annually for sale in the Mid-Western United States and Western Canada. EarthRenew has executed an off-take

agreement with Sun Country Organics pursuant to which substantially all the organic fertilizer produced by EarthRenew at the Strathmore Plant will be purchased by Sun Country Organics for wholesale and retail distribution.

As a third phase of EarthRenew's growth and expansion plans, management is working to identify and analyse potential locations in Europe and North America suitable for additional power generation and organic fertilizer production facilities such as the Strathmore Plant. To that end, EarthRenew has entered into a Letter of Intent with a UK dairy operation to develop plans to build a second facility like the Strathmore Plant co-located with the dairy.

Outlook

EarthRenew is seeking to maximize the value of the power generation facilities by building on-site demand (including neighbour feedlot site). To accomplish this objective, EarthRenew intends to:

- Maximize the value of the electricity through consistent behind the fence load development. This includes direct connection into the neighbouring feedlot and developing cryptocurrency mining units.
- Produce excess power on an opportunistic basis to capture periods of elevated pricing available over extended periods on the Alberta electricity grid.

Milestones

- Develop additional opportunities for consistent base load with on-site and neighbouring site clients (ongoing through 2019).

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Q4-2018	Q3-2018	Q2-2018	Q1-2018	Q4-2017	Q3-2017	Q2-2017	Q1-2017	Q4-2016
	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
	2018	2018	2018	2018	2017	2017	2017	2017	2016
Revenue	\$3,628	\$23,842	\$7,497	\$0	\$0	\$0	\$0	\$0	\$0
Net loss	\$3,825,707	(\$216,565)	(\$259,842)	(\$214,481)	\$537,036	\$2,143,107	(\$145,122)	(\$274,239)	(\$83,921)
Net loss per share	(\$0.07)	\$0.00	(\$0.01)	(\$0.00)	\$0.02	\$0.08	(\$0.01)	(\$0.01)	(\$0.00)
Working Capital*	\$246,732	(\$3,103,950)	(\$2,892,726)	(\$2,635,446)	(\$2,357,986)	(\$4,527,880)	(\$7,935,787)	(\$7,794,665)	(\$9,026,966)
Total Assets	\$5,248,395	\$4,297,964	\$4,282,490	\$4,354,351	\$4,934,013	\$4,200,484	\$4,233,076	\$4,233,327	\$4,336,095
Total Non-current Liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

* Working Capital is defined as current assets minus current liabilities. Working capital is a Non-IFRS figure without a standardized meaning. Please see “Non-IFRS Measures” for a reconciliation.

Factors Affecting Comparability of Quarters

Results of operations can vary significantly due to a number of factors. The Company’s level of activity and expenditures during a specific quarter are influenced by a number of factors, including the level of working capital, the availability of external financing, the nature of activity, and the number of personnel required to advance each individual project.

Energy sales fluctuated over the quarters due to turbine production which dependent on electricity price sold to the Alberta energy grid. The Company had no energy sales in 2017. The Company started earning revenue in Q2 2018 from its Bitcoin mining activities.

Net loss has fluctuated quarterly reflecting the increase operating costs of the Company over the quarters. Q3 and Q4 2017 net income was a result of the gain of settlement of debt and reversal of previous accrued management fees. The net loss incurred by the company from Q1 to Q3 2018 were consistent but Q4 2018 loss was significantly higher because of large amount of RTO transaction costs offset by a gain on debt settlement.

Negative working capital has increased over the quarters as the Company drew down on its grid note and accrued expenses. Negative working capital improved in Q3 and Q4 2017 as the Company settlement some of its debt. There was a private placement in the amount of 1,000,000 accompanied by large amount of debt forgiveness during Q4 2018. These two transactions helped to improve the negative working capital situation of the company to positive working capital in Q4 2018.

No significant changes in accounting principles during the eight recent quarter periods generated no variances over balances

Summary of Annual Results

	2018	2017	2016
Revenue	\$34,967	\$0	\$266,126
Net income (loss)	(\$4,516,596)	\$2,260,782	(\$572,997)
Net loss per share	(\$0.08)	\$0.08	(\$0.02)
Working Capital	\$246,732	(\$2,357,986)	(\$9,026,966)
Total Assets	\$5,248,395	\$4,934,013	\$4,336,095
Total Non-current Liabilities	\$NIL	\$Nil	\$Nil

Results of Operations – Financial

The following is a discussion of the results of operations of the Company for the three and twelve months ended December 31, 2018 and 2017. This should be read in conjunction with the Company’s consolidated financial statements for the years ended December 31, 2018 and 2017 and related notes.

For the three months ended December 31, 2018 and 2017:

	Three months ended December 31,	
	2018	2017
Net (loss) income	\$ (3,825,707)	\$ 537,036
Income from digital currency mining	4,834	-
Revaluation of digital currency	(1,207)	-
Professional, consulting and management fees	328,658	(1,276,668)
General and administration	23,123	25,047
Utilities & maintenance	16,400	8,990
Shareholder communications	5,989	-
Travel and accomodation	-	50,202
Property taxes	-	1,124
Interest expense	1,912	2,207
Share-based payments	-	692,000
Foreign exchange loss	3,436	5,854
Depreciation	3,842	-
Gain on debt settlement	(2,100,752)	(36,422)
Transaction costs	5,542,945	-

For the three months ended December 31, 2018, the Company recorded a net loss of \$3,825,707 compared to a net income of \$537,036 for the three months ended December 31, 2017.

Professional, consulting and management fees were \$328,658 for the three months ended December 31, 2018 compared to \$(1,276,668). In 2017, the Company reversed previously accrued consulting fees.

Utilities and maintenance was \$16,400 for the three months ended December 31, 2018 compared to \$8,990 in 2017. Repair costs in 2018 resulted in higher utilities and maintenance costs in 2018.

Travel and accommodation was \$nil for the three months ended December 31, 2018 compared to \$50,202 in 2017. There was no company travel in Q1 2018.

Share-based payments was \$nil for the three months ended December 31, 2018 compared to \$692,000 in 2017. The Company granted no options in 2018 where in 2017 4,000,000 options were granted.

Gain on debt settlement was \$(2,100,752) for the three months ended December 31, 2018 compared to \$(36,422) in 2017. The Company grid note with 0890241 BC Ltd. was forgiven in 2018.

