

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

SusGlobal Energy Corp.

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2020**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **000-56024**

SUSGLOBAL ENERGY CORP.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

38-4039116

(I.R.S. Employer Identification No.)

200 Davenport Road

Toronto, Ontario, Canada

(Address of principal executive offices)

M5R1J2

(Zip code)

Registrant's telephone number, including area code:

(416) 223-8500

Securities registered pursuant to Section
12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
N/A	N/A	N/A

Securities registered pursuant to Section
12(g) of the Act:

Common Stock, par value \$0.0001 per
share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted every Interactive Data File required to be submitted pursuant to Rule 405 of Regulations S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value of the 64,329,157 voting common stock held by non-affiliates of the registrant as of June 30, 2020 (the last business day of the registrant's most recently completed second fiscal quarter) was \$11,579,248 based on the closing price of \$0.018 per share of the registrant's common stock as quoted on the OTCQB marketplace on that date.

The number of shares of Common Stock, \$0.0001 par value, of the registrant outstanding as of April 15, 2021 was 89,584,951.

DOCUMENTS INCORPORATED BY REFERENCE

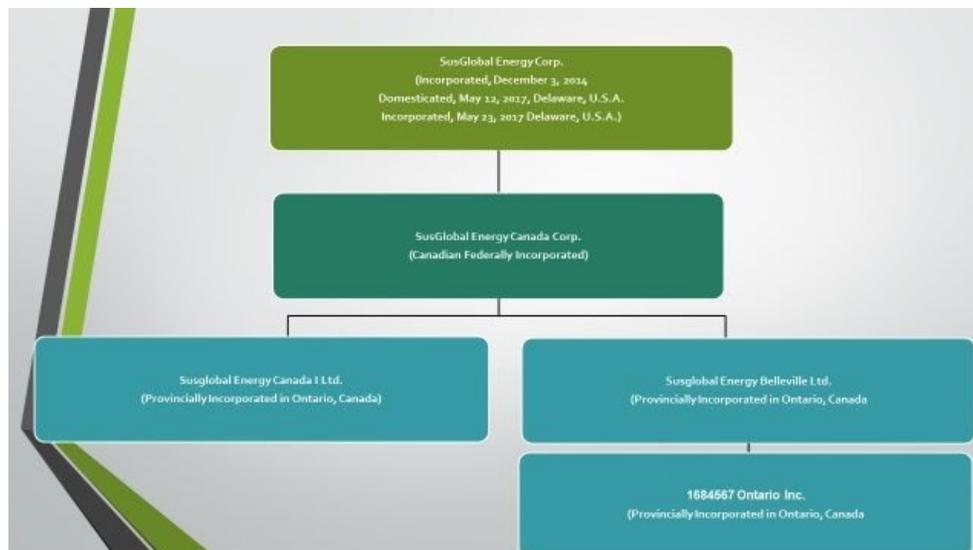
None

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Item 1. Business.**OVERVIEW**

The following organization chart sets forth our wholly-owned subsidiaries:

**General**

On February 4, 2019, the Company registered its common stock, having a par value of \$.0001 per share, pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is effective pursuant to General Instruction A.(d).

SusGlobal Energy Corp. ("SusGlobal") was formed by articles of amalgamation on December 3, 2014, in the Province of Ontario, Canada and its executive office is in Toronto, Ontario, Canada, at 200 Davenport Road. Our telephone number is 416-223-8500. Our website address is www.susglobalenergy.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K are all available, free of charge, on our website as soon as practicable after we file the reports with the Securities and Exchange Commission (the "SEC"). SusGlobal Energy Corp., a company in the start-up stages and Commandcredit Corp. ("Commandcredit"), an inactive Canadian public company, amalgamated to continue business under the name of SusGlobal Energy Corp.

On May 23, 2017, SusGlobal filed an Application for Authorization to continue in another Jurisdiction with the Ministry of Government Services in Ontario and a certificate of corporate domestication and certificate of incorporation with the Secretary of State of the State of Delaware under which it changed its jurisdiction of incorporation from Ontario to the State of Delaware (the "Domestication"). In connection with the Domestication each of the currently issued and outstanding common shares were automatically converted on a one-for-one basis into common shares compliant with the laws of the state of Delaware (the "Shares"). As a result of the Domestication, pursuant to Section 388 of the General Corporation Law of the State of Delaware (the "DGCL"), SusGlobal continued its existence under the DGCL as a corporation incorporated in the State of Delaware. The business, assets and liabilities of SusGlobal and its subsidiaries on a consolidated basis, as well as its principal location and fiscal year, were the same immediately after the Domestication as they were immediately prior to the Domestication. SusGlobal filed a Registration Statement on Form S-4 to register the Shares and this registration statement was declared effective by the Securities and Exchange Commission on May, 23, 2017.

SusGlobal is a renewables company focused on acquiring, developing and monetizing a global portfolio of proprietary technologies in the waste to energy and regenerative products application.

When the terms "the Company," "we," "us" or "our" are used in this document, those terms refer to SusGlobal Energy Corp., and its wholly-owned subsidiaries, SusGlobal Energy Canada Corp., SusGlobal Energy Canada I Ltd., SusGlobal Energy Belleville Ltd., and 1684567 Ontario Inc.

On December 11, 2018, the Company began trading on the OTCQB venture market exchange, under the ticker symbol SNRG.

With the growing amount of organic wastes being produced by society as a whole, a solution for sustainable global management of these wastes must be achieved. SusGlobal through its proprietary technology and processes is equipped and confident to deliver this objective. Management believes renewable energy is the energy of the future. Sources of this type of energy are more evenly distributed over the earth's surface than finite energy sources, making it an attractive alternative to petroleum-based energy. Biomass, one of the renewable resources, is derived from organic material such as forestry, food, plant and animal residuals. SusGlobal can therefore help you turn what many consider waste into precious energy and regenerative products. The portfolio will be comprised of four distinct types of technologies: (a) Process Source Separated Organics ("SSO") in anaerobic digesters to divert from landfills and recover biogas. This biogas can be converted to gaseous fuel for industrial processes, electricity to the grid or cleaned for compressed renewable gas. (b) Increasing the capacity of existing infrastructure (anaerobic digesters) to allow processing of SSO to increase biogas yield. (c) Utilize recycled plastics to produce liquid fuels and (d) process SSO and digestate to produce an organic compost or a pathogen free organic liquid fertilizer. The convertibility of organic material into valuable end products such as biogas, liquid biofuels, organic fertilizers and compost shows the utility of renewables. These products can be converted into electricity, fuels and marketed to agricultural operations that are looking for an increase in crop yields, soil amendment and environmentally-sound practices. This practice also diverts these materials from landfills and reduces Greenhouse Gas Emissions ("GHG") that result from landfilling organic wastes. The Company can provide peace of mind that the full lifecycle of organic material is achieved, global benefits are realized and stewardship for total sustainability is upheld. It is management's objective to grow SusGlobal into a significant sustainable waste to energy and regenerative products provider, as Leaders in The Circular Economy®.

We believe the project and services offered can benefit both the public and private markets. The following includes some of our work managing organic waste streams: Anaerobic Digestion, Dry Digestion, Biogas Production, Wastewater Treatment, In-Vessel Composting, SSO Treatment, Biosolids Heat Treatment, Leachate Management and Composting.

The Company can provide a full range of services for handling organic residuals in a period where innovation and sustainability are paramount. From start to finish we offer in-depth knowledge, a wealth of experience and cutting-edge technology for handling organic waste.

The primary focus of the services SusGlobal provides includes identifying idle or underutilized anaerobic digesters and integrating our technologies with capital investment to optimizing the operation of the existing digesters to reach their full capacity for processing SSO. Our processes not only divert significant organic waste from landfills, but also result in methane avoidance, with significant GHG reductions from waste disposal. The processes also produce renewable energy through the conversion of wastewater biosolids and organic wastes in the same equipment (co-digestion) and valuable end products such as biogas, electricity and organic fertilizer, both dry and liquid, considered Class AA organic fertilizer.

Currently, the primary customers are municipalities in both rural and urban centers throughout southern and central Ontario, Canada. Where necessary, to be in compliance with provincial and local environmental laws and regulations, SusGlobal submits applications to the respective authorities for approval prior to any necessary engineering being carried out.

Our Status as an Emerging Growth Company

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, and the JOBS Act. Certain specified reduced reporting and other regulatory requirements are available to public companies that are emerging growth companies.

These provisions include:

- an exemption from the auditor attestation requirement in the assessment of our internal controls over financial reporting required by Section 404 of the Sarbanes-Oxley Act of 2002;
- an exemption from the adoption of new or revised financial accounting standards until they would apply to private companies;
- an exemption from compliance with any new requirements adopted by the Public Company Accounting Oversight Board, or the PCAOB, requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about our audit and our financial statements; and
- reduced disclosure of our executive compensation arrangements.

We have elected to opt out of the extended transition period for complying with new or revised accounting standards. This election is irrevocable.

We will continue to be an emerging growth company until the earliest of:

- the last day of our fiscal year in which we have total annual gross revenues of \$1,070,000,000 (as such amount is indexed for inflation every five years by the SEC to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting the threshold to the nearest \$1,000,000) or more;
- the last day of our fiscal year following the fifth anniversary of the date of our first sale of common equity securities pursuant to an effective registration statement under the Securities Act of 1933, as amended;
- the date on which we have, during the prior three-year period, issued more than \$1,000,000,000 in non-convertible debt; or
- the date on which we are deemed to be a large accelerated filer under the rules of the Securities and Exchange Commission, or SEC, which means the market value of our common stock that is held by non-affiliates (or public float) exceeds \$700 million as of the last day of our second fiscal quarter in our prior fiscal year.

We are also a "smaller reporting company," as defined under SEC Regulation S-K. As such, we are exempt from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and also are subject to less extensive disclosure requirements regarding executive compensation in our periodic reports and proxy statements. We will continue to be deemed a smaller reporting company until (i) our public float exceeds \$250 million on the last day of our second fiscal quarter in our prior fiscal year (if our annual revenues exceeded \$100 million in such prior fiscal year); or (ii) our public float exceeds \$700 million on the last day of our second fiscal quarter in our prior fiscal year (if our annual revenues were less than \$100 million in such prior fiscal year).

RECENT BUSINESS DEVELOPMENTS

On April 8, 2021, the Company completed the purchase of its new truck and hauling trailer for a total purchase price of \$171,483 (C\$218,338), plus the applicable harmonized sales taxes. The Company paid deposits of \$38,636 (C\$49,193) on this purchase and financed the balance over a period of forty-eight months at a monthly principal and interest payment of \$3,614 (C\$4,601).

On March 4, 2021, the Company announced it has signed a Capital Market Advisory Agreement (the "Agreement") with Exchange Listing, LLC ("Exchange Listing") to provide advisory services with respect to the Company's initiative to list its shares of Common Stock on the Nasdaq Capital Market.

Exchange Listing provides companies with cost-effective and efficient direct access to one-stop solutions in the strategic planning and implementation of listing on senior exchanges such as NASDAQ or NYSE. Focusing on company-specific structuring to meet listing requirements, Exchange Listing serves as the primary point of contact with the exchange, investment bankers and lawyers throughout the listing process. With extensive experience in investment banking, securities law, corporate governance and business management, Exchange Listing and its strategic partners facilitate its clients' listing and capital markets objectives.

On February 10, 2021, the Company signed an Agreement of Purchase and Sale (the "APS") for certain assets for \$3,534,300 (C\$4,500,000), including a vendor take-back mortgage of \$1,570,800 (C\$2,000,000) at an annual interest rate of 2% maturing two years after closing. A deposit of \$157,080 (C\$200,000) was paid by the Company on February 10, 2021. The APS is expected to close on June 4, 2021, subject to successful completion of the due diligence process and the completion of the Phase II Environmental Site Assessment at a cost of \$39,113 (C\$49,800), plus applicable harmonized sales taxes.

Purchase of Additional Lands

On November 12, 2020, the Company acquired additional lands described in the Company's Share Purchase Agreement (the "SPA") of 1684567 Ontario Inc. ("1684567"), in May of 2019. The additional lands include a 6.60-acre licensed gravel pit and a 0.20 acre right of way for a purchase price of \$164,934 (C\$210,000) plus the applicable harmonized sales tax. The Company is now the owner of a 49-acre land parcel at its Belleville, Ontario, Canada, organic waste processing and composting facility. The purchase was funded through an additional advance of \$549,780 (C\$700,000) on its 1st. mortgage. The funds received, \$407,810 (C\$519,238), were net of financing fees of \$57,904 (C\$73,725) and expenses including accrued interest, property taxes and other disbursements of \$90,134 (C\$114,762). The new first mortgage of \$2,591,820 (C\$3,300,000) was registered on November 12, 2020. The terms of the new 1st. mortgage are as noted under long-term debt, note 13(b) to the consolidated financial statements, including an interest rate at the higher of the Royal Bank of Canada's prime rate plus 7.55% (currently 10% per annum) and 10% per annum, and the principal amount is due December 1, 2021. Management used a portion of the additional advance to satisfy certain obligations with Pace Savings and Credit Union Limited ("PACE").

Business Acquisition

Effective May 24, 2019, the Company purchased all the issued and outstanding shares of 1684567. The transaction closed on May 28, 2019. The purchase consideration consisted of cash from working capital of \$121,845 (C\$163,836) and cash from a third-party mortgage obtained in the amount of \$1,258,273 (C\$1,691,910), net of financing fees of \$84,894 (C\$108,090)). The total purchase price includes the original offer of \$1,314,304 (C\$1,767,250) and reimbursement of vendor's expenses of \$65,814 (C\$88,496). The original first mortgage payable on this business acquisition had a principal amount of \$1,413,720 (C\$1,800,000). The terms of the first mortgage are as noted above. The first mortgage is secured by the shares held of 1684567, the land held having a total carrying value of \$1,655,623 (C\$2,108,000), a general assignment of rents, and a fire insurance policy. In addition, on December 19, 2019, the Company received an additional advance of \$628,320 (C\$800,000) from one of the same private lenders and additional private lenders. Financing fees on the additional, advance totaled \$34,469 (C\$43,887) on the same terms and conditions.

