

**Earthworks Industries Inc.**  
**Management’s Discussion and Analysis – Third Quarter**  
**Dated: October 29, 2024**

The following discussion of the performance, financial condition and analysis of Earthworks Industries Inc. (the “Company”) for its fiscal quarter which ended, August 31, 2024, (the “Quarter”) – and for the period ending October 29, 2024, (the “Subsequent Period”) - should be read in conjunction with (1) the Company’s annual audited consolidated financial statements prepared for the year ended November 30, 2023, (the “Year End”), (2) the Company’s condensed consolidated interim financial statements prepared for the period ending August 31, 2024, (the “Financial Statements”) and (3) Press Releases issued by the Company during the past year and the Subsequent Period, all of which may be viewed on the System for Electronic Data Analysis and Retrieval at [www.sedarplus.ca](http://www.sedarplus.ca). Press Releases may also be read on the Company’s website at [www.earthworksinc.com](http://www.earthworksinc.com). The financial statements and related Notes have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are expressed in Canadian Dollars unless otherwise indicated.

**1. Forward-Looking Statements**

Certain statements contained in this Management Discussion and Analysis (“MD&A”) may be deemed forward-looking statements. All statements other than statements of historical facts and possible future financings are forward looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are no guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are also advised to consider the risks set forth below while reviewing any forward-looking statements.

**2. General Discussion of Business Operations**

**a) Cortina Landfill Project**

Since March 30, 2024, the date of the Company’s last annual MD&A, no additional on-site work has been performed with respect to the Cortina Landfill Project (“Project”) to be developed on leased California land through the Company’s wholly owned California subsidiary Cortina Integrated Waste Management Inc. (“CIWM”) (the Company and CIWM being hereinafter together called (“EWK/CIWM”). The efforts of Management since that date have therefore been focused on the raising of additional funding for the Company.

**(b) Agreement with North Bay**

As a result of the Amendment Agreement dated March 13, 2023, (subsequently amended in agreements dated October 10, 2023, October 15, 2023, April 10, 2024, and October 27, 2024) the following terms apply to the payment of the buy-out option:

**Earthworks Industries Inc.**  
**Management's Discussion and Analysis – Third Quarter**  
**Dated: October 29, 2024**

**2. General Discussion of Business Operations (cont'd)**

**(b) Agreement with North Bay (cont'd)**

1. The US\$500,000 annual payment that was due March 31, 2023, was waived by North Bay;
2. The Company exercised its option to buy out the existing approximately US\$6 million loan and accrued interest from North Bay for US\$2,500,000, which is to be paid on or before April 15, 2024;
3. The Company will also repay US\$150,000 borrowed from North Bay under a separate loan agreement dated September 27, 2022, as part of the final payment;
4. The Company also paid North Bay a loan fee of US\$265,000 in June 2023 from the proceeds of the Company's financing which closed May 15, 2023;
5. US\$500,000 was settled by the issuance by the Company to North Bay of 3,335,000 Units – at a deemed value of US\$0.15 or C\$0.20 per Unit – total C\$667,000. Each Unit will consist of one fully paid voting common share in the capital of the Company and a share purchase warrant – each warrant being exercisable until October 30, 2025, to purchase 1 fully paid voting common share of the Company for C\$0.40;
6. A further US\$500,000 will be settled by the issuance by the Company to North Bay of 2,887,600 Units – at a deemed value of CAD\$0.235 per Unit – total Cdn \$678,600; each Unit consisting of one fully paid voting common share in the capital of the Company and a share purchase Warrant – each Warrant being exercisable until October 30, 2025, to purchase 1 fully paid voting common share of the Company for \$Cdn 0.40.
7. Interest will accrue at 10 percent per annum based on the total principal and accrued interest, previously outstanding immediately prior to the Company's exercising the Buy-Out Option, of approximately US\$5,900,000, from the October 10, 2023, and will be paid in addition to the remaining settlement amount of US\$1,650,000 under the Buy-Out option. (increased to US\$2,150,000 in the October 27, 2024, extension)
8. The Company used C\$315,260 (US\$233,370) of the net proceeds of the offering to pay the extension fee agreed to in the October 15, 2023, amended agreement. On April 8, 2024, the Company exercised the option to extend the payment date of April 15, 2024 (per the October 20, 2023, amended agreement) to November 15, 2024. On October 27, 2024, an agreement to extend the payment date from November 15, 2024, to November 15, 2025, was signed without an extension fee being required. The interest accrual referred to in Paragraph 7 will continue to accrue and will now be extended to November 15, 2025, along with the settlement amount of the payment which was increased to US\$2,150,000 in the October 27, 2024 extension agreement.

**Earthworks Industries Inc.**  
**Management's Discussion and Analysis – Third Quarter**  
**Dated: October 29, 2024**

**2. General Discussion of Business Operations (cont'd)**

**(b) Agreement with North Bay (cont'd)**

As of the date of this Management Discussion the following will summarize the financial situation after all the amendments and payments have been made:

The payout date for the settlement amount is November 15, 2025 (US\$2,150,000);  
The interest accrual is due on November 15, 2025 (US\$1,375,000 est.)