Transaction costs were \$5,542,945 for the three months ended December 31, 2018 compared to \$nil in 2017. These transactions relate to the reverse take-over of Valencia Ventures Inc. that closed on December 20, 2018.

During the three months ended December 31, 2018, the Company used cash in operating activities of \$129,406 compared to \$256,933 for the three months ended December 31, 2017. The Company raised \$1,000,000 from a private placement in 2018 compared to \$2,361,900 raised in 2017. The Company

repaid \$350,000 on loans in 2018 compared to \$1,308,262 in 2017. The Company raised \$15,000 from the disposed of assets in 2018 compared to \$104,500 in 2017.

For the twelve months ended December 31, 2018 and 2017:

	Twelve months ended December 31,	
	2018	2017
Net (loss) income	\$ (4,516,596)	\$ 2,260,782
Income from digital currency mining	19,750	-
Revaluation of digital currency	(2,333)	-
Other revenue	17,550	
Professional, consulting and management fees	869,247	(941,493)
General and administration	100,843	142,388
Utilities & maintenance	67,700	59,919
Shareholder communications	5,989	-
Insurance	3,700	7,575
Travel and accommodation	13,279	58,039
Property taxes	23,160	23,610
Interest expense	11,770	2,518
Share-based payments	-	692,000
Foreign exchange loss	3,436	5,854
Depreciation	10,246	-
Gain on debt settlement	(2,100,752)	(2,311,192)
Transaction costs	5,542,945	-

For the twelve months ended December 31, 2018, the Company recorded a net loss of \$4,516,596 compared to a net income of \$2,260,782 for the twelve months ended December 31, 2017.

Professional, consulting and management fees were \$869,247 for the twelve months ended December 30, 2018 compared to \$(941,493). In 2017, the Company reversed previously accrued consulting fees.

General and administration was \$100,843 for the twelve months ended December 31, 2018 compared to \$142,388 in 2017. General and administration was lower in 2018 due to cost reductions.

Travel and accommodation was \$13,279 for the twelve months ended December 31, 2018 compared to \$58,039 in 2017. Company travel in 2018 was limited.

Share-based payments was \$nil for the twelve months ended December 31, 2018 compared to \$692,000 in 2017. The Company granted no options in 2018 where in 2017 4,000,000 options were granted.

Gain on debt settlement was \$(2,100,752) for the twelve months ended December 31, 2018 compared to \$(2,311,192) in 2017. This gain was related to portions of grid note with 0890241 BC Ltd. that was forgiven in 2017 and 2018.

Transaction costs were \$5,542,945 for the three months ended December 31, 2018 compared to \$nil in 2017. These transactions relate to the reverse take-over of Valencia Ventures Inc. that closed on December 21, 2018.

During the twelve months ended December 31, 2018 the Company used cash in operating activities of \$495,534 compared to \$542,164 in 2017. The Company raised \$1,000,000 from financings, repaid \$350,000 in loans and received \$53,000 in loans during the twelve months ended December 31, 2018. Whereas in 2017, the Company raised \$2,361,900 from financings, repaid \$1,308,262 in loans and received \$100,000 in loans. The Company spent \$61,479 on Bitcoin mining equipment in 2018 and disposed of capital assets of \$15,000 whereas in 2017 the Company disposed of capital assets of \$104,500.

Liquidity and Capital Resources

Given the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the successful restart of the turbine which leads to the electricity production. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine.

The Company currently has a negative operating cash flow and finances its operations through equity financings. The Company's financial success will be dependent on the economic viability of its projects.

The Company had working capital of \$246,732 as at December 31, 2018 (December 31, 2017 – \$(2,357,986) including cash and cash equivalents of \$885,873 (December 31, 2017 - \$724,886). None of the cash equivalents are invested in asset-backed securities.

The Company's estimate of the adequacy of its working capital is a forward-looking statement as it involves known and unknown risks, uncertainties and other factors. Actual results could differ, perhaps materially; with the result that the adequacy of working capital required for fiscal year 2019 expressed by such forward-looking statements is materially different than so stated. Also, the ability of the Company to successfully acquire and develop projects or to continue development of its current project is conditional on its ability to secure financing when required. The Company proposes to meet any additional financing requirements through equity financing when required. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or desired by the Company. See "Cautionary Statement Regarding Forward Looking Information".

Non-IFRS Measures

The Company has included a Non-IFRS performance measure, working capital, throughout this document. This is a common Non-IFRS performance measure but does not have a standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. This Non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following tables provide a reconciliation of working capital to the financial statements as at December 31, 2018 and 2017.

	31-Dec-18	31-Dec-17
Current Assets		
Cash	885,873	724,886
HST Receivable	89,608	8,732
Digital currency	4,117	-
Prepaid Expenses	33,210	1,040
Total Current Assets	1,012,808	734,658
Current Liabilities		
Accounts Payables and Accrued Liabilities	711,597	540,314
Loans From Related Parties	54,479	2,552,330
Total Current Liabilities	766,076	3,092,644
Working Capital	246,732	(2,357,986)

Capital Risk Management

The Company's capital includes cash and equity, comprised of issued shares, share-based payment reserve and deficit, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support the acquisition and project development. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company is dependent upon external financings to fund activities. In order to carry out planned engineering, test work, advancement and development of projects, and pay for administrative costs, the Company will spend working capital and expects to raise the additional funds from time to time as required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes in the Company's approach to capital management during the twelve months ended December 31, 2018. The Company is not subject to externally imposed capital requirements.

Commitments and contingencies

Management Contracts

The Company is party to certain management contracts. These contracts contain minimum commitments and additional contingent payments upon the occurrence of a change of control. As the likelihood of a change of control is not determinable, the contingent payments have not been reflected in these financial statements.

Legal 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 pending or threatened proceedings related to any matter, or any amount that may be required to be paid in connection thereto, will have a material effect on the financial condition or future results of operations. As at December 31, 2018, no amounts have been accrued related to such matters.

Environmental Commitments

The Company's activities are subject to various federal, state and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Off Balance Sheet Arrangements

The Company is not party to any off-balance sheet arrangements.