The principal asset of this acquired company was the land upon which the Company's organic composting facility is situated. The Company continues to operate the garbage collection operations that it acquired under this transaction.

SusGlobal Receives a Certificate of Registration for the Trademark EARTH'S JOURNEY® and the Trademark CARING FOR EARTH'S JOURNEY®

On November 24, 2020, the Company received a Certificate of Registration from the United States Patent and Trademark Office for the trademark **EARTH'S JOURNEY®** and trademark **CARING FOR EARTH'S JOURNEY® (the "Marks")**. The Marks were registered under Registration Number 6,197,171 and Registration Number 6,195,955 on November 10, 2020 on the Supplemental Register. The registrations will be in effect for an initial term of ten years, expiring November 10, 2030, with the option of renewing the registrations for successive ten-year terms. Now that the Marks are registered, it is permitted to use indicia of registration (e.g. ®, or phrases such as "Reg U.S. Pat. And T.M. Office").

SusGlobal Receives Trademark Registration for LEADERS IN THE CIRCULAR ECONOMY®

After having filed on March 13, 2019, trademark applications in Canada and the United States, on July 16, 2020, the Company announced it had received a Certificate of Registration from the United States Patent and Trademark Office ("USPTO") for the trademark LEADERS IN THE CIRCULAR ECONOMY (the "Mark").

The Mark was registered under Registration Number 6,098,063 on July 7, 2020 on the Supplemental Register. The registration will be in effect for an initial term of ten years, expiring on July 7, 2030, with the option of renewing the registration for successive ten-year terms for the following class:

treatment and processing of organic waste; organic waste disposal services, namely, destruction and recycling of waste; organic waste management services, namely, converting waste into energy; recycling of organic waste; technical consulting in the field of waste management, namely, consulting in the field of waste treatment; recycling of plastic; recycling, namely, transform biosolids and organic waste into a pathogen free recognized organic fertilizer and compost and regenerative products, namely, biogas, electricity, liquid fertilizer, compost.

Now that the Mark is registered, The Company is permitted to use indicia of registration (e.g. ®, or phrases such as "Reg. U.S. Pat. and T.M. Office").

SusGlobal to Commence Integration of The Ydro Process(R) at Its Belleville Organic Waste Processing and Composting Facility

On May 27, 2020, the Company announced it has agreed to commence The Ydro Proces[®] integration into the existing operations at the Organic Waste Processing and Composting Facility of its wholly owned subsidiary SusGlobal Energy Belleville Ltd. ("SusGlobal Belleville").

TradeWorks Environmental's Ydro Process[®] is integrated into the existing SusGlobal Belleville operations by applying the Ydro Series[®]

Microorganisms product once during the preparation stage of the batches in the appropriate Gore[®] system windrows.

The integration of the Ydro Proces[®] is expected to:

Reduce:

- Odors generated from the composting processing, its products (compost), as well as its by-products (i.e. leachate).
- Energy requirements, and the electrical consumption for aeration-heating purposes.

Increase:

- Degradation/decomposition rate and efficiency of the composting process.
- Composting process and reduce the compost processing time.
- Composting performance and efficiency of the system.
- System's composting capacity and composting cycles (over its design limit).
- Compost quality, compost maturity, N:P:K & C:N ratio.
- Composting temperature (naturally, through the biological activity).

Energy Retrofit Program

On January 15, 2020, the Independent Electrical System Operator (the "IESO") pre-approved the Company's Save on Energy Retrofit Program Application (the "Program"). The total cost of the Program is estimated at \$93,221 (C\$118,692). On successful completion, the Company expects to receive a hydro grant from the IESO of approximately 50% of the total cost of the Program, or \$46,991 (C\$59,831). The Program is designed to realize a savings of approximately 50% in hydro costs annually, with an overall return on investment estimated at 125%.

New and Renewed Consulting Contracts

On December 17, 2020, the Company entered into an Executive Chairman Consulting Agreement (the "CEO's Consulting Agreement"), by and among the Company, Travellers International Inc. ("Travellers"), and the CEO, who is also a director, the Executive Chairman and President of the Company, effective January 1, 2021 (the "Effective Date"). The CEO's Consulting Agreement replaced the consulting agreement which expired on December 31, 2020.

Pursuant to the terms of the CEO's Consulting Agreement, for his services as the CEO, the compensation is at a rate of \$23,562 (C\$30,000) per month for twelve (12) months, beginning on the Effective Date, and at a rate of \$31,416 (C\$40,000) per month for twelve (12) months, beginning January 1, 2022. In addition, the Company agreed to grant the CEO 1,000,000 restricted shares of the Company's common stock, par value of \$0.0001 per share (the "Common Stock") on the Effective Date, and 1,000,000 shares of Common Stock on January 1, 2022. The Company has also agreed to reimburse the CEO for certain out-of-pocket expenses incurred by the CEO.

The CEO's Consulting Agreement is for a term of twenty-four (24) months. Upon a Constructive Discharge (as defined in the CEO's Consulting Agreement) and subject to certain notification requirements and the Company's opportunity to cure the Constructive Discharge, the CEO will be entitled to a compensation of twelve (12) months' fees, as well as any bonus compensation owing.

On December 17, 2020, the Company entered into an Executive Consulting Agreement (the "CFO Consulting Agreement"), by and between the Company and the CFO of the Company, effective January 1, 2021. Pursuant to the terms of the CFO Consulting Agreement, the CFO is entitled to fees of \$6,283 (C\$8,000) per month for his services. In addition, the Company has also agreed to grant the CFO 50,000 restricted shares of the Company's Common Stock, par value of \$0.0001 per share on the Effective Date. The Company has also agreed to reimburse the CFO for certain out-of-pocket expenses incurred by the CFO. The CFO's Consulting Agreement replaced the consulting agreement which expired on December 31, 2020.

The CFO's Consulting Agreement is for a term of twelve (12) months. Upon a Constructive Discharge (as defined in the CFO's Consulting Agreement) and subject to certain notification requirements and the Company's opportunity to cure the Constructive Discharge, the CFO will be entitled to a compensation of two (2) months' fees, as well as any bonus compensation owing.

Financings

(a) Securities Purchase Agreements

On April 1, 2021, the Company entered into a securities purchase agreement with an investor (the "April 2021 Investor"), in which the Company issued to the investor a 10% unsecured convertible promissory note (the "April 2021 Investor Note") in the aggregate principal amount of \$275,000, due September 30, 2021, convertible at any time after issuance at a per share price at \$0.20. In addition, the April 2021 Investor received 200,000 common shares of the Company, on issuance of the April 2021 Investor Note. On April 5, 2021, the Company received \$245,000, net of transaction related expenses of \$30,000.

On March 31, 2021, the Company entered into a securities purchase agreement with an investor (the "March 2021 Investor"), in which the Company issued to the investor a 10% unsecured convertible promissory note (the "March 2021 Investor Note") in the aggregate principal amount of \$275,000, due September 30, 2021, convertible at any time after issuance at a per share price at \$0.20. In addition, the March 2021 Investor received 200,000 common shares of the Company, on issuance of the March 2021 Investor Note. On March 31, 2021, the Company received \$245,000, net of transaction related expenses of \$30,000.

On October 18, 2019, the Company entered into a securities purchase agreement (the "October 2019 SPA") with one investor (the "October 2019 Investor") pursuant to which the Company issued to the October 2019 Investor one 12% unsecured convertible promissory note (the "October 2019 Investor Note") in the principal amount of \$156,000. On this date, the Company received proceeds of \$129,600, net of transaction related expenses of \$26,400.

The maturity date of the October 2019 Investor note was October 18, 2020.

On July 19, 2019, the Company entered into a securities purchase agreement (the "July 2019 SPA") with one investor (the "July 2019 Investor") pursuant to which the Company issued to the July 2019 Investor one 12% unsecured convertible promissory note (the "July 2019 Investor Note") in the principal amount of \$170,000. On this date, the Company received proceeds of \$138,225, net of transaction related expenses of \$31,775.

The maturity date of the July 2019 Investor Note was July 19, 2020.

On May 23, 2019, the Company entered into a securities purchase agreement (the "May 2019 SPA") with one investor (the "May 2019 Investor") pursuant to which the Company issued to the May 2019 Investor one 12% unsecured convertible promissory note (the "May 2019 Investor Note") in the principal amount of \$250,000. On this date, the Company received proceeds of \$204,250, net of transaction related expenses of \$45,750.

The maturity date of the May 2019 Investor note was May 23, 2020.

As a result of the unsecured convertible notes not having been repaid by their respective due dates, these defaults resulted in the principal balance of each of the May 2019, July 2019, and October 2019 Investor Notes increasing by 10% and the interest rate on each of those notes increasing from 12% to 24% annually.

On January 20, 2021, the October 2019 Investor, the July 2019 Investor and the May 2019 Investor, accepted in full 2,100,000 common shares of the Company representing payment in full of all obligations due and owing under their unsecured convertible promissory notes.

On March 7 and March 8, 2019, the Company entered into two securities purchase agreements (the "March 2019 SPAs") with two investors (the "March 2019 Investors") pursuant to which the Company issued to each March 2019 Investor two 12% unsecured convertible promissory notes comprised of the first notes (the "First Notes") being in the amount of \$275,000 each, and the remaining notes in the amount of \$275,000 each (the "Back-End Notes," and, together with the First Notes, the "March 2019 Investor Notes") in the aggregate principal amount of \$1,100,000, with such principal and the interest thereon convertible into Common Stock at the March 2019 Investors' option. Each First Note contains a \$25,000 Original Issue Discount such that the issue price of each First Note was \$250,000. The proceeds on the issuance of the First Notes were received from the March 2019 Investors upon the signing of the March 2019 SPAs. The proceeds on the issuance of the Back-End Notes were initially received by the issuance of two offsetting \$250,000 secured notes to the Company by the March 2019 Investors (the "Buyer Notes"), provided that prior to conversion of the Back-End Notes, the March 2019 Investors must have paid back the Back-End Notes in cash.

Although the March 2019 SPAs are dated March 7, 2019 and March 8, 2019 (each, a "March 2019 Effective Date"), they became effective upon the receipt in cash of the issue price by the March 2019 Investors. On March 11, 2019, the Company received cash of \$456,000, net of transaction-related expenses, for the First Notes from the March 2019 Investors.

Since the unsecured convertible promissory notes were not repaid by their due dates, these defaults resulted in the outstanding balance (principal plus accrued interest) increasing by 10% and the interest rate on the 2019 March Investor Notes increasing from 12% to 24% annually.

During the year ended December 31, 2020, the March 2019 Investors converted a total of \$91,802 (2019-\$75,000) of their March 2019 Investor Notes.

In addition, on December 24, 2020, one of the two March 2019 Investors accepted a payment of \$165,000 representing payment in full of all obligations due and owing under their March 2019 Investor Note. This resulted in a gain on forgiveness of debt of \$119,983, including accrued interest of \$68,085, disclosed under other income (loss) in the consolidated statements of operations and comprehensive loss.

On January 19, 2021, the remaining March 2019 Investor and the Company reached an agreement for payment in full of all obligations due and owing under its convertible promissory notes by payments totaling \$550,000, \$50,000 on January 20, 2021, \$200,000 on or before March 1, 2021 which was converted to 1,075,124 shares on March 11, 2021 and \$300,000 on or before March 31, 2021. The payment due on or before March 31, 2021 was extended to April 29, 2021.

On January 28, 2019, the Company entered into securities purchase agreements (the "January 2019 SPAs") with three investors (the "January 2019 Investors") pursuant to which the Company issued to the January 2019 Investors 12% unsecured convertible promissory notes (the "January 2019 Investor Notes") in the aggregate principal amount of \$337,500, with such principal and the interest thereon convertible into shares of the Company's common stock (the "Common Stock") at the January 2019 Investors' option. Although the January 2019 SPAs are dated January 28, 2019 (the "January 2019 Effective Date"), they became effective upon the receipt in cash of the issue price by the January 2019 Investors.

The amounts of \$102,500, \$100,000, and \$100,000, totaling \$302,500, represented the proceeds to the Company, net of transaction-related expenses, for the January 2019 Notes from the January 2019 Investors and were received in cash from February 1 through February 4, 2019.

The maturity date of each of the January 2019 Investor Notes is January 28, 2020 (the "January 2019 Maturity Dates"). The Notes bear interest at a rate of twelve percent (12%) per annum (the "January 2019 Interest Rate"), which interest shall be paid by the Company to the January 2019 Investors in Common Stock at any time the January 2019 Investors send a notice of conversion to the Company. The January 2019 Investors are entitled to, at their option, convert all or any amount of the principal face amount and any accrued but unpaid interest of the January 2019 Notes into Common Stock, at any time, at a conversion price for each share of Common Stock equal to 65% multiplied by the lowest trading price (as defined in the January 2019 Notes) of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange upon which the Company's shares are traded during the twenty (20) consecutive Trading Day period immediately preceding (i) the January 2019 Effective Date; or (ii) the conversion date.

The Company has reserved a minimum of eight (8) times the number of its authorized and unissued Common Stock (the "January 2019 Reserved Amounts"), free from pre-emptive rights, to provide for the issuance of Common Stock upon the full conversion of the January 2019 Notes. Upon full conversion of the January 2019 Investor Notes, any shares remaining in such reserve shall be cancelled. The Company increases the January 2019 Reserved Amount in accordance with the Company's obligations under the January 2019 Investor Notes.

Since the unsecured convertible promissory notes were not repaid by their maturity dates these defaults resulted in the outstanding balance (principal plus accrued interest) of each of the January 2019 Investor Notes to increase by 50% and increased by a further \$15,000 (together the "Default Amounts") along with the interest rate increasing from 12% to 24% annually. The January 2019 Investors had the option to require the Company to immediately issue, in lieu of the Default Amount, the number of shares of common stock of the Company equal to the Default Amount divided by the conversion price then in effect.