All applicable extension fee payments have been made.

Any failure by the Company to make payments under the option exercise will be deemed a breach of the Amendment Agreement, pursuant to which share certificates representing ownership of CIWM were transferred into an escrow account as security for the loan, and those share certificates will be irrevocably transferred to North Bay.

The Company cannot guarantee it will be successful in continuing to raise funds to pay the US\$3,525,000 including accrued interest due November 15, 2025, and finance operations going forward. However, is confident it will continue to do so as it has demonstrated in the past.

Since the majority of the Company's assets are in the United States, currency fluctuations can change the value of the assets significantly. Financing is raised in Canadian dollars and consequently currency risk as to the amounts needed in Canadian funds is significant.

**(c) Financing**

On May 15, 2023, the Company issued 4,500,000 units at a price of \$0.20 per unit consisting of 4,500,000 shares and 4,500,000 warrants which are exercisable at \$0.40 until May 18, 2024. Proceeds to the Company were \$900,000. These warrants were extended to May 18, 2025.

In September 2023 the Company engaged Haywood Securities Inc. ("Haywood") to undertake a brokered offering of units at a price of \$0.20 for one share and one share purchase warrant which is exercisable at \$0.40 until October 2025. The amount of that offering was subsequently reduced to \$1,500,000. (section 4)

The Company used C\$315,260 (US\$233,370) of the net proceeds of the offering to pay the extension fee agreed to in the October 15, 2023, amended agreement. Management believes that the needs of central California for waste disposal and treatment facilities will continue to grow as disposal capacity is strained and the value of the Project in that environment is continuing to increase.

**Earthworks Industries Inc.**  
**Management's Discussion and Analysis – Third Quarter**  
**Dated: October 29, 2024**

**2. General Discussion of Business Operations (cont'd)**

**(c) Financing (cont'd)**

On November 16, 2023, the Company granted 550,000 share purchase options at \$0.25 per share to two advisors and a director. The options will be exercisable until November 30, 2025. These options vested immediately and are valued at \$104,500.

On January 22, 2024, the Company granted 150,000 share purchase options at \$0.35 to a director.

2,300,000 warrants exercisable at \$0.30 expiring on September 21, 2024, have been extended to September 21, 2025.

The Company has obtained a loan in the amount of C\$400,000 for working capital purposes.

Since the majority of the Company's assets are in the United States, currency fluctuations can change the value of the assets significantly. Financing is raised in Canadian dollars and consequently currency risk as to the amounts needed in Canadian funds is significant.

**3. Overall Performance**

Because the Company does not carry on any revenue generating operations it would not be meaningful to analyze the Company's financial performance in the manner that would be possible for a company with a developed operating business or regular income.

Management believes that the needs of central California for waste disposal and treatment facilities will continue to grow as disposal capacity is strained and the value of the Project in that environment is continuing to increase. Management believes that this trend will support the ongoing approval of, and ultimately the construction of, the Project.

The Cortina team have been almost exclusively focused on progressing the Project through the various levels of government and overcoming permitting, regulatory and legal hurdles. Our technical team of engineers, consultants, and lawyers have now reached the point where completion of the federal SSFRs, a major hurdle, is almost complete.

**4. Financial Condition, Financial Performance and Cash Flows**

At the close of business on August 31, 2024, the Company had cash on hand of \$84,139 (2023 - \$251,762) and a working capital deficiency of \$5,197,671 (2023 - \$1,712,613). The Company will continue to evaluate its funding requirements on an ongoing basis in an effort to meet its current and future development and growth initiatives.

**Earthworks Industries Inc.**  
**Management's Discussion and Analysis – Third Quarter**  
**Dated: October 29, 2024**

**4. Financial Condition, Financial Performance and Cash Flows (cont'd)**

The Company is facing severe liquidity problems and risks. It does not have sufficient cash-on-hand to pay its ongoing general and administrative costs and pay the costs of ongoing work on the Cortina Project - or to pay the amounts which are payable to North Bay/CLC pursuant to the Amendment Agreement referred to in Clause 2(b). To carry on the Company will continue to have to raise additional financing.

The Company cannot guarantee it will be successful in continuing to raise funds to finance operations going forward however is confident it will continue to do so as it has demonstrated in the past. As discussed above, the Company is currently concluding arrangements to meet its obligations under the payout option and working capital requirements for the next year.

Since the majority of the Company's assets are in the United States, currency fluctuations can change the value of the assets significantly. Financing is raised in Canadian dollars and consequently currency risk as to the amounts needed in Canadian funds is significant.

Summary of Share Capital at the date of this report are as follows:

Outstanding shares	113,190,572
Options outstanding	6,850,000 @ \$0.17 (weighted average)
Warrants outstanding	23,585,100 @ \$0.38 (weighted average)

**5. Major Operating Milestones**

The Company has been successful in financing and continuing to facilitate re-mobilization with respect to the Cortina Project and completed a re-design of the final cover for the landfill to meet the preference requested by KERA. SCS Engineers also updated all technical requirements related to the Basis of Design to included additional costs for closure costs and monitoring. The design is complete as issued for construction.