Related Party Transactions

Loans Payable

The Company entered into the loan agreement with 0890241 B.C. Ltd. 0890241 B.C. Ltd. provided a demand loan to the Company. This loan is unsecured and bears interest at 3%. The principal and interest totaling \$2,100,752 was outstanding at December 19, 2018. (December 31, 2017 - \$2,450,752). Directors of the Company are also directors of 0890241 B.C. Ltd. On December 19, 2018 directors of both 0890241 B.C. Ltd and 2292055 Ontario Inc. signed a loan forgiveness agreement for the entire amount of \$2,100,752.

On November 14, 2017, the Company borrowed \$100,000 from Aberdeen International Inc. The interest rate on the loan is 12%, The loan is repayable including the principal and accrued interest on or before November 14, 2018. The balance of loan including accrued interest was \$111,868 as of December 21, 2018 and on the same day the Company issued 508,491 common shares to settle the entire amount of \$111,868.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

Director and officers advance funds to the Company. These advances are unsecured and bear interest at 5%. Advances totaling \$54,479 was outstanding at December 31, 2018 (December 31, 2017 - \$nil).

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel during the period were as follows:

	Twelve months ended December 31,	
	2018	2017
Short-term benefits	\$ 240,000	\$ 240,000
Share-based payments	-	460,180
	<u>\$ 240,000</u>	<u>\$ 700,180</u>

In accordance with IAS 24 Related Party Disclosures, 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.

Financial Instruments and Other Instruments

The carrying value of cash and cash equivalents, prepaid expenses, sundry receivable, accounts payable and finance leases approximate their fair values due to the short maturity of those instruments.

The Company's risk exposures and their impacts on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the twelve months ended December 31, 2018.

Credit risk

The Company's credit risk is primarily attributable to cash and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash held in financial institutions from which management believes the risk of loss to be remote.

Liquidity risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

As at December 31, 2018, the Company had current assets of \$1,012,808 (December 31, 2017 - \$734,658) to settle current liabilities of \$766,076 (December 31, 2017 - \$3,092,644). Approximately \$711,597 (December 31, 2017 - \$540,314) of the Company's financial liabilities as at December 31, 2018 have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

(a) Interest rate risk

The Company's cash equivalents are subject to interest rate cash flow risk as they carry variable rates of interest. The Company's interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase.

Currency Risk

The Company funds the operations and maintains a head office in Canada. A portion of the Company's expenses are denominated in U.S. dollars and Canadian dollars. Consequently, the Company is exposed to fluctuations in foreign exchange rates. The Company has not used derivative instruments to reduce its exposure to foreign exchange fluctuations. The Company does not engage in any hedging activity to mitigate this risk.

Outstanding Share Data

As at April 25, 2019 the Company has 86,909,292 common shares issued and outstanding. As at April 25, 2019 the Company had 5,250,000 stock options with an exercise prices ranging of \$0.14 and \$0.25 and expiring on July 18, 2021 and August 22, 2021.

Risks and Uncertainties

Electricity Generation

Changes in the Price of Electricity

A portion of EarthRenew's revenues will be 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, EarthRenew cannot accurately predict future electricity prices and electricity price volatility could have a material adverse effect on EarthRenew.

Regulatory Risk

The regulatory framework under which power generation is governed is impacted by significant shifts in government policy and changes in government, which creates uncertainty about public policy priorities and directions, particularly around electricity and environmental issues. The regulations that govern the competitive wholesale and retail electricity markets in Alberta continue to evolve and the extent to which the government of Alberta may participate in, and make adjustments to, the regulations cannot be foreseen.

Third Party Transmission Systems

The Strathmore Plant relies on a regional transmission system and related facilities that are owned and operated by third parties and have both regulatory and physical constraints that could impede EarthRenew's access to electricity markets. EarthRenew'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, EarthRenew's power generation facilities 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 delay the commercial operation dates of any new projects and negatively impact EarthRenew's revenues and financial condition.

Organic Fertilizer Production

Limited Operating History

EarthRenew commenced commercial operations at its Strathmore Plant in April 2008. Future growth plans involve expansion in the United States or Europe where EarthRenew has not developed a plant or produced fertilizer. Accordingly, EarthRenew will have a relatively limited operating history from which an investor can evaluate its business and prospects. EarthRenew has generated net losses and negative cash flow from operations since the commencement of operations and EarthRenew is expected to incur net losses and negative cash flow from operations for a significant period of time as it expands its operations, re-launches organic fertilizer productions and applies for regulatory permits and approvals.

Unproven Products and Unproven Markets

EarthRenew's fertilizer products are relatively new and are unproven in the marketplace. There are no assurances that EarthRenew's products will receive the broad market acceptance required for commercialization. Actual or perceived problems with quality control, performance or cost effectiveness of our products, including in relation to competition or alternative products, may lead to a lack of confidence and harm EarthRenew's ability to successfully commercialize its products.

The market for EarthRenew's products is undeveloped and development of such markets will require significant marketing efforts, working capital and increased sales and marketing staff. This may present difficulties due to limited resources as the price at which EarthRenew may sell its products in commercial quantities has not yet been fully determined. EarthRenew 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 EarthRenew will be able to sell its products and services will be highly dependent on the existence of a market for such products and overall farm receipts.

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

- the effectiveness of the products;
- the ability of EarthRenew to locate additional hosts and add sufficient manufacturing capacity at an acceptable cost and in compliance with regulatory requirements;
- the ability to generate commercial sales of products;
- 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 our products in sufficient quantities; and
- general economic conditions.

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

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

Operating results and the price at which EarthRenew 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, and government policies. It is likely that the price at which EarthRenew sells its products will fluctuate if there are significant changes in the price and availability of other fertilizer products.

EarthRenew's technology has not yet been commercialized outside of the Strathmore Plant or in other industries. There can be no assurance that EarthRenew will be able to commercialize this technology or that EarthRenew will be able to enter into licensing, joint ventures or other arrangements to develop other applications for this technology at other locations.

Product Price and Margin

Operating results are and will be dependent upon product prices and margins, which are in turn dependent on demand for crop inputs. Demand for crop inputs can be affected by a number of factors including weather conditions, outlook for crop nutrient prices and farmer economics, governmental policies, access of our customers to credit, and build-up of inventories in distribution channels.