During the year ended December 31, 2020, the January 2019 Investors converted a total of \$61,925 (2019-\$158,618) of their January 2019 Investor Notes. On December 16 and 21 of 2020, the two remaining January 2019 Investors, agreed to accept payments totaling \$98,000 from the Company representing payment in full of all obligations due and owing under the January 2019 Investor Notes. This resulted in a gain on forgiveness of debt of \$200,151, including accrued interest of \$77,753 disclosed under other income (loss) in the consolidated statements of operations and comprehensive loss.

On issuance, the convertible promissory notes described above, were able to be prepaid until 180 days from their applicable effective date with the following penalties: (i) if any of the convertible promissory notes are prepaid within sixty (60) days following their applicable effective date, then the prepayment premium shall be 125% of the face amount plus any accrued interest; (ii) if any of the convertible promissory notes are prepaid during the period beginning on the date which is sixty-one (61) days following their applicable effective date, and ending on the date which is ninety (90) days following their applicable effective date, then the prepayment premium shall be 135% of the face amount plus any accrued interest; (iii) if any of the convertible promissory notes are prepaid during the period beginning on the date which is ninety-one (91) days following their applicable effective date, and ending on the date which is one hundred eighty (180) days following their applicable effective date, then the prepayment premium shall be 145% of the face amount plus any accrued interest. Such prepayment redemptions must be closed and funded within three days of giving notice of prepayment or the right to prepay shall be forfeited.

Pursuant to the terms of the security purchase agreements for the convertible promissory notes described above, for so long as the noted investors own any shares of Common Stock issued upon the conversion of the applicable investor notes, the Company has covenanted to secure and maintain the listing of such shares of Common Stock. The Company is also subject to certain customary negative covenants under the investor notes and the security purchase agreements, including but not limited to the requirement to maintain its corporate existence and assets, require registration of or stockholder approval for the investor notes or the Common Stock upon the conversion of the applicable investor notes.

The convertible promissory notes described above contained certain representations, warranties, covenants and events of default including if the Company is delinquent in its periodic report filings with the Securities and Exchange Commission which would increase the amount of the principal and interest rates under the convertible promissory notes in the event of such defaults. In the event of a default, at the option of the applicable investor and in their sole discretion, the applicable investor may consider any of their convertible promissory notes immediately due and payable.

For the year ended December 31, 2020, the Company recorded interest and Default Amounts of \$562,562 (2019-\$142,963). As at December 31, 2020, \$316,048 (2019-\$142,963) of accrued interest is included in accrued liabilities in the consolidated balance sheets. In addition, during the year ended December 31, 2020, \$15,277 (2019-\$15,162) of accrued interest was converted.

(b) PACE

On March 31, 2020, PACE and the Company reached an agreement with respect to the repayment of the outstanding balances owing to PACE ((i), (ii) and (iii), below). One of the credit facilities, in the amount of \$34,391 (C\$48,788), was repaid in full on April 3, 2020, and the remaining credit facilities and the corporate term loan are now due on or before July 30, 2021. On April 3, 2020, the Company provided PACE with funds, held in trust on March 31, 2020, to bring the remaining credit facilities and the corporate term loan current. In addition, the letter of credit the Company has with PACE in favor of the Ministry of the Environment, Conservation and Parks (the "MECP"), was renewed to September 30, 2020 and will remain in effect to September 30, 2021, unless terminated by PACE. On April 3, 2020, the shares previously pledged as security to PACE, were released and are currently held as security for the personal guarantee from the CEO and charge against the Haute leased premises. This obligations to PACE are considered to be in default as a result of defaults on the unsecured convertible promissory notes.

On November 12, 2020, PACE and the Company reached a new agreement to repay the remaining credit facilities and corporate term loan on or before January 29, 2021. As part of the agreement, the Company will bring all the amounts owing to PACE current, and prepay to January 2021, the regular monthly principal and interest payments.

On November 13, 2020, the agreed amounts were paid to PACE.

On February 18, 2021, PACE and the Company reached a new agreement extending the repayment of the remaining credit facilities and corporate term loan to on or before July 30, 2021.

Details of each of the remaining credit facilities and corporate term loan are as follows:

- (i) The credit facility bears interest at the PACE base rate of 7.00% plus 1.25% per annum, currently 8.25%, is payable in monthly blended installments of principal and interest of \$6,883 (C\$8,764) and matures on September 2, 2022. The first and only advance on this credit facility received on February 2, 2017, in the amount of \$1,256,640 (C\$1,600,000), is secured by a business loan general security agreement, a \$1,256,640 (C\$1,600,000) personal guarantee from the CEO and a charge against the Haute leased premises. Also pledged as security are the shares of the wholly-owned subsidiaries, and a limited recourse guarantee against each of these parties. As noted above, the pledged shares were delivered by PACE and are currently held as security for the personal guarantee from the CEO and charge against the Haute leased premises. The credit facility is fully open for prepayment at any time without notice or bonus.

- (ii) The credit facility advanced on June 15, 2017, in the amount of \$471,240 (C\$600,000), bears interest at the PACE base of 7.00% plus 1.25% per annum, currently 8.25%, is payable in monthly blended installments of principal and interest of \$3,849 (C\$4,901), and matures on September 2, 2022. The credit facility is secured by a variable rate business loan agreement on the same terms, conditions and security as noted above.
- (iii) The corporate term loan advanced on September 13, 2017, in the amount of \$2,924,945 (C\$3,724,147), bears interest at the PACE base rate of 7.00% plus 1.25% per annum, currently 8.25%, is payable in monthly blended installments of principal and interest of \$23,335 (C\$29,711), and matures September 13, 2022. The corporate term loan is secured by a business loan general security agreement representing a floating charge over the assets and undertakings of the Company, a first priority charge under a registered debenture and a lien registered under the Personal Property Security Act in the amount of \$3,142,368 (C\$4,000,978) against the assets including inventory, accounts receivable and equipment. The corporate term loan also included an assignment of existing contracts included in the APA.

For the year ended December 31, 2020, \$302,758 (C\$405,788) (2019-\$313,182; C\$415,525) in interest was incurred on the PACE long-term debt. As at December 31, 2020 \$18,319 (C\$23,325) (2019-\$124,926; C\$162,263) in accrued interest is included in accrued liabilities in the consolidated balance sheets.

(c) First Mortgage

As described above, under Purchase of Additional Lands and Business Acquisition, the Company obtained a 1st mortgage provided by private lenders to finance the acquisition of the shares of 1684567 and to provide funds for additional financing needs, received in three tranches totaling \$2,591,820 (C\$3,300,000) (2019-\$2,001,740; C\$2,600,000). The 1st mortgage is repayable interest only on a monthly basis at an annual rate of the higher of the Royal Bank of Canada's prime rate plus 6.05% per annum (currently 8.50%) and 10% per annum with a maturity date of December 1, 2021. The mortgage payable is secured by the shares held of 1684567, a first mortgage on the land described in note 10, long-lived assets, in the consolidated balance sheets with a carrying value of \$1,655,623 (C\$2,108,000), a general assignment of rents, and a fire insurance policy. Financing fees on the mortgage totaled \$177,266 (C\$225,702). As at December 31, 2020, \$36,215 (C\$46,110) (2019-\$8,138; C\$10,570) of accrued interest is included in accrued liabilities in the consolidated balance sheets. In addition, as at December 31, 2020, there is \$50,253 (C\$63,984) (2019-\$67,464; C\$87,627) of unamortized finance fees included in long-term debt in the consolidated balance sheets.

For the year ended December 31, 2020, \$214,853 (C\$287,968) (2019-\$83,662; C\$111,002) in interest was incurred on the mortgage payable and included in the consolidated statements of operations and comprehensive loss.

(d) Canada Emergency Business Account (the "CEBA")

As a result of the COVID-19 virus, the Government of Canada launched the CEBA, a program to ensure that small businesses have access to the capital they need to see them through the current challenges and better position them to quickly return to providing services to their communities and creating employment. The program is administered by Canadian chartered banks and credit unions.

On April 27, 2020, the Company received a total of \$62,832 (C\$80,000) and on December 17, 2020 a further \$15,708 (C\$20,000) under this program, from its Canadian chartered bank.

Under the initial term date of the loans, which is detailed in the CEBA term loan agreements, the amounts are due on December 31, 2022 and are interest-free. If the loans are not repaid by December 31, 2022, the Company can make payments, interest only, on a monthly basis at an annual rate of 5% per annum, under the extended term date, beginning January 31, 2023, maturing December 31, 2025. In addition, if 75% of the loans are repaid by the initial term, December 31, 2022, the Company's Canadian chartered bank will forgive the balance. The CEBA term loan agreements contain a number of positive and negative covenants, for which the Company is not in full compliance.

(e) Financings Related to Obligations Under Capital Lease

The Company has three obligations under capital lease relating to machinery and equipment at their waste management and organic composting facility.

- (i) The lease agreement for certain equipment for the Company's organic waste processing and composting facility at a cost of \$225,135 (C\$286,650), is payable in monthly blended installments of principal and interest of \$4,587 (C\$5,840), plus applicable harmonized sales taxes and an option to purchase the equipment for a final payment of \$22,462 (C\$28,600), plus applicable harmonized sales taxes on October 31, 2021. The lease agreement bears interest at the rate of 5.982% annually, compounded monthly, due September 30, 2021.
- (ii) The lease agreement for certain equipment for the Company's organic composting facility at a cost of \$194,347 (C\$247,450), is payable in monthly blended installments of principal and interest of \$4,020 (C\$5,118), plus applicable harmonized sales taxes for a period of forty-six months plus the first two monthly blended installments of \$7,854 (C\$10,000) plus applicable harmonized sales taxes and an option to purchase the equipment for a final payment of \$ 19,384 (C\$24,680) plus applicable harmonized sales taxes on February 27, 2022. The leasing agreement bears interest at the rate of 6.15% annually, compounded monthly, due January 27, 2022.
- (iii) The lease agreement for certain equipment for the Company's organic waste processing and composting facility at a cost of \$306,031 (C\$389,650), is payable in monthly blended installments of principal and interest of \$5,382 (C\$6,852), plus applicable harmonized sales taxes for a period of fifty-nine months plus an initial deposit of \$15,276 (C\$19,450) plus applicable harmonized sales taxes and an option to purchase the equipment for a final payment of a nominal amount of \$79 (C\$100) plus applicable harmonized sales taxes on February 27, 2025. The leasing agreement bears interest at the rate of 3.59% annually, compounded monthly, due January 27, 2025.

During the year ended December 31, 2020, \$18,090 (C\$24,246) (2019-\$16,021; C\$21,257) in interest was charged.

(f) Other

On February 10, 2021, the Company raised \$157,260 (C\$200,000), in a private placement on the issuance of 630,480 common shares of the Company.

During the year December 31, 2020, Travellers loaned the company \$433,147 (C\$551,499) and converted a portion of the unpaid balance, \$348,010 (C\$443,099) of these loans and accrued interest of \$6,399 (C\$8,171), into 3,184,992 common shares of the Company. The Travellers loans were unsecured and bore interest at the rate of 12% per annum.

Subsequent to December 31, 2020 and up to the date of this filing, Travellers loaned the Company a further \$204,922 (C\$260,914) and converted these loans into 715,847 common shares of the Company.

In addition, on February 25, 2021, Travellers converted a total of \$81,167 (C\$101,700) of fees owing into 289,881 common shares of the Company.

During the year ended December 31, 2019, the Company repaid \$172,350 (C\$223,860) of outstanding loans to Travellers, including interest of \$18,370 (C\$23,860).

As at the date of this filing, there is a balance of \$18,064 (C\$23,000) in advances owing to the CEO.

During the year ended December 31, 2020 \$nil (C\$nil) (2019-\$3,717; C\$4,932) of interest was charged on the Director Loans. The Director Loans, which bore interest at 12% per annum and which were loaned to the Company on April 18, 2018, were repaid in full on July 19, 2019 with accrued interest.

Treatment of Organic Waste and Septage

On February 28, 2019, the Company announced that it had received the project completion report titled: Development Optimization and Validation of an Innovative Integrated Anaerobic Thermophilic Digester Treatment of Organic Waste and Septage. The report was written by a research team at Fleming College's Centre for Advancement of Water and Wastewater Technologies, located in Lindsay, Ontario, Canada. The collaborative project was supported by the Advancing Water Technologies Program (the "AWT Program") of Southern Ontario Water Consortium. The project focused on the development of a new and innovative technology for handling and processing organic residuals. This new technology utilizes the anaerobic mesophilic digestion process coupled with thermophilic digestion to maximize biogas yields and produce organic fertilizer through optimal operations.

Asset Purchase

On September 15, 2017, the Company entered into an asset purchase agreement (the "APA") with Astoria Organic Matters Ltd., and Astoria Organic Matters Canada LP ("Astoria"), pursuant to which the Company purchased certain assets of Astoria from the court appointed receiver of Astoria, BDO Canada Limited (the "Receiver"). The purchase price for the composting buildings, Gore cover system, driveway and paving, office trailer, certain machinery and equipment, computer equipment, computer software and intangible assets (the "Assets") consisted of cash of \$3,005,300 (C\$4,100,000), funded by PACE and 529,970 restricted common shares of the Company, determined to be valued at \$529,970 (C\$700,000) based on private placement pricing at the time. In addition, legal costs of \$21,442 (C\$29,253) in connection with acquiring the Assets are included in the cost of the organic composting facility. In addition, the Company purchased certain accounts receivable which it was required to collect, totaling \$127,650 (C\$174,147) and a deposit with a local municipality in the amount of \$36,650 (C\$50,000).

