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 accomodation	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	Twelve months ended December 31, 2017
Short-term benefits	$ 240,000	$ 240,000
Share-based payments	-	460,180
	$ 240,000	$ 700,180

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

<u>Electricity Generation</u>

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.

<u>Organic Fertilizer Production</u>

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.

<u>Cryptocurrency Mining</u>

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, hacktivists, 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.