Product price and margins are also significantly influenced by competitor actions that change overall industry production capacity, such as decisions to build or close production plants, changes in utilization rates and pricing decisions.

Competition

The fertilizer manufacturing and electricity generation industries in which we operate are highly competitive. Although EarthRenew does not produce the same products as traditional fertilizer producers, management of EarthRenew anticipates that future sales, pricing and margins will be affected by the price and availability of traditional soil products such as nitrogen-based fertilizers, the price of which is highly dependent on inputs such as natural gas. If the price and availability of traditional fertilizer products is attractive, future sales, pricing and margins may suffer which could have a material adverse effect on our business and financial condition. Competitors in the traditional fertilizer industry are larger and have better access to capital and resources than EarthRenew which could affect its ability to compete. A competitor or a new entrant could invent a technology or process that is superior to EarthRenew's technology or process and this would have an adverse effect on its ability to

compete. We will also compete for host manure sites and for an adequate supply of inputs. A failure to secure future host sites will have a material adverse effect on the growth prospects of EarthRenew.

Production Process

Under EarthRenew's manufacturing model, it has developed and established, and will continue to develop and establish, manufacturing processes and systems at the Strathmore Plant.

EarthRenew's manufacturing process is a highly automated and complex process that requires extreme precision and quality control throughout each production stage. The Strathmore Plant consists of multiple components, all of which must be run on an integrated and coordinated basis. There can be no assurance that each component will continuously operate as designed or expected or that the necessary levels of integration and co-ordination will continuously be achieved. Any difficulties encountered in our manufacturing process could adversely affect the ability to produce products, thereby affecting EarthRenew's ability to meet customer expectations and may adversely affect the business and financial results.

Intellectual Property

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

EarthRenew'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 EarthRenew's ability to compete and materially and adversely affect business and financial condition. EarthRenew has obtained patents or filed patent applications in the United States, Canada and internationally and may, in the future, seek additional patents or file patent applications. Certain aspects of EarthRenew's technology are currently protected as trade secrets, for which we may or may not file patent applications.

There can be no assurance that EarthRenew's patents or patent applications will be valid or will issue over prior art, 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 us with adequate protection for the processes used by us currently or in the future. EarthRenew cannot be certain that the creators of EarthRenew'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 EarthRenew's patents will be valid or will afford EarthRenew 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 EarthRenew take to prevent unauthorized use of patented products or confidential information will be effective.

EarthRenew may deem it necessary or advisable to commence litigation to enforce our intellectual property rights. Others may claim that EarthRenew has infringed upon their intellectual property rights and commence litigation against EarthRenew. EarthRenew'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 EarthRenew, EarthRenew 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 EarthRenew, even if the eventual outcome is favourable. Litigation could also subject EarthRenew to significant liabilities to third parties, require disputed rights to be licensed from third parties or require EarthRenew to cease using certain technology. If EarthRenew becomes involved in any patent litigation, interference, opposition or other administrative proceedings, EarthRenew will incur substantial expense and the efforts of technical and management personnel will be significantly diverted. As a result of such litigation or proceedings EarthRenew 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, EarthRenew may lack the resources, whether financial or otherwise, to monitor, prosecute and enforce intellectual property rights.

Host Industry Risks and Dependence on Hosts

EarthRenew's operations will be exposed to the same industry risks faced by hosts it engages with for power generation and organic fertilizer production. These risks include the risk of diseases such as BSE, avian flu or hoof and mouth disease. New regulations resulting from these diseases may have a negative impact on hosts and, as a consequence, EarthRenew's operations. If any area in which EarthRenew operates is affected by these diseases, plants may be shut down or substantially impeded in their operation which could have a material adverse effect on business and financial conditions. Risks faced by hosts do include those risks associated with cattle, dairy or poultry operations, as the case may be; including weather, pricing and availability of other inputs, product prices and all other matters affecting their commercial operation and viability.

EarthRenew will depend on hosts for the materials needed to manufacture organic matter fertilizers. It is expected that each plant will be dependent on a single host and the loss of any such host would result in a disruption in production from such plant. If this were to occur, it may be difficult to arrange a replacement supplier, because such plants cannot easily be physically relocated. Hosts may encounter problems in providing EarthRenew with an adequate supply of the inputs required due to a variety of reasons, including failure to comply with applicable regulations and environmental factors. If hosts are unable to provide sufficient quantities of the inputs that are depended on to manufacture products on a timely basis or if delays or contractual or other difficulties in relationships with hosts are encountered, then the manufacture of products may be disrupted, which could have a materially adverse effect on operations, revenues and financial condition: EarthRenew intends to enter into long term agreements with hosts; however there is no guarantee that such hosts will be able to meet their commitments under such agreements nor is there any assurance that, EarthRenew will enter into a sufficient number of such long term agreements. It is anticipated that host agreements will provide for the delivery of specified amounts of input for such plants. These required specified amounts may not be sufficient to operate these plants at expected or full rates and the host may not be able to supply amounts in addition of the specified amounts. In these circumstances, EarthRenew may have to source additional inputs to operate at expected levels and there is no assurance, EarthRenew will be able to find additional input supply. It is also expected that host agreements provide that in certain circumstances, including in unusually wet weather conditions, or, after an initial five year period in the case where the host is unable to operate at a profit and so reduces the number of cattle maintained at its site, the host is excused from its obligations to provide input to its plants. In addition, as plants will be located on property leased from various hosts, EarthRenew may become liable for a failure by its hosts, or any other Person owning the real property upon which such plants are located, to comply with environmental laws and regulations.

Dependence on Single Plant

EarthRenew currently depends on a single plant to manufacture its product and generate revenue. All of EarthRenew's anticipated revenue for the foreseeable future will be derived from product and electricity that is produced at the Strathmore Plant. The Strathmore Plant is not operating at its base load production level. If the Strathmore Plant does not operate as planned or does not reach its targeted base load production level, EarthRenew may need to incur additional expense and spend additional time to increase production at that plant, which may temporarily reduce production levels and increase production costs.

Volatility of Electricity and Natural Gas Prices

EarthRenew's future revenue will be dependent on the market prices of electricity and natural gas. The market rates of electricity and natural gas may be affected by changes in regulations and government policy and in demand and capacity supply, including cyclical changes, as well as the overall economy. Electricity markets are subject to regulatory developments within the jurisdictions in which EarthRenew operates (or intends to operate) or sell electricity and other external factors outside its control, which developments or factors may negatively impact electricity markets, pricing, transmission development and investment. This volatility may have a material adverse effect on business and financial condition.