On May 9, 2017, the company signed a memorandum of agreement with Kentech (the "Kentech Agreement"), a corporation existing under the laws of the province of Ontario, Canada ("Kentech"). The Kentech Agreement provides the Company the right to acquire and the right to use the equipment and innovative processes of Kentech in relation to the production of liquid fertilizer from organic waste material. The Kentech Agreement is for a period of five years, commencing on the date of the Kentech Agreement. The Kentech Agreement may be terminated by either party upon providing six months' notice.

On December 7, 2016, the Company was awarded funding for the AWT Program, a program for business led collaborations in the water sector. The AWT Program is administered by the Southern Ontario Water Consortium to assist small and medium sized businesses in the Province of Ontario, Canada, leverage world-class research facilities and academic expertise to develop and demonstrate water technologies for successful introduction to market. In addition, the AWT Program is designed to enhance the Ontario water cluster and continue to build Ontario's reputation for water excellence around the world. The Company's academic partner is the CAWT at Fleming College in Lindsay, Ontario, Canada. The original AWT Program budget was for \$586,400 (\$800,000 CAD), of which the Company contributes 50% in cash and in-kind contributions and CAWT contributes 50%. CAWT revised its budget for the second and third years of the AWT Program. As a result, the cash commitments for 2017 and 2018, the second and third years of the AWT Program were cancelled.

The Company had already completed and provided its commitment for the first year of the AWT Program which ended March 31, 2017, consisting of professional fees of \$7,217 (\$9,432 CAD) and a contribution to the capital requirements of the AWT Program, totaling \$71,017 (\$94,000 CAD), for equipment to be used in the AWT Program and to be retained by CAWT.

Operations

The Company owns the Environmental Compliance Approvals (the "ECAs") issued by the MECP from the Province of Ontario, in place to accept up to 70,000 metric tonnes of waste annually from the provinces of Ontario, Quebec and from New York state, and to operate a waste transfer station with the capacity to process up to an additional 50,000 metric tonnes of waste annually. Once built, the location of the waste transfer station will be alongside the organic waste processing and composting facility which is currently operating in Belleville, Ontario, Canada.

Waste Transfer Station- Access to the waste transfer station is critical to haulers who collect waste in areas not in close proximity to disposal facilities where such disposal continues to be permitted. Tipping fees charged to third parties at waste transfer stations are usually based on the type and volume or weight of the waste deposited at the waste transfer station, the distance to the disposal site, market rates for disposal costs and other general market factors.

Organic Composting Facility- As noted above, the Company's organic waste processing and composting facility, located in Belleville, Ontario Canada, has ECAs in place to accept up to 70,000 metric tonnes of waste annually and is currently in operation. Certain assets of the organic waste processing and composting facility, including the ECAs for the waste transfer station (not yet built), were acquired by the Company on September 15, 2017, from the Receiver for Astoria, under the APA. The Company charges tipping fees for the waste accepted at the organic waste composting facility based on arrangements in place with the customers and the type of waste accepted. Typical waste accepted includes, leaf and yard, biosolids, food, liquid, paper sludge and source separated organics. During year ended December 31, 2020, tipping fees ranged from \$22 (C\$30) to \$119 (C\$159) per metric tonne (2019-\$19 (C\$25) to \$100 (C\$130 per metric tonne).

Competition

Seasonal Trends

Our operating revenues tend to be somewhat higher in summer months, primarily due to waste volumes resulting from higher construction and demolition waste volumes and the availability of leaf and yard waste along with contracts involving the grinding of leaf and yard waste. In addition, revenue from the sale of organic compost would be higher beginning in late spring and tapering off in the fall.

Employees

As of December 31, 2020, the Company had eight full-time employees and two independent contractors. Of the eight full time employees, two were employed in management and administrative positions, and the balance in operations. The two independent contractors provide services in management positions. None of our employees are covered by collective bargaining agreements.

Financial Assurance and Insurance Obligations

Financial Assurance

Municipal and governmental waste service contracts generally require contracting parties to demonstrate financial responsibility for their obligations under the contract. Financial assurance is also a requirement for (i) obtaining or retaining disposal site or waste transfer station operating permits; and (ii) estimated post-closure and environmental remedial obligations at our operations. We have established financial assurance using letters of credit and/or deposits with the municipalities. The type of assurance used is based on several factors, most importantly: the jurisdiction, contractual requirements, market factors and availability of credit capacity.

A letter of credit in favor of the MECP is supported by our credit facility with PACE. As at December 31, 2020 and the date of filing, the MECP has not drawn on the letter of credit. The letter of credit with the MECP is renewable annually, and is in force until September 30, 2021, unless terminated by PACE.

Insurance

We carry a broad range of insurance coverages, including general liability, automobile liability, workers' compensation, real and personal property, directors' and officers' liability, environmental and pollution legal liability and other coverages we believe are customary to the industry. Our exposure to loss for insurance claims is generally limited to the per-incident deductible under the related insurance policy. We do not expect the impact of any known casualty, property, environmental or other contingency to have a material impact on our financial condition, results of operations or cash flows. For the year ended December 31, 2020, we have self-insured certain buildings and equipment.

Regulation

Our business is subject to extensive and evolving federal, provincial and local environmental, health, safety and transportation laws and regulations. These laws and regulations are administered by the MECP, Environment Canada, and various other federal, provincial and local environmental, zoning, transportation, land use, health and safety agencies in Canada. Many of these agencies regularly examine our operations to monitor compliance with these laws and regulations and have the power to enforce compliance, obtain injunctions or impose civil or criminal penalties in case of non-compliance. On November 5, 2020, the MECP conducted two audits for two of our ECAs. The MECPs comments were received late December 2020. The audits resulted in the Company taking corrective action regarding sampling, testing and the removal of exceeding waste from the site during 2021. The Company has completed some of the corrective action and responded to the MECP and will continue with the remaining corrective action through 2021. The Company has accrued actual and estimated costs totaling \$354,125 (C\$450,885) in connection with the corrective action. In addition, the Company has accrued for deferred assets relating to machinery it anticipates purchasing in 2021, in the amount of \$215,953 (C\$274,959).

Because the primary mission of our business is to manage solid and liquid waste hauled to our organic waste processing and composting facility in an environmentally sound manner, our capital expenditures are related, either directly or indirectly, to environmental protection measures, including compliance with federal, provincial and local rules. There are costs associated with siting, design, permitting, operations, monitoring, site maintenance, corrective actions, financial assurance, and facility closure and post-closure obligations. With acquisition, development or expansion of a waste management or waste transfer station, we must often spend considerable time, effort and money to obtain or maintain required permits and approvals. There are no assurances that we will be able to obtain or maintain required governmental approvals. Once obtained, operating permits are subject to renewal, modification, suspension or revocation by the issuing agency. Compliance with current regulations and future requirements could require us to make significant capital and operating expenditures. However, most of these expenditures are made in the normal course of business and do not place us at any competitive disadvantage.

The primary Provincial statutes affecting our business are summarized below:

Provincial and Local Regulations

Various provincial and local regulations affect our operations. The Province of Ontario has its own laws and regulations governing solid waste disposal, water and air pollution, and, in most cases, releases and cleanup of hazardous substances and liabilities for such matters. The Province of Ontario has also adopted regulations governing the design, operation, maintenance and closure of waste transfer stations. Some regions, municipalities and other local governments in Ontario have adopted similar laws and regulations. Our facilities and operations are likely to be subject to these types of requirements.

Our operations are affected by the increasing preference for alternatives to landfill disposal. Many regional and local governments in Ontario mandate recycling and waste reduction at the source and prohibit the disposal of certain types of waste, such as yard waste, food waste and electronics at landfills. The number of regional and local governments in Ontario with recycling requirements and disposal bans continues to grow, while the logistics and economics of recycling the items remain challenging. In addition, Ontario has imposed timelines for the ban of organics from landfills in the province in an effort to totally divert these wastes from landfills. This will provide opportunities for the expansion of facilities like ours. This had already occurred in the province of Quebec and in the United States of America (the "USA"), where various states have enacted, or are considering enacting, laws that restrict the disposal within the state of solid waste generated outside the state. While laws that overtly discriminate against out-of-state waste have been found to be unconstitutional, some laws that are less overtly discriminatory have been upheld in court. From time to time, the United States Congress has considered legislation authorizing states to adopt regulations, restrictions, or taxes on the importation of out-of-state or out-of-jurisdiction waste. Additionally, several state and local governments have enacted "flow control" regulations, which attempt to require that all waste generated within the state or local jurisdiction be deposited at specific sites. In 1994, the U.S. Supreme Court ruled that a flow control ordinance that gave preference to a local facility that was privately owned was unconstitutional, but in 2007, the Court ruled that an ordinance directing waste to a facility owned by the local government was constitutional. The United States Congress' adoption of legislation allowing restrictions on interstate transportation of out-of-state or out-of-jurisdiction waste or certain types of flow control, or courts' interpretations of interstate waste and flow control legislation, could adversely affect our solid and hazardous waste management services.

In light of regulatory and business developments related to concerns about climate change, we have identified a strategic business opportunity to provide our public and private sector customers with sustainable solutions to reduce their Greenhouse Gas ("GHG") emissions. As part of our on-going marketing evaluations, we assess customer demand for and opportunities to develop waste services offering verifiable carbon reductions, such as waste reduction, increased recycling, and conversion of biogas and discarded materials into electricity and fuel. We use carbon life cycle tools in evaluating potential new services and in establishing the value proposition that makes us attractive as an environmental service provider. We are active in support of public policies that encourage development and use of lower carbon energy and waste services that lower users' carbon footprints. We understand the importance of broad stakeholder engagement in these endeavors, and actively seek opportunities for public policy discussion on more sustainable materials management practices. In addition, we work with stakeholders at the federal and provincial level in support of legislation that encourages production and use of renewable, low-carbon fuels and electricity. Despite the past U.S. withdrawal from the Paris Climate Accords, we have seen no reduction in customer demand for services aligned with their GHG reduction goals and strategies. Ontario is part of the WCI led by the state of California and, if anything, California has doubled down on their GHG reduction goals. The states of Oregon and Washington are also considering joining the WCI that currently includes, amongst other states and provinces, California, Ontario and Quebec as members.

We continue to assess the physical risks to company operations from the effects of severe weather events and use risk mitigation planning to increase our resiliency in the face of such events. We are investing in infrastructure to withstand more severe storm events, which may afford us a competitive advantage and reinforce our reputation as a reliable service provider through continued service in the aftermath of such events.

Item 1A. Risk Factors.

In an effort to keep our stockholders and the public informed about our business, we may make "forward-looking statements." Forward-looking statements usually relate to future events and anticipated revenues, earnings, cash flows or other aspects of our operations or operating results. Forward-looking statements are often identified by the words, "will," "may," "should," "continue," "anticipate," "believe," "expect," "plan," "forecast," "project," "estimate," "intend" and words of a similar nature and generally include statements containing:

- projections about accounting and finances;

- plans and objectives for the future;
- projections or estimates about assumptions relating to our performance; or
- our opinions, views or beliefs about the effects of current or future events, circumstances or performance.

You should view these statements with caution. These statements are not guarantees of future performance, circumstances or events. They are based on facts and circumstances known to us as of the date the statements are made. All aspects of our business are subject to uncertainties, risks and other influences, many of which we do not control. Any of these factors, either alone or taken together, could have a material adverse effect on us and could change whether any forward-looking statement ultimately turns out to be true. Additionally, we assume no obligation to update any forward-looking statement as a result of future events, circumstances or developments. The following discussion should be read together with the Consolidated Financial Statements and the notes thereto. Outlined below are some of the risks that we believe could affect our business and financial statements for 2020 and beyond and that could cause actual results to be materially different from those that may be set forth in forward-looking statements made by the Company.

Any investment in our securities involves a high degree of risk, including the risks described below. Our business, financial condition and results of operations could suffer as a result of these risks, and the trading price of our shares could decline, perhaps significantly, and you could lose all or part of your investment. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. See the section entitled "Information Regarding Forward-Looking Statements."

The COVID-19 Outbreak May Adversely Affect Our Business Operations and Financial Condition

In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") was reported. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. Developments in this area continue daily at the local, provincial and national levels. The Company has taking steps, consistent with directions from local, provincial and federal authorities, to mitigate known risks with the health and safety of its employees and customers as its first priority. The outbreak of COVID-19 was declared a national emergency. Many provinces and municipalities in Canada, announced aggressive actions to reduce the spread of COVID-19, including limiting non-essential gatherings of people, ceasing all non-essential travel, ordering certain businesses and government agencies to cease non-essential operations at physical locations and issuing "social or physical distancing" orders, which direct individuals to remain at their places of residence (subject to limited exceptions). COVID-19 poses the risk that we or our employees, contractors, customers, government and third-party payors and others may be prevented from conducting business activities for an indefinite period of time, including due to spread of the disease within these groups or due to shutdowns that have been and may continue to be requested or mandated by governmental authorities.

The Company has acted on the aggressive emergency measures set in place by the provincial government and federal authorities, keeping in mind, firstly, the immediate health and safety of our employees and customers. Employees in the head office, located in Toronto, Ontario, Canada had been working remotely for some time or alternating their office time, ensuring there is no more than one employee present, ensuring they are social distancing and wearing protective face covering within the office and elsewhere outside the office, as per the measures set in place by provincial and local authorities. Employees at the site in Belleville, Ontario, Canada, have also been following the same procedures. The Company has prohibited face to face meetings and all meetings are now and for some time, being held by teleconference.

The Company is fortunate that its operations have not been forced to close as we're considered an essential service. In the early stages of COVID-19, the receipt of organic waste has increased, the likely impact of the requirement for the public to stay in their residences, unless they themselves are employed in an essential business or service. A broad, sustained outbreak of COVID-19 will negatively impact our results and financial condition for the following reasons: (i) a large percentage of our customers are municipalities and their limited operations have resulted in a delay in the collection of outstanding receivables in the early months of COVID-19, impacting our cash flows, including the use of cash (ii) members of the board, management or employee team, some of whom are particularly at-risk for the severe symptoms of COVID-19, or of our small number of other employees, may become ill or have family members who are ill and are absent as a result, or they may elect not to come to work due to the illness affecting others in our office or facility (iii) the outbreak may materially impact our operations for a sustained period of time due to the current travel bans and restrictions, quarantines, social or physical distancing orders and shutdowns.