Management is evaluating all its options on the Cortina asset development and how it can best serve the region and industry at this time. That is why we are moving forward to deliver as ready and technically current a project as possible.

Management has completed a cash flow model that has been reviewed by SCS which has been working on the landfill project for many years. Their conclusion states "The pro forma model developed for the proposed landfill construction and operations appears to be well structured and considers the major fixed and variable operational costs, projected revenues, and capital costs associated with developing, closing and maintaining the site during the post- closure care period."

**Earthworks Industries Inc.**  
**Management's Discussion and Analysis – Third Quarter**  
**Dated: October 29, 2024**

**5. Major Operating Milestones (cont'd)**

The Company disclosed via a news release dated July 20, 2023, which was reviewed and approved by IROC, that the cash flow indicates that:

- The calculations, which cover a period of 25 years, have resulted in a projected revenue stream that steadily builds over time until the capacity of the project is exhausted. The Company has used the net present value of this cash flow stream to determine the current value of the asset. The key assumptions in making the calculation are as follows (USD). Average tipping fee of \$98 per ton (adjusting for inflation), daily tonnage of 920 and 1,500 per day, 70% of total cost financed with debt, 10% equity and 20% via sinking fund financed through operation. Variable operating costs have been deducted from anticipated revenue to arrive at projected net revenue. Estimated peak outstanding debt required for construction \$23 million, the amount of new equity required will be \$10 million, and inflation is assumed to average 2% over the forecast period
- The after-tax annual cash flow rises steadily from U.S. \$13.5 million in the first full year to over U.S. \$30 million in 25 years.
- Net present value is calculated as U.S. \$158 million (discounted at 7%) and U.S. \$202 million (discounted at 5%)

Detailed fact-based assumptions covering capacity and source types have been applied to the calculation schedules along with taxes and interest estimates. Anticipated timing of construction and corresponding revenue generation and expansion have also been calculated in detail. The assumptions at this time are based primarily on landfill tipping fees and therefore represent the minimum revenue that could be earned. Additional revenue from recycling, power generation, contaminated soil, and compost sales, which are permitted, will come on-line as operations proceed. The revenues in this cash flow model do not include anticipated capacity increases.

The Company has undertaken to have its shares registered for trading in the U.S. The U.S. Financial Industry Regulatory Authority – FINRA - has accepted our filing. The Company's shares are now trading on the OTC market.

**6. Commitments, Unexpected Events or Uncertainties**

- (a) The ability of the Company to become a viable provider of waste management services is dependent upon many factors including the obtaining of required permits and the obtaining of required financing and the successful negotiation of contracts with waste stream providers.

**Earthworks Industries Inc.**  
**Management's Discussion and Analysis – Third Quarter**  
**Dated: October 29, 2024**

**6. Commitments, Unexpected Events or Uncertainties (cont'd)**

- (b) The Company has no history of profitable operations as its only project - the Cortina Project - is at the development stage. The Company is subject to many risks common to comparable companies including under-capitalization, limitations with respect to personnel, financial and other resources as well as lack of revenues.
- (c) The Company is very dependent upon the personal efforts and commitments of its existing management. To the extent that the management's services would be unavailable for any reason, a disruption to the operations of the Company could result and other persons would be required to manage and operate the Company.
- (d) The Company has received a Notice letter dated March 1, 2019, from the U.S. Bureau of Indian Affairs ("BIA") advising that the Lease of the Cortina Lands held by CIWM from the Kletsel Dehe Nation ("Tribe") at the Cortina Rancheria in Colusa County, California, has been terminated. The Lease covers the site of CIWM's proposed integrated waste management project. An appeal was filed, re-instating the lease, pending disposition of the appeal.

On July 1, 2024 the Company received a notice from the United States Department of the Interior, Interior Board of Indian Appeals (IBIA) that it has affirmed the March 1, 2019, decision of the Pacific Regional Director, Bureau of Indian Affairs (BIA) cancelling the federally approved lease between the Company's wholly owned subsidiary, Cortina Integrated Waste Management Inc. (CIWM) and the Kletsel Dehe Wintun Nation of the Cortina Rancheria, California.

The Company is considering the optimum path forward with respect to the administrative decision of the United States Department of the Interior, Interior Board of Indian Appeals (IBIA) to uphold the Bureau of Indian Affairs' decision to terminate the federally approved lease between the Company's wholly owned subsidiary, Cortina Integrated Waste Management Inc. (CIWM) and the Kletsel Dehe Wintun Nation of the Cortina Rancheria, California.

- (e) Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

**Earthworks Industries Inc.**  
**Management's Discussion and Analysis – Third Quarter**  
**Dated: October 29, 2024**

**7. Accounting Policy Standards not yet effective**

Note 2(p) of the Annual Financial Statements for the Fiscal Year describe accounting policies which have been issued by the IASB and which the Company will have to adopt for subsequent fiscal years.

**8. Significant Estimates and Judgements**

Note 2(m) of the Annual Financial Statements for the Fiscal Year outline significant estimates and judgements applicable to the Company.