To the extent that electricity prices do not increase in tandem with any future increases in natural gas prices, EarthRenew's operating results will be adversely affected as it will not be able to sell the electricity produced by these plants at levels sufficient to offset a majority of the cost of the natural gas it will have to purchase to power such plants.

Government Regulation

EarthRenew'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, the sale of electricity and the transportation and the import and export of products. EarthRenew believes that it is currently in compliance with such laws and regulations. EarthRenew 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 us to predict the cost or impact of such laws and regulations on our future operations.

Organic Approvals

To sell EarthRenew's fertilizer for use in certified organic crop production, EarthRenew will be reliant on being approved for such use by various approval agencies in accordance with applicable regulatory standards. EarthRenew's products are currently approved for use in certified organic crop production in the U.S. and Canada. There can be no assurance that EarthRenew will be able to obtain approval for use of its products for organic agriculture in, or export to, other countries, in particular in Europe.

Operating Risks and Insurance

EarthRenew's operations will be subject to hazards inherent in the fertilizer manufacturing and sale and electrical generation industries, 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.

EarthRenew 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 EarthRenew 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 EarthRenew 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 EarthRenew is not able to obtain liability insurance, could have a material adverse effect on its ability to conduct normal business operations.

Defects in its products or failures in quality control could impair EarthRenew's ability to sell products or could result in product liability claims, litigation and other significant events with substantial additional costs. Detection of any significant defects in its products or failure in our quality control procedures may result in, among other things loss of sales and market acceptance of our products, diversion of development resources and injury to EarthRenew's reputation.

The costs EarthRenew may incur in correcting any product defects may be substantial. Additionally, errors, defects or other performance problems could result in financial or other damages to customers, which could result in litigation. Product liability litigation, even if unsuccessful, would be time consuming and costly to defend. EarthRenew's product liability insurance may not be adequate to cover claims.

Environmental and Regulatory Risk

EarthRenew's operations are subject to environmental risks and regulatory compliance and there are no assurances that its plants will be in compliance with all regulatory requirements. New or amended environmental laws and regulations may require EarthRenew to curtail or stop operations at one or more plants, or may require expenditures by us to install environmental control equipment or modify operations. Failure to comply could subject EarthRenew to fines or penalties.

There can be no assurances that EarthRenew will not experience difficulties in its efforts to comply with such laws and regulations in future years, or that the costs associated with EarthRenew's continued compliance efforts will not have a material adverse effect on its business and financial condition. The ability to use its product in organic agriculture is a key component to the marketability of such product. Should any regulatory body prohibit organic matter fertilizers for use in organic agriculture it would materially adversely affect the marketability of the products of EarthRenew.

Inability to Adapt or Incorporate New Technological Processes

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 efficiency and decrease the cost of production, which could increase competition. In addition, EarthRenew will rely on animal manure as an input to its process. The development of new technologies that utilize manure may increase competition for manure which could limit its access to manure and increase costs.

EarthRenew 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 EarthRenew may not be able to incorporate new technological processes into its production process which could place us at a competitive disadvantage.

Cross Contamination

Although EarthRenew's high heat process of up to 1,000 Fahrenheit degrees destroys pathogens there is no assurance its product will not be associated with a pathogen outbreak due to cross contamination with other crop inputs. Although EarthRenew attempts to restrict the use of its product with potentially risky inputs such as manures and composts, there can be no assurance that growers will not use its product in combination with these inputs. Association with a pathogen outbreak could damage EarthRenew's reputation and cause it to become involved in costly and time-consuming legal or regulatory proceedings which would divert the attention of Management and key personnel from its business operations, which could adversely affect the business.

Sales Cycle

EarthRenew is affected by seasonality risk due to weather and the potential buying patterns of major customers. EarthRenew's revenue may therefore be affected by these buying patterns, notably a potential slowdown in sales over the winter and early spring.

Personnel and Strategic Allies

The successful operation of our business will depend upon the abilities, expertise, judgment, discretion, integrity and good faith of our Management, executive officers, general managers, employees, consultants and strategic allies. In addition, our ability to expand will depend upon our ability to attract qualified personnel as needed, including marketing, sales and operational personnel. The demand for skilled employees is high, and the supply can be limited, particularly in the Alberta market. The unexpected loss of our key personnel or strategic partners, or the inability to retain or recruit skilled personnel could have a material adverse effect on our business and financial condition.

Marketing and Distribution Expertise

Achieving market success will require substantial marketing efforts and the expenditure of funds to inform potential customers of the distinctive benefits and characteristics of our fertilizer. EarthRenew's long term success will depend on its ability to expand current marketing capabilities. EarthRenew will, among other things, need to attract and retain experienced marketing and sales personnel. No assurance can be given that EarthRenew will be able to attract and retain such personnel or that any efforts undertaken by such personnel will be successful.

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 EarthRenew expects the amount of inputs produced by hosts to decline. A reduction in the production of the inputs needed to manufacture our products or crop input sales because of adverse weather conditions could have a material adverse effect on operating results and financial condition.

Management Estimates and Assumptions

A number of matters set forth in this MD&A including, without limitation, engineering matters, energy efficiency, product performance and costs are based on certain assumptions and estimates made by management. These estimates and assumptions may prove to be inaccurate

Litigation Risks

EarthRenew may become involved in, named as a party to, or the subject of, various legal proceedings, including contract disputes, regulatory proceedings, tax proceedings and legal actions relating to intellectual property, product liability, personal injuries, property damage, property taxes, land rights, and the environment. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to EarthRenew and as a result, could have a material adverse effect on its assets, liabilities, business, financial condition and results of operations. Even if EarthRenew prevails in any such legal proceeding, the proceedings could be costly and time-consuming and would divert the attention of Management and key personnel from business operations, which could adversely affect its financial condition.

Credit Risk

A substantial portion of EarthRenew's accounts receivable will be with customers involved in the agricultural industry whose revenues may be impacted by fluctuations in commodity prices and all other factors affecting the economics of the agricultural industry. Collection of these receivables could be influenced by economic factors affecting the agricultural industry as a whole.