The occurrence of any of the these noted events and potentially others, could have a material adverse effect on our business, financial condition and results of operations. The COVID-19 outbreak and mitigation measures have had and may continue to have an adverse impact on global economic conditions which could have an adverse effect on our business and financial condition. The extent to which the COVID-19 outbreak impacts our results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID-19 and the actions to contain its impact.

To date, there has been no material impact on the Company's workforce, operations, financial performance, liquidity, or supply chain as a result of COVID-19. However, the ultimate duration and severity of COVID-19 or its effects on the economy, the capital and credit markets, or the Company's workforce, customers, and suppliers, as well as governmental and regulatory responses, are uncertain.

Risks Related to Our Business and Industry

We may experience claims that our products infringe the intellectual property rights of others, which may cause us to incur unexpected costs or prevent us from selling our products.

We seek to improve our business processes and develop new products and applications. Many of our competitors have a substantial amount of intellectual property that we must continually monitor to avoid infringement. We cannot guarantee that we will not experience claims that our processes and products infringe issued patents (whether present or future) or other intellectual property rights belonging to others. If we are sued for infringement and lose, we could be required to pay substantial damages or be enjoined from using or selling the infringing products or technology. Further, intellectual property litigation is expensive and time-consuming, regardless of the merits of any claim, and could divert our management's attention from operating our business.

Our relationship with our employees could deteriorate, and certain key employees could leave the Company, which could adversely affect our business and our results of operations.

Our business involves complex operations and therefore demands a management team and employee workforce that is knowledgeable and expert in many areas necessary for our operations. We rely on our ability to attract and retain skilled employees, including our specialized research and development and sales and service personnel, to maintain our efficient production. The departure of a significant number of our highly skilled employees or of one or more employees who hold key management positions could have an adverse impact on our operations, including as a result of customers choosing to follow a regional manager to one of our competitors.

We face intense competition, and our failure to compete successfully may have an adverse effect on our net sales, gross profit and financial condition.

Our industry is highly competitive. Many of our competitors may have greater financial, technical and marketing resources than we do and may be able to devote greater resources to promoting and selling certain products, and our competitors may therefore have greater financial, technical and marketing resources available to them than we do.

If we do not compete successfully by developing and deploying new cost-effective products, processes and technologies on a timely basis and by adapting to changes in our industry and the global economy, our net sales, gross profit and financial condition could be adversely affected.

Failure to comply with the Foreign Corrupt Practices Act, or FCPA, and other similar anti-corruption laws, could subject us to penalties and damage our reputation.

We are subject to the FCPA, which generally prohibits U.S. companies and their intermediaries from making corrupt payments to foreign officials for the purpose of obtaining or keeping business or otherwise obtaining favorable treatment and requires companies to maintain certain policies and procedures. Certain of the jurisdictions in which we conduct business may be at a heightened risk for corruption, extortion, bribery, pay-offs, theft and other fraudulent practices. Under the FCPA, U.S. companies may be held liable for actions taken by their strategic or local partners or representatives. If we, or our intermediaries, fail to comply with the requirements of the FCPA, or similar laws of other countries, governmental authorities in the United States or elsewhere, as applicable, could seek to impose civil and/or criminal penalties, which could damage our reputation and have a material adverse effect on our business, financial condition and results of operations.

We are not insured against all potential risks.

To the extent available, we maintain insurance coverage that we believe is customary in our industry. Such insurance does not, however, provide coverage for all liabilities, including certain hazards incidental to our business, and we cannot assure you that our insurance coverage will be adequate to cover claims that may arise or that we will be able to maintain adequate insurance at rates we consider reasonable.

We may not be able to consummate future acquisitions or successfully integrate acquisitions into our business, which could result in unanticipated expenses and losses.

Part of our strategy is to grow through acquisitions. Consummating acquisitions of related businesses, or our failure to integrate such businesses successfully into our existing businesses, could result in unanticipated expenses and losses. Furthermore, we may not be able to realize any of the anticipated benefits from the acquisitions.

In connection with potential future acquisitions, the process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties and may require significant financial resources that would otherwise be available for the ongoing development or expansion of existing operations. Some of the risks associated with acquisitions include:

- unexpected losses of key employees or customers of the acquired company;
- conforming the acquired company's standards, processes, procedures and controls with our operations;
- coordinating new product and process development;
- hiring additional management and other critical personnel;
- negotiating with labor unions; and
- increasing the scope, geographic diversity and complexity of our operations.

In addition, we may encounter unforeseen obstacles or costs in the integration of businesses we may acquire. Also, the presence of one or more material liabilities of an acquired company that are unknown to us at the time of acquisition may have a material adverse effect on our financial condition or results of operations.

Business disruptions could seriously harm revenues and increase our costs and expenses.

Our operations could be subject to extraordinary events, including natural disasters, political disruptions, terrorist attacks, acts of war and other business disruptions, which could seriously harm our net sales and increase our costs and expenses. These blackouts, floods and storms could cause disruptions to our operations or the operations of our suppliers, distributors, resellers or customers. Similar losses and interruptions could also be caused by earthquakes, telecommunications failures, water shortages, tsunamis, typhoons, fires, extreme weather conditions, medical epidemics and other natural or manmade disasters for which we are predominantly self-insured.

Risks Relating to Our Common Stock

An active trading market may not result for our common stock.

On December 11, 2018 our common stock commenced quotation on the OTCQB Market, under the symbol, SNRG. We cannot predict the extent to which investor interest in us will lead to the development of an active trading market or how liquid that market might become. An active public market for our common stock may not develop or be sustained. If an active public market does not develop or is not sustained, it may be difficult for you to sell your shares of common stock at a price that is attractive to you, or at all.

We have a history of net losses and we expect to incur additional losses.

In each year since our inception, we have incurred losses and have generated in total, since inception, only \$4,278,002 in revenue. For the year ended December 31, 2020, net losses attributable to common stockholders aggregated \$2,012,314 (2019-\$2,895,185) and, at December 31, 2020, the Company's accumulated deficit was \$13,468,794 (2019-\$11,449,497). We expect to incur further losses in the development of our business. We cannot assure you that we can achieve profitable operations in any future period.

Our independent registered public accounting firms' reports contains an explanatory paragraph that expresses substantial doubt as to our ability to continue as a going concern.

Although our consolidated financial statements have been prepared assuming we will continue as a going concern, our current independent registered public accounting firm, in its report accompanying our consolidated financial statements as of and for the year ended December 31, 2020, expressed substantial doubt as to our ability to continue as a going concern as of December 31, 2020, as a result of our operating losses since inception, because the Company expects to incur further losses in the development of its business and the demand by our main creditor, PACE, to repay all remaining obligations by July 30, 2021. Similarly, our former independent registered public accounting firm in its report accompanying our consolidated financial statements for the year ended December 31, 2019, also expressed substantial doubt as to our ability to continue as a going concern as of December 31, 2019. The inclusion of a going concern explanatory paragraph may make it more difficult for us to secure additional financing or enter into strategic relationships on terms acceptable to us, if at all, and may materially and adversely affect the terms of any financing that we may obtain.

We have no intention of declaring dividends in the foreseeable future.

The decision to pay cash dividends on our common stock rests with our board of directors and will depend on our earnings, unencumbered cash, capital requirements and financial condition. We do not anticipate declaring any dividends in the foreseeable future, as we intend to use any excess cash to fund our operations. Investors in our common stock should not expect to receive dividend income on their investment in the foreseeable future.

We may issue preferred stock in the future, and the terms of the preferred stock may reduce the value of our common stock.

Under the certificate of incorporation of the Company, our Board of Directors are authorized to create and issue one or more additional series of preferred stock, and, with respect to each series, to determine number of shares constituting the series and the designations and the powers, preferences and rights, and the qualifications, limitations and restrictions thereof, which may include dividend rights, conversion or exchange rights, voting rights, redemption rights and terms and liquidation preferences, without stockholder approval. If we create and issue one or more additional series of preferred stock, it could affect your rights or reduce the value of our outstanding common stock. Our Board of Directors could, without stockholder approval, issue preferred stock with voting and other rights that could adversely affect the voting power of the holders of our common stock and which could have certain anti-takeover effects.

Special Meetings of our Stockholders may only be called by our Board of Directors or our CEO and as such, our stockholders do not have the ability to call a meeting.

Under our bylaws only our Board of Directors or CEO may call a special meeting of shareholders and as such, your ability to participate and take certain corporate actions like amending the Company's certificate of incorporation or electing directors is limited.

We may be exposed to risks relating to evaluations of controls required by Sarbanes-Oxley Act of 2002.

Pursuant to Sarbanes-Oxley Act of 2002, our management will be required to report on, and our independent registered public accounting firm may in the future be required to attest to, the effectiveness of our internal control over financial reporting. Although we prepare our financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), our internal accounting controls may not meet all standards applicable to companies with publicly traded securities. If we fail to implement any required improvements to our disclosure controls and procedures, we may be obligated to report control deficiencies and our independent registered public accounting firm may not be able to certify the effectiveness of our internal controls over financial reporting. In either case, we could become subject to regulatory sanction or investigation. Further, these outcomes could damage investor confidence in the accuracy and reliability of our financial statements.

If our internal controls and accounting processes are insufficient, we may not detect in a timely manner misstatement that could occur in our financial statements in amounts that could be material.

As a public company, we will have to devote substantial efforts to the reporting obligations and internal controls required of a public company, which will result in substantial costs. A failure to properly meet these obligations could cause investors to lose confidence in us and have a negative impact on the market price of our shares. We expect to devote significant resources to the documentation, testing and continued improvement of our operational and financial systems for the foreseeable future. These improvements and efforts with respect to our accounting processes that we will need to continue to make may not be sufficient to ensure that we maintain adequate controls over our financial processes and reporting in the future. Any failure to implement required, new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations in the USA or result in misstatements in our financial statements in amounts that could be material. Insufficient internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our shares and may expose us to litigation risk.

As a public company, we will be required to document and test our internal control procedures to satisfy the requirements of Section 404 of Sarbanes-Oxley, which requires annual management assessments of the effectiveness of our internal control over financial reporting. During the course of our testing, we may identify deficiencies which we may not be able to remediate in time to meet our deadline for compliance with Section 404. We may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we are unable to conclude that we have effective internal control over financial reporting, then investors could lose confidence in our reported financial information, which could have a negative effect on the trading price of our shares.

For as long as we are an "emerging growth company," we will not be required to comply with certain reporting requirements, including those relating to accounting standards and disclosure about our executive compensation, that apply to some other public companies.

As an "emerging growth company" under the JOBS Act, we are permitted to, and intend to, rely on exemptions from certain disclosure requirements. We are an emerging growth company until the earliest of:

- the last day of the fiscal year during which we have total annual gross revenues of \$1 billion or more;
- the last day of the fiscal year following the fifth anniversary of an offering; the date on which we have, during the previous 3-year period, issued more than \$1 billion in non-convertible debt; or
- the date on which we are deemed a "large accelerated filer" as defined under the federal securities laws.

For so long as we remain an "emerging growth company", we will not be required to:

- have an auditor report on our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002;
- comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis);
- submit certain executive compensation matters to shareholders advisory votes pursuant to the "say on frequency" and "say on pay" provisions (requiring a non-binding shareholder vote to approve compensation of certain executive officers) and the "say on golden parachute" provisions (requiring a non-binding shareholder vote to approve golden parachute arrangements for certain executive officers in connection with mergers and certain other business combinations) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; and
- include detailed compensation discussion and analysis in our filings under the Exchange Act and instead may provide a reduced level of disclosure concerning executive compensation.

In addition, the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period for complying with new or revised accounting standards. The Company has elected to opt out of this extended transition period for complying with new or revised accounting standards. This election is irrevocable.

Information Regarding Forward-Looking Statements

Statements in this Form 10-K may be "forward-looking statements." Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those described above and those risks discussed from time to time in this prospectus, including the risks described under "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus and in other documents which we file with the SEC.

In addition, such statements could be affected by risks and uncertainties related to

- our ability to raise funds for general corporate purposes and operations, including our clinical trials;
- our ability to recruit qualified management and technical personnel;
- our ability to complete successfully within our industry;
- fluctuations in foreign currency exchange rates;
- our ability to maintain and enhance our technological capabilities and to respond effectively to technological changes in our industry; and
- our ability to protect our intellectual property, on which our business avoiding infringing the intellectual property rights of others;

Any forward-looking statements speak only as of the date on which they are made, and except as may be required under applicable securities laws, we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this prospectus.

If we fail to implement our business strategy, our financial performance and our growth could be materially and adversely affected.

Our future financial performance and success are dependent in large part upon our ability to implement our business strategy successfully. Implementation of our strategy will require effective management of our operational, financial and human resources and will place significant demands on those resources.

See Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations -Overview* for more information on our business strategy.

There are risks involved in pursuing our strategy, including the following:

- Our employees, customers or investors may not embrace and support our strategy.
- We may not be able to hire or retain the personnel necessary to manage our strategy effectively.
- We may be unsuccessful in implementing improvements to operational efficiency and such efforts may not yield the intended result.
- We may not be able to maintain cost savings achieved through restructuring efforts.
- Strategic decisions with respect to our asset portfolio may result in impairments to our assets.

- Our ability to make strategic acquisitions depends on our ability to identify desirable acquisition targets, negotiate advantageous transactions despite competition for such opportunities, fund such acquisitions on favorable terms, obtain regulatory approvals and realize the benefits we expect from those transactions.
- Acquisitions, investments and/or new service offerings may not increase our earnings in the timeframe anticipated, or at all, due to difficulties operating in new markets or providing new service offerings, failure of emerging technologies to perform as expected, failure to operate within budget, integration issues, or regulatory issues, among others.
- Integration of acquisitions and/or new services offerings could increase our exposure to the risk of inadvertent noncompliance with applicable laws and regulations.
- Liabilities associated with acquisitions, including ones that may exist only because of past operations of an acquired business, may prove to be more difficult or costly to address than anticipated.
- Execution of our strategy, particularly growth through acquisitions, may cause us to incur substantial additional indebtedness, which may divert capital away from our traditional business operations and other financial plans.
- We continue to seek to divest underperforming and non-strategic assets if we cannot improve their profitability. We may not be able to successfully negotiate the divestiture of underperforming and non-strategic operations, which could result in asset impairments or the continued operation of low-margin businesses.

In addition to the risks set forth above, implementation of our business strategy could also be affected by a number of factors beyond our control, such as increased competition, legal developments, government regulation, general economic conditions, increased operating costs or expenses and changes in industry trends. We may decide to alter or discontinue certain aspects of our business strategy at any time. If we are not able to implement our business strategy successfully, our long-term growth and profitability may be adversely affected. Even if we are able to implement some or all of the initiatives of our business strategy successfully, our operating results may not improve to the extent we anticipate, or at all.

Compliance with existing or increased future regulations and/or enforcement of such regulations may restrict or change our operations, increase our operating costs or require us to make additional capital expenditures, and a decrease in regulation may lower barriers to entry for our competitors.

Stringent government regulations at the federal, state, provincial and local level in the U.S. and Canada have a substantial impact on our business, and compliance with such regulations is costly. A large number of complex laws, rules, orders and interpretations govern environmental protection, health, safety, land use, zoning, transportation and related matters. Among other things, governmental regulations and enforcement actions may restrict our operations and adversely affect our financial condition, results of operations and cash flows by imposing conditions such as:

- limitations on constructing a new waste transfer stations, recycling or processing facilities or on expanding existing facilities;
- limitations, regulations or levies on collection and disposal prices, rates and volumes;
- limitations or bans on disposal or transportation of out-of-state waste or certain categories of waste;

- mandates regarding the management of solid waste, including requirements to recycle, divert or otherwise process certain waste, recycling and other streams; or
- limitations or restrictions on the recycling, processing or transformation of waste, recycling and other streams.

We also have a significant financial obligation relating to closure, post-closure and environmental remediation at our existing facility. The obligation is supported by a letter of credit from PACE in favor of the MOECP. Environmental regulatory changes could accelerate or increase such costs, requiring our expenditures to materially exceed our current letter of credit.

Our operations are subject to environmental, health and safety laws and regulations, as well as contractual obligations that may result in significant liabilities.

There is risk of incurring significant environmental liabilities in the acceptance, use and storage of waste materials. Under applicable environmental laws and regulations, we could be liable if our operations cause environmental damage to our property or to the property of other landowners, particularly as a result of the contamination of air, drinking water or soil. Under current law, we could also be held liable for damage caused by conditions that existed before we acquired our current facility. This risk is of particular concern as we execute our growth strategy, partially through acquisitions, because we may be unsuccessful in identifying and assessing potential liabilities during our due diligence investigations. Further, the counterparties in such transactions may be unable to perform their indemnification obligations owed to us. Additionally, we could be liable if we arrange for the transportation and acceptance at our facility of hazardous substances that cause environmental contamination, or if a predecessor owner made such arrangements and, under applicable law, we are treated as a successor to the prior owner. Any substantial liability for environmental damage could have a material adverse effect on our financial condition, results of operations and cash flows.

In the ordinary course of our business, we may in the future, become involved in legal and administrative proceedings relating to land use and environmental laws and regulations. These include proceedings in which:

- agencies of federal, state, provincial or local governments seek to impose liability on us under applicable statutes, sometimes involving civil or criminal penalties for violations, or to revoke or deny renewal of a permit we need; and
- local communities, citizen groups, landowners or governmental agencies oppose the issuance of a permit or approval we need, allege violations of the permits under which we operate or laws or regulations to which we are subject, or seek to impose liability on us for environmental damage.

We generally seek to work with the authorities or other persons involved in these proceedings to resolve any issues raised. If we are not successful, the adverse outcome of one or more of these proceedings could result in, among other things, material increases in our costs or liabilities as well as material charges for asset impairments.

General economic conditions can directly and adversely affect our revenues and our income from operations margins.

Our business is directly affected by changes in national and general economic factors that are outside of our control, including consumer confidence, interest rates and access to capital markets. A weak economy generally results in decreased consumer spending and decreases in volumes of waste generated, which decreases our revenues. In addition, we have a relatively high fixed-cost structure, which is difficult to quickly adjust to match shifting volume levels. Consumer uncertainty and the loss of consumer confidence may limit the number or amount of services requested by customers. Economic conditions may also limit our ability to implement our pricing strategy. For example, many of our contracts have price adjustment provisions that are tied to an index such as the Consumer Price Index, and our costs may increase in excess of the increase, if any, in the Consumer Price Index.

Some of our customers have suffered financial difficulties affecting their credit risk, which could negatively impact our operating results.

Many non-governmental customers have also suffered serious financial difficulties, including bankruptcy in some cases. Purchasers of our recycling commodities can be particularly vulnerable to financial difficulties in times of commodity price volatility. The inability of our customers to pay us in a timely manner or to pay increased rates, particularly significant accounts, could negatively affect our operating results.

We are increasingly dependent on technology in our operations and if our technology fails, our business could be adversely affected.

We may experience problems with the operation of our current information technology systems or the technology systems of third parties on which we rely, as well as the development and deployment of new information technology systems, that could adversely affect, or even temporarily disrupt, all or a portion of our operations until resolved. Inabilities and delays in implementing new systems can also affect our ability to realize projected or expected cost savings

Additionally, any systems failures could impede our ability to timely collect and report financial results in accordance with applicable laws and regulations.

A cybersecurity incident could negatively impact our business and our relationships with customers and expose us to litigation risk.

We use computers in substantially all aspects of our business operations. We also use mobile devices, social networking and other online activities to connect with our employees and our customers. Such uses give rise to cybersecurity risks, including security breach, espionage, system disruption, theft and inadvertent release of information. Our business involves the storage and transmission of numerous classes of sensitive and/or confidential information and intellectual property, including customers' personal information, private information about employees, and financial and strategic information about the Company and its business partners. Further, as the Company pursues its strategy to grow through potential acquisitions and to pursue new initiatives that improve our operations and cost structure, the Company is also expanding and improving its information technologies, resulting in a larger technological presence and corresponding exposure to cybersecurity risk. If we fail to assess and identify cybersecurity risks associated with acquisitions and new initiatives, we may become increasingly vulnerable to such risks. Additionally, while we have implemented measures to prevent security breaches and cyber incidents, our preventative measures and incident response efforts may not be entirely effective. The theft, destruction, loss, misappropriation, or release of sensitive and/or confidential information or intellectual property, or interference with our information technology systems or the technology systems of third parties on which we rely, could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of customers, potential litigation and liability and competitive disadvantage.

Our business is subject to operational and safety risks, including the risk of personal injury to employees and others.

The operation of an organic waste processing and composting facility involves risks such as truck accidents, equipment defects, malfunctions and failures.

Any of these risks could potentially result in injury or death of employees and others, a need to shut down or reduce operation of the facility, increased operating expense and exposure to liability for pollution and other environmental damage, and property damage or destruction.

While we seek to minimize our exposure to such risks through comprehensive training, compliance and response and recovery programs, as well as vehicle and equipment maintenance programs, if we were to incur substantial liabilities in excess of any applicable insurance, our business, results of operations and financial condition could be adversely affected. Any such incidents could also tarnish our reputation and reduce the value of our brand. Additionally, a major operational failure, even if suffered by a competitor, may bring enhanced scrutiny and regulation of our industry, with a corresponding increase in operating expense.

We have substantial financial assurance and insurance requirements and increases in the costs of obtaining adequate financial assurance, or the inadequacy of our insurance coverages, could negatively impact our liquidity and increase our liabilities.

The amount of insurance we are required to maintain for environmental liability is governed by statutory requirements. We believe that the cost for such insurance is high relative to the coverage it would provide and, therefore, our coverages are generally maintained at the minimum statutorily-required levels. We face the risk of incurring additional costs for environmental damage if our insurance coverage is ultimately inadequate to cover those damages. We also carry a broad range of other insurance coverages that are customary for a company our size. We use these programs to mitigate risk of loss, thereby enabling us to manage our self-insurance exposure associated with claims. The inability of our insurers to meet their commitments in a timely manner and the effect of significant claims or litigation against insurance companies may subject us to additional risks. To the extent our insurers are unable to meet their obligations, or our own obligations for claims are more than we estimated, there could be a material adverse effect to our financial results.

Our capital requirements and our business strategy could increase our expenses, cause us to change our growth and development plans, or result in an inability to maintain our desired credit profile.

If economic conditions or other risks and uncertainties cause a significant reduction in our cash flows from operations, we may reduce or suspend capital expenditures, growth and acquisition activity and implementation of our business strategy. We may choose to incur indebtedness to pay for these activities, although our access to capital markets is not assured and we may not be able to incur indebtedness at a cost that is consistent with current borrowing rates. We also may need to incur indebtedness to refinance scheduled debt maturities, and it is possible that the cost of financing could increase significantly, thereby increasing our expenses and increasing our net losses. Further, our ability to execute our financial strategy and our ability to incur indebtedness is somewhat dependent upon our ability to maintain investment grade credit ratings on our senior debt. The credit rating process is contingent upon our credit profile, as well as a number of other factors, many of which are beyond our control, including methodologies established and interpreted by third-party rating agencies. If we were unable to maintain our investment grade credit ratings in the future, our interest expense would increase and our ability to obtain financing on favorable terms could be adversely affected.

Additionally, as of December 31, 2020, we have \$6,327,520 (C\$8,056,430) (2019-\$7,199,706; C\$9,351,482) of debt that is exposed to changes in market interest rates within the next 12 months. In addition, as of December 31, 2020, we had a letter of credit outstanding of \$217,423 (C\$276,831) to the MECF. If interest rates increase, our interest expense would also increase, increasing our net losses and decreasing our cash flow.

As at December 31, 2020, and the date of this filing, the Company did not have any revolving credit facility to support cash flow requirements. In the event of a default under any of our credit facilities, term loans, obligations under capital lease, convertible promissory notes, mortgage payable and loans from related parties, we could be required to immediately repay such debt under default, which we may not be able to do. Additionally, any such default may cause a default under many of our other credit agreements and debt instruments. Without waivers from lenders party to those agreements, and/or the availability of other financing, either debt or equity, any such default would have a material adverse effect on our ability to continue to operate.

The seasonal nature of our business and severe weather events may cause our results to fluctuate, and prior performance is not necessarily indicative of our future results.

Our operating revenues tend to be somewhat higher in summer months, primarily due to the higher organic compost sales and higher leaf and yard waste volumes. The volumes of industrial and residential waste in certain regions where we operate also tend to increase during the summer months. Our second and third quarter revenues and results of operations typically reflect these seasonal trends.

Service disruptions caused by severe storms, extended periods of inclement weather or climate extremes resulting from climate change can significantly affect the operating results of the areas affected. While weather-related and other event driven special projects can boost revenues through additional work for a limited time, as a result of significant start-up costs and other factors, such revenue will generate earnings at comparatively higher margins.

For these and other reasons, operating results in any interim period are not necessarily indicative of operating results for an entire year, and operating results for any historical period are not necessarily indicative of operating results for a future period. Our stock price may be negatively or positively impacted by interim variations in our results.

We may experience adverse impacts on our reported results of operations as a result of adopting new accounting standards or interpretations.

Our implementation of and compliance with changes in accounting rules, including new accounting rules and interpretations, could adversely affect our reported financial position or operating results or cause unanticipated fluctuations in our reported operating results in future periods.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our principal executive office is in Toronto, Ontario, Canada. We lease this property from an Ontario company controlled by the CEO of the Company, who is also executive chairman, president and a director. This lease expired on December 31, 2019. The Company is currently on a month-to-month lease. Prior to the business acquisition of May 2019, we leased the land on which our organic waste processing and composting facility is situated, near Belleville, Ontario, Canada. This property is now owned by one of the Company's wholly-owned subsidiaries, and the Company does not expend funds to satisfy this lease, as the Company is now both the landlord and the tenant.

We believe that our operating property, vehicle and equipment are adequately maintained and sufficient for our current operations. However, we expect to continue to make investments in additional property and equipment for expansion, for replacement of assets and to support our strategy of continuous improvement through efficiency and innovation.

For more information, see Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* included within this report.

Item 3. *Legal Proceedings.*

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. We are not currently aware of any such legal proceedings or claims that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition, or operating results.

The Company received opposition to one of its trademarks and continues to respond to the opposing counsel's requests. The opposition will be heard by the trademark trial and review board.

The Company has three known claims against it, one filed, for unpaid legal fees, in the amount of \$51,240 (C\$65,241) and one for which the Company filed on September 24, 2020, against the former chief executive officer (the "Former CEO") and his company, Landfill Gas Canada Ltd. ("LFGC"), with a statement of claim which was defended and counterclaimed. The Company's claim relates to damages for breach of contract, non-performance of contractual duties, breach of fiduciary duty, misrepresentation and breach of a duty of fidelity in the amount of \$785,400 (C\$1,000,000).

On October 26, 2020, the Company received the statement of defense and counterclaim from the defendants noted above in response to the Company's statement of claim. The defendants are seeking \$403,813 (C\$514,150) in special damages and \$392,700 (C\$500,000) in punitive and exemplary damages. The Company filed its reply defense to counterclaim on November 13, 2020.

The plaintiffs by counterclaim filed their defense to counterclaim on November 23, 2020, denying all claims in the Company's reply and defense to counterclaim.