Foreign Exchange and Interest Rates

EarthRenew will incur costs in United States dollars, particularly in relation to equipment and parts purchased from the United States. Accordingly, EarthRenew is subject to risk from fluctuations in the rates of currency exchange between the United States dollar and Canadian dollar, and such fluctuations may materially affect its business and financial condition.

Catastrophic Event Risk

EarthRenew'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. Both the Strathmore Plant and future plants owned by hosts could be exposed to effects of severe weather conditions, natural disasters and potentially catastrophic events such as a major accident or incident at our plants. A pandemic or an assault or an action of malicious destruction, sabotage or terrorism committed at our plants or with respect to our fertilizer could also disrupt our ability to produce and sell fertilizer. 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.

Cryptocurrency Mining

Cybersecurity Threats and Hacks

As with any other computer code, flaws in cryptocurrency codes have been exposed by certain malicious actors. Several errors and defects have been found and corrected, including those that disabled some functionality for users and exposed users' information. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money can occur.

Regulatory Changes

As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies with certain governments deeming them illegal while others have allowed their use and trade. On-going and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the EarthRenew to continue to operate. The effect of any future regulatory change on EarthRenew or any cryptocurrency that EarthRenew may mine is impossible to predict, but such change could be substantial and adverse to EarthRenew.

Governments may, in the future, restrict or prohibit the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanction. Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency mining companies to additional regulation, On August 24, 2017, the Canadian Securities Administrators published CSA Staff Notice 46-307 –*Cryptocurrency Offerings*, providing guidance on whether initial coin offerings, pursuant to which tokens are offered to investors, are subject to Canadian securities laws.

Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade cryptocurrencies or to exchange cryptocurrencies for fiat currency. By extension, similar actions by other governments, may result in the restriction of the acquisition, ownership, holding, selling, use or trading in the Common Shares. Such a restriction could result in EarthRenew liquidating its cryptocurrency inventory at unfavorable prices and may adversely affect EarthRenew's shareholders.

Value of Cryptocurrencies may be Subject to Momentum Pricing Risk

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Cryptocurrency market prices are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Momentum pricing may have resulted, and may continue to result, in speculation regarding future appreciation in the value of cryptocurrencies, inflating and making their market prices more volatile. As a result, they may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could adversely affect the value of EarthRenew's cryptocurrency inventory and thereby affect EarthRenew's shareholders.

Cryptocurrency Exchanges and other Trading Venues are Relatively New

To the extent that cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in cryptocurrency prices. Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, derivatives and other currencies. For example, during the past three years, a number of Bitcoin exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed Bitcoin exchanges were not compensated or made whole for the partial or complete losses of their account balances in such Bitcoin exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that provide larger exchanges with additional stability, larger exchanges may be more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action.

Banks May Cut off Banking Services, to Businesses that Provide Cryptocurrency-related Services

A number of companies that provide cryptocurrency-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such

companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to cryptocurrency related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide cryptocurrency-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of many or of a few key businesses providing cryptocurrency-related services. This could decrease the market prices of cryptocurrencies and adversely affect the value of EarthRenew's cryptocurrency inventory.

Impact of Geopolitical Events

Crises may motivate large-scale purchases of cryptocurrencies which could increase the price of cryptocurrencies rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior wanes, adversely affecting the value of EarthRenew's cryptocurrency inventory. The possibility of large-scale purchases of cryptocurrencies in times of crisis may have a short-term positive impact on the prices of same. Future geopolitical crises may erode investors' confidence in the stability of cryptocurrencies and may impair their price performance which would, in turn, adversely affect EarthRenew's cryptocurrency inventory.

As an alternative to fiat currencies that are backed by central governments, cryptocurrencies are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of cryptocurrencies either globally or locally. Large-scale sales of cryptocurrencies would result in a reduction in their market prices and adversely affect EarthRenew's operations and profitability.

Further Development and Acceptance of the Cryptographic and Algorithmic Protocols

The use of cryptocurrencies to, among other things, buy and sell goods and services and complete other transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may adversely affect EarthRenew's operations. The factors affecting the further development of the industry, include, but are not limited to the following

- continued worldwide growth in the adoption and use of cryptocurrencies;
- governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency systems;
- changes in consumer demographics and public tastes and preferences;
- the maintenance and development of the open-source software protocol of the network;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;

- general economic conditions and the regulatory environment relating to digital assets; and
- negative consumer sentiment and perception of cryptocurrencies.

Acceptance of Cryptocurrency is Uncertain

Currently, there is relatively small use of cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect EarthRenew's operations, investment strategies, and profitability.

As relatively new products and technologies, cryptocurrencies have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of cryptocurrency demand is generated by speculators and investors seeking to profit from the short-term or long-term holding of cryptocurrencies. The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end-users to use them to pay for goods and services. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in their market prices, either of which could adversely impact EarthRenew's operations, investment strategies, and profitability.

Risk of Loss, Theft or Destruction of Cryptocurrencies

There is a risk that some or all of EarthRenew's cryptocurrencies could be lost, stolen or destroyed. If EarthRenew's cryptocurrencies are lost, stolen or destroyed under circumstances rendering a party liable to EarthRenew, the responsible party may not have the financial resources sufficient to satisfy EarthRenew's claim.

Irrevocability of Transactions

Bitcoin and most other cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. Such transactions are not reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to the Blockchain, an incorrect transfer of cryptocurrencies or a theft of cryptocurrencies generally will not be reversible and EarthRenew may not be capable of seeking compensation for any such transfer or theft. To the extent that EarthRenew is unable to seek a corrective transaction with the third party or is incapable of identifying the third party that has received EarthRenew's cryptocurrencies through error or theft, EarthRenew will be unable to revert or otherwise recover incorrectly transferred cryptocurrencies. EarthRenew will also be unable to convert or recover cryptocurrencies transferred to uncontrolled accounts.

Further Development and Acceptance of the Bitcoin Network

The further development and acceptance of the Bitcoin Network and other cryptographic and algorithmic protocols governing the issuance of transactions in Bitcoins and other digital currencies, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of the Bitcoin Network may adversely affect the value of Bitcoin.