On November 26, 2020, the Company was served with a statement of claim from an individual, who is also a shareholder alleging fraud and misrepresentation in the amount of \$117,810 (C\$150,000) and claiming punitive damages of \$39,270 (C\$50,000). Also named in the claim is the CEO, 1684567 and corporations related to the CEO. The Company's defense and counterclaim was filed on December 11, 2020. The Company is seeking \$196,350 (C\$250,000) in special damages and \$196,350 (C\$250,000) in punitive and exemplary damages.

On March 23, 2020, the Company and BDO signed a settlement and mutual release agreement, with respect to the purchase of certain assets of Astoria through the court appointed receiver, BDO, on September 15, 2017. In exchange, BDO credited the Company for certain charges levied by the City of Belleville, Ontario, Canada, totaling \$15,082 (C\$19,589) and released the 529,970 shares of common stock issued to BDO in connection with the above noted purchase, for a net cash settlement of \$7,699 (C\$10,000).

Item 4. *Mine Safety Disclosures.*

The Company has no reporting to provide relative to information concerning mine safety and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity*

Market Price of Common Stock

Our common stock is quoted on the OTCQB marketplace run by OTC Markets Group, Inc. under the symbol "SNRG". As of the date of this filing, the number of stockholders of record was seventy-four (74). This does not include persons whose stock is in nominee or "street name" accounts through brokers.

Securities.

The information below was derived from the audited Consolidated Financial Statements included within this report and in previous annual reports, including those we filed with the SEC. This information should be read together with those Consolidated Financial Statements and the notes thereto. These historical results are not necessarily indicative of the results to be expected in the future.

There were no declared dividends in 2020 and since incorporation. Future decisions to pay cash dividends are at the discretion of our Board of Directors. It is our intention to retain any future profits for use in the development and expansion of our business and for general corporate purposes.

Unregistered Sales of Equity Securities and Use of Proceeds.

During the year ended December 31, 2020, the Company issued a total of 31,606,085 shares of Common Stock for non-cash proceeds, as follows:

- 1,000,000 common shares on the vesting of the 2019 stock award.
- 27,118,109 common shares on the conversion of unsecured convertible promissory note to equity.
- 3,184,992 common shares on the conversion of related party debt to equity.
- 302,984 common shares issued to directors and employees for services provided.

The securities above were offered and sold pursuant to an exemption from the registration requirements under Section 4(a)(2) of the Securities Act since, among other things, the transactions did not involve a public offering.

Item 6. Selected Financial Data.

	<u>2020(a)</u>	<u>2019(a)</u>	<u>2018</u>
Statement of Operations Data:			
Operating revenues	\$ 1,604,606	\$ 1,384,193	\$ 1,000,106
Other income	180,277	-	-
Income taxes recovery	139,877	-	-
Consolidated net loss	2,012,314	2,895,185	3,894,016
Consolidated comprehensive loss	2,156,733	3,024,150	3,826,750
Basic and diluted loss per common share	0.03	0.07	0.10
Balance Sheet Data:			
Working capital deficit	\$ 9,830,314	\$ 8,203,742	\$ 4,830,948
Total assets	5,758,303	5,707,343	3,719,907
Long-term debt and other debt including current portion	7,922,532	7,421,030	4,218,061
Total stockholders' deficiency	4,760,950	3,204,018	1,542,248

(a) For more information see Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This section includes a discussion of our results of operations for the years ended December 31, 2020 and 2019. This discussion may contain forward-looking statements that anticipate results based on management's plans that are subject to uncertainty. We discuss in more detail various factors that could cause actual results to differ materially from expectations in Item 1A. *Risk Factors*. The following discussion should be read considering those disclosures and together with the Consolidated Financial Statements and the notes thereto.

Overview

Our Company's goals are targeted at serving our customers, our employees, the environment, the communities in which we work and our stockholders. Increasingly, customers want more of their waste materials recovered, while waste streams are becoming more complex, and our aim is to address the current needs, while anticipating the expanding and evolving needs of our customers.

CONSOLIDATED RESULTS OF OPERATIONS - FOR THE YEAR ENDED DECEMBER 31, 2020 COMPARED TO THE YEAR ENDED DECEMBER 31, 2019

	2020	2019
Revenue	\$ 1,604,606	\$ 1,384,193
Cost of sales	1,524,240	1,153,340
Gross profit	80,366	230,853
Operating expenses		
Management compensation-stock-based compensation	-	1,000,000
Management compensation-fees	205,924	291,682
Professional fees	382,238	308,580
Marketing	-	253,915
Interest expenses	1,151,877	587,219
Office and administration	236,852	258,081
Rent and occupancy	120,145	114,259
Insurance	68,932	67,366
Filing fees	46,096	38,318
Amortization of financing costs	153,566	248,305
Repairs and maintenance	11,207	9,644
Director compensation	37,619	(4,692)
Stock-based compensation	56,571	-
Foreign exchange (income)	(58,193)	(46,639)
Total operating expenses	2,412,834	3,126,038
Other Income	180,277	-
Income Taxes Recovery	139,877	-
Net loss	\$ (2,012,314)	\$ (2,895,185)

RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

During the year, the Company generated \$1,604,606 (2019-\$1,384,193) of revenue from its organic composting facility and the garbage collection and landfill management services, an increase of \$220,413 over the prior year. The majority of the revenue from the organic composting facility relates to revenue from tipping fees charged for organic and other waste accepted at the facility and a lesser portion relating to the sale of organic compost processed at the facility. The Company also earned revenue from its new garbage collection and landfill management services of \$205,257 (2019-\$137,247), which it acquired effective May 24, 2019 on the purchase of 1684567.

In the operation of the organic composting facility, the Company processes the organic and other waste received and produces the end product, organic compost. The cost of producing the organic compost totaled \$1,524,240 for the current year ended December 31, 2020 compared to \$1,153,340 in the prior year ended December 31, 2019. The costs include equipment rental, deliver, fuel, repairs and maintenance, direct wages and benefits, depreciation, utilities and outside contractors. In addition, the Company calculated the inventory on hand at the end of the year for its organic compost to be \$24,740. The additional costs were directly related to the increased revenue and improvements in the processing of the waste materials, along with an estimate for the clean-up of certain waste as ordered by the MECF, significantly reducing the gross profit.

Operating expenses decreased by \$713,204 from \$3,126,038 for the year ended December 31, 2019 to \$2,412,834 for the year ended December 31, 2020. The decrease was primarily the result of lower management compensation, marketing and amortization of financing fees offset by an increase in various expenses, noted below.

During the year, the Company incurred management compensation expense in the form of fees of \$205,924 compared to \$291,682 in the prior year ended December 31, 2019, a drop of \$85,758, primarily due to the absence of fees for the Former CEO after his resignation on September 25, 2019. There was no management compensation related to stock-based compensation, as the remaining RSUs held by the CEO vested in 2019.

Professional fees increased by \$73,658, from \$308,580 in the prior year to \$382,238 in the current year. Professional fees include audit and accounting fees, legal fees and consulting fees. The Company incurred costs on the 2019 business acquisition and the 2020 land purchase, an increase of \$83,154 over the prior year and cost for defending legal claims during the year, an increase of \$22,973, an increase in audit, accounting and consulting fees of \$9,259, offset by lower legal fees for other services of \$41,728.

During the year, the Company incurred interest expense of \$1,151,877, an increase of \$564,658 over the prior year amount of \$587,219. During the year, the Company incurred additional interest on the unsecured convertible promissory notes in the amount of \$428,707, as a result of penalties charged by the investors due to defaults including an increase in the annual interest rate from 12% to 24% and an increase in the interest incurred on the first mortgage of \$131,191 which was outstanding for the whole year in 2020 versus approximately seven months in 2019 along with an increase in the principal balance from \$2,001,740 at December 31, 2019 to \$2,591,820 at December 31, 2020. In addition, the Company incurred additional interest expense overall on a number of other interest-bearing obligations, including the advances, the obligations under capital lease and the related party loans, a net increase of \$25,749. This was offset by a reduction in the interest incurred on the PACE debt, in the amount of \$20,989.

Rent and occupancy expense increased insignificantly by \$5,886.

Insurance expense increased insignificantly by \$1,566.

Office and administration expenses decreased by \$21,229 from \$258,081 in the prior year to \$236,852 in the current year. The reduced expenses are approximately as follows: website and internet costs \$5,100, travel of \$19,200, bank charges and interest of \$4,800, interest and penalties of \$1,600, donations of \$6,200, offset by increased sampling costs of approximately \$5,400, wages and benefits of \$5,900 and automotive of \$4,700.

Filing fees increased by \$7,778, primarily due to the costs associated with the AGM and for costs related to the monthly cost of the annual OTCQB exchange listing fee.

During the year ended December 31, 2020, the Company recorded amortization of financing costs for the unsecured convertible promissory notes in the amount of \$84,614 and for the first mortgage in the amount of \$68,952, totaling \$153,566. A significant portion of the financing fees for the unsecured convertible promissory notes were amortized in the prior year (\$196,972) and the increase in the financing fees on the first mortgage resulted in an increase in the amortization compared to the prior year (\$52,233).

Repairs and maintenance increased insignificantly by \$1,563.

Director compensation increased by \$42,311, from (\$4,692) in the year ended December 31, 2019 to \$37,619 in the year ended December 31, 2020. The 2020 director compensation relates to accrued fees of \$34,757 (2019-(\$2,723)) for the two independent directors who were either not re-elected or who resigned during the year along with the fees for the chairman of the audit committee in the amount of \$2,862 (2019-\$3,015).

Stock-based compensation increased by \$56,571 from a balance of \$nil in the year ended December 31, 2019 to \$56,571 in the year ended December 31, 2020. Stock-based compensation includes director compensation of \$54,021 and employee compensation of \$2,550. The director stock-based compensation consists of the following: for those independent directors providing their services throughout the prior year, the Company recorded stock-based compensation totaling \$16,715, based on the issuance of 20,000 common stock of the Company on December 31, 2020 to each of the five independent directors. This compensation was priced based on the trading price of the shares at the close of business on December 31, 2020; for those two independent directors providing services throughout 2020, a total of \$37,306 which was paid through the issuance of a total of 187,844 common shares of the Company on December 31, 2020, priced based on a ten-day look-back of the trading price of the common stock on December 31, 2020.

The foreign exchange income increased by \$11,554 from \$46,639 in the prior year to \$58,193 in the current year due to the strengthening Canadian dollar compared to the US dollar.

Critical Accounting Estimates and Assumptions

Use of estimates

The preparation of the Company's consolidated financial statements in conformity with US GAAP 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 the reported amounts of revenues and expenses during the reporting period. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. The Company regularly evaluates estimates and assumptions. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. Areas involving significant estimates and assumptions include: the allowance for doubtful accounts, inventory valuation, useful lives of long-lived and intangible assets, impairment of long-lived assets and intangible assets, valuation of asset acquisition, accruals, deferred income tax assets and related valuation allowance, environmental remediation costs, stock-based compensation and going concern. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become available.

Stock-based compensation

The Company records compensation costs related to stock-based awards in accordance with ASC 718, Compensation-Stock Compensation, whereby the Company measures stock-based compensation cost at the grant date based on the estimated fair value of the award. Compensation cost is recognized on a straight-line basis over the requisite service period of the award. Where necessary, the Company utilizes the Black-Scholes option-pricing model to estimate the fair value of stock options granted, which requires the input of highly subjective assumptions including: the expected option life, the risk-free rate, the dividend yield, the volatility of the Company's stock price and an assumption for employee forfeitures. The risk-free rate is based on the U.S. Treasury bill rate at the date of the grant with maturity dates approximately equal to the expected term of the option. The Company has not historically issued any dividends and does not expect to in the near future. Changes in any of these subjective input assumptions can materially affect the fair value estimates and the resulting stock-based compensation recognized. The Company has not issued any stock options and has no stock options outstanding at December 31, 2020.

Indefinite Asset Impairments

The Company evaluates the intangible assets for impairment annually in the fourth quarter or when triggering events are identified and whether events and circumstances continue to support the indefinite useful life using Level 3 inputs.

Long-Lived Asset Impairments

In accordance with ASC 360, "Property, Plant and Equipment", long-lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable.

The Company evaluates at each balance sheet date whether events or circumstances have occurred that indicate possible impairment. If there are indications of impairment, the Company uses future undiscounted cash flows of the related asset or asset grouping over the remaining life in measuring whether the carrying amounts are recoverable. In the event that such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value.

Liquidity and Capital Resources

As at December 31, 2020, the Company had a cash balance of \$6,457 (2019-\$7,926) and current liabilities in the amount of \$10,358,212 (2019-\$8,911,361). As at December 31, 2020, the Company had a working capital deficit of \$9,830,314 (2019-\$8,203,742). The Company also has restricted cash which is held in trust in the amount of \$nil (2019-\$467,798). The Company does not currently have sufficient funds to satisfy the current debt obligations. Should the Company's creditors seek or demand payment, the Company does not have the resources to pay or satisfy any such claims currently. PACE has demanded the repayment of its remaining borrowings on or before July 30, 2021. The Company has been in discussions with a Canadian chartered bank and equity investors for new financing, which would also be used to repay PACE. As at December 31, 2020, the Company was in default on its unpaid unsecured convertible promissory notes. The remaining unsecured convertible promissory notes were repaid subsequent to December 31, 2020.

The Company's total assets at December 31, 2020 were \$5,758,303 (2019-\$5,707,343) and total current liabilities were \$10,358,212 (2019-\$8,911,361). Significant losses from operations have been incurred since inception and there is an accumulated deficit of \$13,468,794 as of December 31, 2020 (2019-\$11,449,497). Continuation as a going concern is dependent upon generating significant new revenue, generating external capital and securing new debt to repay PACE and to achieve profitable operations while maintaining current fixed expense levels.

To pay current debt obligations and to fund any future operations, the Company requires significant new funds, which the Company may not be able to obtain. In addition to the funds required to liquidate the \$10,358,212 in current liabilities, the Company estimates that approximately \$4,000,000 must be raised to fund capital requirements and general corporate expenses for the next 12 months.