The use of digital currencies, such as Bitcoins, to, among other things, buy and sell goods and services, is part of a new and rapidly evolving industry that employs digital assets based upon a computer generated mathematical and/or cryptographic protocol. Bitcoin is a prominent, but not a unique, part of this industry. The growth of this industry in general, and the Bitcoin Network in particular,

is subject to a high degree of uncertainty. The factors affecting the further development of this industry, include, but are not limited to the following:

- continued worldwide growth in the adoption and use of Bitcoins and other digital currencies;
- government and quasi-government regulation of Bitcoins and other digital assets and their use, or restrictions on, or regulation of, access to and operation of the Bitcoin Network or similar digital asset systems;
- changes in consumer demographics and public tastes and preferences;
- the maintenance and development of the open-source software protocol of the Bitcoin Network or similar digital asset systems;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- general economic conditions and the regulatory environment relating to digital assets; and
- negative consumer perception of Bitcoins specifically and cryptocurrencies generally.

Potential Failure to Maintain the Bitcoin Network

The Bitcoin Network operates based on an open-source protocol maintained by the core developers of the Bitcoin Network and other contributors, largely on the GitHub resource section dedicated to Bitcoin development. As the Bitcoin Network protocol is not sold and its use does not generate revenues for its development team, the core developers are generally not compensated for maintaining and updating the Bitcoin Network protocol. Consequently, there is a lack of financial incentive for developers to maintain or develop the Bitcoin Network and the core developers may lack the resources to adequately address emerging issues with the Bitcoin Network protocol. Although the Bitcoin Network is currently supported by the core developers, there can be no guarantee that such support will continue or be sufficient in the future. To the extent that material issues arise with the Bitcoin Network protocol and the core developers and open-source contributors are unable to address the issues adequately or in a timely manner, the Bitcoin Network and an investment in the Common Shares may be adversely affected.

Potential Manipulation of Blockchain

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains control of more than 50% of the processing power dedicated to mining on the Bitcoin Network, it may be able to alter or manipulate the Blockchain on which the Bitcoin Network and most Bitcoin transactions rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new Bitcoins or transactions using such control. The malicious actor could “double-spend” its own Bitcoins (i.e., spend the same Bitcoins in more than one transaction) and prevent the confirmation of other users’ transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the Bitcoin Network or the Bitcoin community did not reject the fraudulent blocks as malicious, reversing any changes made to the Blockchain may not be possible. To the extent that the Bitcoin ecosystem, including the core developers and the administrators of mining pools, do not act to ensure greater decentralization of Bitcoin mining processing power, the feasibility of a malicious actor obtaining control of the processing power on the Bitcoin Network will increase.

Risk of Security Breaches

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in the Bitcoin and other cryptocurrency exchange market since the launch of the Bitcoin Network. Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could harm EarthRenew's business operations or result in loss of EarthRenew's assets. Any breach of EarthRenew's infrastructure could result in damage to EarthRenew's reputation and reduce demand for the Common Shares, resulting in a reduction in the price of the Common Shares. Furthermore, the EarthRenew believes that if its assets grow, it may become a more appealing target for security threats, such as hackers and malware.

Any security procedures implemented cannot guarantee the prevention of any loss due to a security breach, software defect or act of God that may be borne by EarthRenew. The security procedures and operational infrastructure of EarthRenew may be breached due to the actions of outside parties, error or malfeasance of an employee of EarthRenew or otherwise, and, as a result, an unauthorized party may obtain access to EarthRenew's Bitcoin account, private keys, data or cryptocurrencies. Additionally, outside parties may attempt to fraudulently induce employees of EarthRenew to disclose sensitive information in order to gain access to EarthRenew's infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event, and often are not recognized until launched against a target, EarthRenew may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of one of EarthRenew's accounts occurs, the market perception of the effectiveness of EarthRenew could be harmed.

Fluctuations in the Market Price of Bitcoins and Other Cryptocurrencies

The value of the Common Shares relates partially to the value of the cryptocurrencies held directly or indirectly by EarthRenew, and fluctuations in the price of Bitcoins and other cryptocurrencies could materially and adversely affect an investment in the Common Shares. Several factors may affect the price of cryptocurrencies, including: the total number of cryptocurrencies in existence; global cryptocurrency demand; global cryptocurrency supply; investors' expectations with respect to the rate of inflation of fiat currencies; investors' expectations with respect to the rate of deflation of cryptocurrencies; interest rates; currency exchange rates, including the rates at which cryptocurrencies may be exchanged for fiat currencies; fiat currency withdrawal and deposit policies of cryptocurrency exchanges and liquidity of such cryptocurrency exchanges; interruptions in service from or failures of major cryptocurrency exchanges; Cyber theft of cryptocurrencies from online wallet providers, or news of such theft from such providers or from individuals' wallets; investment and trading activities of large investors; monetary policies of governments, trade restrictions, currency devaluations and revaluations; regulatory measures, if any, that restrict the use of cryptocurrencies as a form of payment or the purchase of cryptocurrencies; the availability and popularity of businesses that provide cryptocurrency and blockchain-related services; the maintenance and development of the open-source software protocol of the Bitcoin Network; increased competition from other forms of cryptocurrency or payments services; global or regional political, economic or financial events and situations; expectations among cryptocurrency economy participants that the value of cryptocurrencies will soon change; and fees associated with processing a cryptocurrency transaction.

Bitcoin and other cryptocurrencies have historically experienced significant intraday and long-term price volatility. If cryptocurrency markets continue to be subject to sharp fluctuations, shareholders may experience losses if they need to sell their Common Shares at a time when the price of cryptocurrencies is lower than it was when they purchased their Common Shares. In addition, investors should be aware that there is no assurance that cryptocurrencies will maintain their long term value in

terms of future purchasing power or that the acceptance of cryptocurrency payments by mainstream retail merchants and commercial businesses will continue to grow.

Response to Changing Security Needs

As technological change occurs, the security threats to EarthRenew's cryptocurrencies will likely adapt and previously unknown threats may emerge. EarthRenew's ability to adopt technology in response to changing security needs or trends may pose a challenge to the safekeeping of EarthRenew's cryptocurrencies. To the extent that EarthRenew is unable to identify and mitigate or stop new security threats, EarthRenew's cryptocurrencies may be subject to theft, loss, destruction or other attack.

Market Adoption

Currently, there is relatively small use of cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect an investment in the Common Shares. Cryptocurrencies have only recently become accepted as a means of payment for goods and services by certain major retail and commercial outlets and use of cryptocurrencies by consumers to pay such retail and commercial outlets remains limited. Conversely, a significant portion of cryptocurrencies demand is generated by speculators and investors seeking to profit from the short- or long-term holding of cryptocurrencies. A lack of expansion by cryptocurrencies into the retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in the market price of cryptocurrencies. Further, if fees increase for recording transactions in the applicable Blockchain, demand for cryptocurrencies may be reduced and prevent the expansion of the network to retail merchants and commercial businesses, resulting in a reduction in the price of cryptocurrencies.

Miners May Cease Operations

If the award of Bitcoins or other cryptocurrencies for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending processing power to solve blocks and confirmations of transactions on the Bitcoin Blockchain or other networks could be slowed. A reduction in the processing power expended by miners on the applicable blockchain network could increase the likelihood of a malicious actor or botnet obtaining control.

Risks Related to Insurance

EarthRenew intends to insure its operations in accordance with technology industry practice. However, given the novelty of cryptocurrency mining and associated businesses, such insurance may not be available, may be uneconomical for EarthRenew, or the nature or level may be insufficient to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on EarthRenew.

Cyber Security Risk

Cyber incidents can result from deliberate attacks or unintentional events, and may arise from internal sources (e.g., employees, contractors, service providers, suppliers and operational risks) or external sources (e.g., nation states, terrorists, hackers, competitors and acts of nature). Cyber incidents include, but are not limited to, unauthorized access to information systems and data (e.g., through hacking or malicious software) for purposes of misappropriating or corrupting data or causing operational disruption. Cyber incidents also may be caused in a manner that does not require unauthorized access, such as causing denial-of-service attacks on websites (e.g., efforts to make network services unavailable to intended users).

A cyber incident that affects EarthRenew or its service providers might cause disruptions and adversely affect their respective business operations and might also result in violations of applicable law (e.g., personal information protection laws), each of which might result in potentially significant financial losses and liabilities, regulatory fines and penalties, reputational harm, and reimbursement and other compensation costs. In addition, substantial costs might be incurred to investigate, remediate and prevent cyber incidents.

General Business and Market Risks

Key Personnel

The senior officers of EarthRenew will be critical to its success. In the event of the departure of a senior officer, EarthRenew 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 EarthRenew grows is critical to its success. As EarthRenew's business activity grows, it will require additional key financial, administrative and technical personnel as well as additional operations staff. If EarthRenew 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 the financial condition of EarthRenew.

Conflicts of Interest

Directors and officers of EarthRenew are or may become directors or officers of other reporting companies or have significant shareholdings in other fertilizer or electrical generation companies, EarthRenew 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 of EarthRenew, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, EarthRenew 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 EarthRenew will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to EarthRenew, the degree of risk to which EarthRenew may be exposed and its financial position at that time. Other than as indicated, EarthRenew has no other procedures or mechanisms to deal with conflicts of interest.

Additional Financing

EarthRenew will require additional financing in order to make further investments or take advantage of future opportunities and to grow its business. The ability of EarthRenew to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of EarthRenew. There can be no assurance that EarthRenew will be successful in its efforts to arrange additional financing on terms satisfactory to EarthRenew. If additional financing is raised by the issuance of Common Shares or other forms of convertible securities from treasury, control of EarthRenew may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, EarthRenew may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business. If EarthRenew is unable to generate such revenues or obtain such additional financing, any investment in EarthRenew may be lost. In such event, the probability of resale of the securities of EarthRenew would be diminished.

Profitability

There is no assurance that EarthRenew 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 EarthRenew's business development and marketing activities. If EarthRenew does not have

sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

Management of Growth

EarthRenew may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of EarthRenew 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 EarthRenew to deal with this growth may have a material adverse effect on EarthRenew's business, financial condition, results of operations and prospects.

Issuance of Debt

From time to time, EarthRenew may enter into transactions to acquire assets or seek to obtain additional working capital. These transactions may be financed in whole or in part with debt, which may increase EarthRenew's debt levels. Depending on future plans, EarthRenew may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms to EarthRenew. EarthRenew's constating documents do not limit the amount of indebtedness that may be incurred and it is not expected that EarthRenew's constating documents will contain such restrictions. 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.

Dilution

EarthRenew may make future acquisitions or enter into financings or other transactions involving the issuance of securities of EarthRenew which may be dilutive to the holdings of existing shareholders.

Price Volatility of Publicly Traded 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 EarthRenew 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 EarthRenew has no control. There can be no assurance that an active trading market in securities of EarthRenew will be established and sustained. The market price for EarthRenew's securities could be subject to wide fluctuations, which could have an adverse effect on the market price of EarthRenew. 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

EarthRenew 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 EarthRenew to finance future growth, the financial condition of EarthRenew and other factors which EarthRenew's board of directors may consider appropriate in the circumstance. It is unlikely that EarthRenew will pay dividends in the immediate or foreseeable future.

Markets for Securities

There can be no assurance that an active trading market in the Common Shares will be established and sustained following Closing. The market price for the Common Shares could be subject to wide fluctuations. Factors such as agriculture commodity prices, government regulation, the demand for fertilizer, electricity prices, interest rates, share price movements of EarthRenew's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of EarthRenew.

General Economic Conditions May Adversely Affect EarthRenew's 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.

Significant Accounting Policies

The Company's significant accounting policies can be found in Note 2 of its annual financial statements for the twelve months ended December 31, 2018 and 2017.

New and Future Accounting Pronouncements

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Requirements relating to Hedge Accounting, representing a new hedge accounting model, have been added to IFRS 9 in November 2013. The new model represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. The standard is effective for annual periods beginning on or after January 1, 2018. The adoption of this standard did not have a material impact to the financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IFRS 16 – Leases ("IFRS 16") replaces IAS 17, Leases ("IAS 17"). The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a 'right-of-use asset' with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. The Company is still evaluating the impact of the adoption of IFRS 16.

Critical Accounting Estimates

The preparation of the Company's Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, and impact estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of stock based compensation and the valuation of income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