In the normal course of business, we are exposed to market risks, including changes in interest rates, certain commodity prices and Canadian currency rates. The Company does not use derivatives to manage these risks.

Interest Rate Exposure - Interest rate risk is the risk borne by an interest-bearing asset or liability as a result of fluctuations in interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk.

Our exposure to market risk for changes in interest rates relates primarily to our financing activities. We have \$6,327,520 (C\$8,056,430) (2019-\$7,199,706; C\$9,351,482) of debt that is exposed to changes in market interest rates within the next 12 months. We currently estimate that a 100-basis point increase in the interest rates of our outstanding variable-rate debt obligations would increase our 2020 interest expense by approximately \$63,300 (2019-\$72,000).

Our remaining outstanding debt obligations have fixed interest rates through the scheduled maturity of the debt. The fair value of our fixed-rate debt obligations would not be expected to increase or decrease significantly if market interest rates change.

Credit Risk Exposure - is the risk of loss associated with a counterparty's inability to perform its payment obligations. As at December 31, 2020, the Company's credit risk is primarily attributable to cash and trade receivables. As at December 31, 2020, the Company's cash was held with reputable Canadian chartered banks, a US banks and a credit union.

Commodity Price Exposure - In the normal course of our business, we are subject to operating agreements that expose us to market risks arising from changes in the prices for commodities such as diesel fuel, propane, and electricity. We attempt to manage these risks through operational strategies that focus on capturing our costs in the prices we charge our customers for the services provided. Accordingly, as the market prices for these commodities increase or decrease, our revenues may also increase or decrease.

Currency Rate Exposure - Our operations are currently in Ontario, Canada. Where significant, we have quantified and described the impact of foreign currency translation on components of income, including operating revenue and operating expenses. However, the impact of foreign currency has not materially affected our results of operations.

Summary of Cash and Debt Obligations

The following is a summary of our cash and debt balances as of December 31:

	2020	2019
Cash	\$ 6,457	\$ 7,926
Debt:		
Current portion	\$ 7,843,992	\$ 7,421,030
Long-term portion	78,540	-
Total debt	\$ 7,922,532	\$ 7,421,030

We use long-term borrowings in addition to the cash we are able to generate from operations as part of our overall financial strategy to support and grow our business. The components of our borrowings as of December 31, 2020 are described in notes 12, 13, 14, 15 and 16 to the Consolidated Financial Statements.

Changes in our outstanding debt balances from December 31, 2019 to December 31, 2020 were primarily attributable to (i) increase in net debt borrowings of \$501,502 and (ii) the impacts of other non-cash changes in our debt balances due to foreign currency translation.

Refer to Security Purchase Agreements, Financing Agreements with PACE and Other financings noted above for details.

Summary of Cash Flow Activity

The following is a summary of our cash flows for the years ended December 31:

	2020	2019
Net cash used in operating activities (a)	\$ (483,587)	\$ (769,664)
Net cash used in investing activities (b)	\$ (379,526)	\$ (1,692,764)
Net cash provided by financing activities (c)	\$ 376,553	\$ 2,955,731

- (a) *Net Cash Used in Operating Activities* - The most significant items affecting the comparison of our operating cash flows in 2020 as compared with 2019 are summarized below:

Decrease in Net Loss - Our loss from operations, excluding depreciation and amortization, decreased by \$884,058 in 2020, principally driven by lower management compensation and marketing costs offset by higher interest expense, professional fees, directors' compensation and stock-based compensation.

Changes in Assets and Liabilities - Our net cash used in operating activities was impacted by changes in assets and liabilities.

- (b) *Net Cash Used in Investing Activities* - The Company purchased long-lived assets in 2020 in the amount of \$358,964, net and intangible assets in the amount of \$20,637.

- (c) *Net Cash Provided by Financing Activities* - The most significant items affecting the comparison of our financing cash flows for the periods presented are summarized below:

Debt Borrowings (Repayments) - In the current year, the Company incurred new debt borrowings of \$3,330,066 and used cash of \$374,335 to repay a portion of these new borrowing and those from prior years.

Refer to Notes 12, 13, 14, 15 and 16 to the Consolidated Financial Statements for additional information related to our various borrowings.

Summary of Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of December 31, 2020 and the anticipated effect of these obligations on our liquidity in future years:

Contractual Obligations:	2021	2022	2023	2024	2025	Thereafter	Total
Long-term debt, obligations under capital lease and other debt(a)	\$ 6,906,879	\$ 140,874	\$ 60,929	\$ 63,152	\$ 5,444	\$ -	\$ 7,177,278
Consulting agreements	358,142	376,992	-	-	-	-	735,134
Truck and trailer financing (b)	63,621	43,368	43,368	43,368	14,456	-	208,181
Purchase of certain assets (c)	1,806,420	-	1,570,800	-	-	-	3,377,220
Premises lease-Toronto office (d)	65,974	-	-	-	-	-	65,974
Road maintenance obligation (e)	7,854	7,854	7,854	7,854	7,854	-	39,270
Anticipated liquidity impact as of December 31, 2020	\$ 9,208,890	\$ 569,088	\$ 1,682,951	\$ 114,374	\$ 27,754	\$ -	\$ 11,603,057

- (a) These amounts represent the scheduled principal payments related to the Company's long-term debt, obligations under capital lease, excluding interest and other debt.

Refer to notes 12, 13, 14 and 15 to the consolidated financial statements for additional information on our advances, long-term debt, obligations under capital lease and convertible promissory notes.

- (b) Truck and trailer financing

- (c) Purchase of certain assets (refer to subsequent events (note 24 (h)), to the consolidated financial statements.

- (d) The Toronto office premises lease is on a month-to-month basis. The amount for the full twelve months in 2021 is noted. Refer to Note 20 to the Consolidated Financial Statements for additional information on our commitments.
- (e) The road maintenance obligation is invoiced annually by the City of Belleville, Ontario, Canada in the amount of \$7,854 (C\$10,000) and expires September 30, 2025.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Going Concern

The consolidated financial statements have been prepared in accordance with US GAAP, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months.

As at December 31, 2020, the Company had a working capital deficit of \$9,830,314 (2019-\$8,203,742), incurred a net loss of \$2,012,314 (2019-\$2,895,185) for the year and had an accumulated deficit of \$13,468,794 (December 31, 2019-\$11,449,497) and expects to incur further losses in the development of its business.

On March 31, 2020, PACE and the Company reached an agreement for the repayment of the outstanding amounts owing to PACE. One of the credit facilities, in the amount of \$34,391 (C\$48,788), was repaid in full on April 3, 2020 and the remaining credit facilities and the corporate term loan were to be repaid on or before September 30, 2020. On November 12, 2020, PACE and the Company reached a new agreement to repay the remaining credit facilities and corporate term loan on or before January 29, 2021. As part of the agreement, the Company is to bring all the amounts owing to PACE current, and prepay to January 2021, the regular monthly principal and interest payments. Subsequently, on February 18, 2021, PACE and the Company reached a new agreement to repay all amounts owing to PACE on or before July 30, 2021. Management continues discussions with equity investors and a Canadian chartered bank to re-finance its remaining obligations to PACE and repay other creditors.

The Company has defaulted on the convertible promissory notes (see note 15). As a result, the advances (see note 11), the amounts owing to PACE (see note 13) and the obligations under capital lease (see note 14), are also in default.

These factors cast substantial doubt as to the Company's ability to continue as a going concern, which is dependent upon its ability to obtain necessary financing to further the development of its business and satisfy its obligations to PACE and its other creditors, and upon achieving profitable operations. There is no assurance of funding being available, or available on acceptable terms. Realization values may be substantially different from carrying values as recorded on these consolidated financial statements.

Beginning in March 2020 the Governments of Canada and Ontario, as well as foreign governments, instituted emergency measures as a result of COVID-19. The virus has had a major impact on Canadian and international securities and currency markets and consumer activity which may impact the Company's financial position, its results of operations and its cash flows significantly. The situation is constantly evolving, however, the extent to which the COVID-19 outbreak will impact businesses and the economy is highly uncertain and cannot be predicted. Accordingly, the Company cannot predict the extent to which its financial position, results of operations and cash flows will be affected in the future.

These consolidated financial statements do not include any adjustments to reflect the potential effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result if the Company was unable to continue as a going concern. Such adjustments could be material.

Recent Adopted Accounting Pronouncements

On January 1, 2020, the Company adopted Accounting Standards Update ("ASU") No. 2018-13, "Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurements to ASC Topic 820, Fair Value Movement". ASU No. 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying, and/or adding certain disclosures. The adoption of ASU No. 2018-13, did not have a significant impact on the Company's consolidated financial statements.

On January 1, 2020, the Company adopted ASU No. 2017-04, "Intangibles-Goodwill and Other (Topic 350) - Simplifying the Test for Goodwill Impairment". The new standard simplifies the accounting for goodwill impairments by eliminating step 2 from the goodwill quantitative impairment test. Instead, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is to be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. The adoption of ASU No. 2017-04, did not have a significant impact on the Company's consolidated financial statements.

On January 1, 2019, the Company adopted ASU No. 2016-02, Leases ("ASU 2016-02") which is also known as Accounting Standard Codification ("ASC") Topic 842, that requires lessees to recognize a right-of-use asset and a lease obligation for all operating leases in their balance sheets. Expenses are recognized in the consolidated statements of operations and comprehensive loss in a manner similar to previous accounting guidance. Lessor accounting under the ASU 2016-02 is substantially unchanged and is not relevant to the Company. The Company adopted ASU 2016-02 using a prospective transition approach, which applies the provisions of ASU 2016-02 at the effective date without adjusting the comparative periods presented, with certain practical expedients available to ease the burden of adoption.

The Company elected the following practical expedients upon adoption: not to reassess whether any expired or existing contracts are or contain leases, not to reassess the lease classification for any expired or existing leases, not to reassess initial direct costs for any existing leases, not to separately identify lease and non-lease components (i.e., maintenance costs) except for fleet vehicles and real estate, and not to evaluate historical land easements under the new guidance. Additionally, the Company elected the short-term lease exemption policy, applying the requirements of ASU 2016-02 to long-term leases (leases greater than 1 year) for which it only had one.

Adoption of ASU 2016-02 resulted in \$217,755 (C\$297,074) of additional right-of-use lease asset and lease liability as of January 1, 2019. ASU 2016-02 did not have a significant impact on the consolidated statements of operations and comprehensive loss. Effective May 24, 2019, the Company acquired 1684567, the landlord relating to the additional right-of-use lease asset and as such, no longer has a right-of-use asset and lease liability on its consolidated balance sheets.

In June 2018, the Financial Accounting Standards Board (the "FASB"), issued an accounting pronouncement (FASB ASU No. 2018-07) to expand the scope of ASC Topic 718, Compensation-Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. The pronouncement is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The Company adopted this pronouncement on January 1, 2019 and such adoption did not have a significant impact on the Company's consolidated financial statements.

Recently Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies and adopted by the Company as of the specified effective date or possibly early adopted, where permitted.

ASU 2020-06-Debt-"Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity": simplifies accounting for convertible instruments by removing major separation models required under current Generally Accepted Accounting Principles (GAAP). Consequently, more convertible debt instruments will be reported as a single liability instrument and more convertible preferred stock as a single equity instrument with no separate accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for it. The ASU also simplifies the diluted earnings per share (EPS) calculation in certain areas. The amendments in this Update are effective for public business entities that meet the definition of a Securities and Exchange Commission (SEC) filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after

December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is assessing the impact that the adoption of ASU 2020-06 will have on the consolidated balance sheet and consolidated statement of operations.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

Item 8. *Financial Statements and Supplementary Data.*

SUSGLOBAL ENERGY CORP.
CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

(Expressed in United States Dollars)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of SusGlobal Energy Corp.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of SusGlobal Energy Corp. (the "Company") as of December 31, 2019, and the related consolidated statements of operations and comprehensive loss, stockholders' deficiency, and cash flows for the year ended December 31, 2019 and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and the consolidated results of its operations and its cash flows for the year ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

The Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has experienced operating losses since inception and expects to incur further losses in the development of its business. These conditions, along with other matters as set forth in Note 2, raise substantial doubt about Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

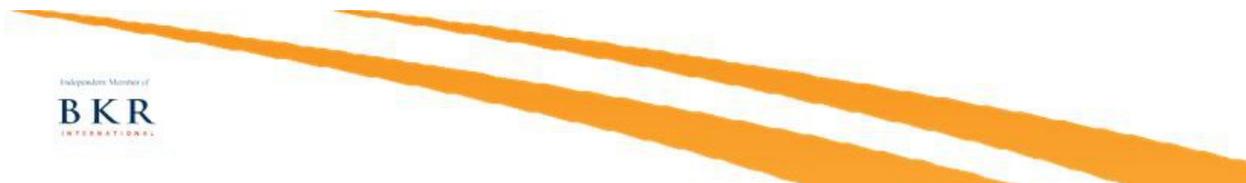
We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

SF Partnership, LLP

SF Partnership, LLP
We have served as the Company's auditors since 2014.

Toronto, Canada April 7, 2020



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of SusGlobal Energy Corp.:

Opinion

We have audited the accompanying consolidated balance sheet of SusGlobal Energy Corp. (the "Company"), as of December 31, 2020, and the related consolidated statements of operations and comprehensive loss, changes in stockholders' deficiency and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020, and the results of its consolidated operations and its consolidated cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has experienced operating losses since inception and expects to incur further losses in the development of its business. These conditions, along with other matters as set forth in Note 2, raise substantial doubt about Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.



**Chartered Professional Accountants
Licensed Public Accountants**

April 15, 2021
Toronto, Canada

We have served as the Company auditors since 2020.

SusGlobal Energy Corp.
Consolidated Balance Sheets
As at December 31, 2020 and 2019
(Expressed in United States Dollars)

	2020	2019
ASSETS		
Current Assets		
Cash	\$ 6,457	\$ 7,926
Restricted cash-funds held in trust (note 8)	-	467,798
Trade receivables	182,871	121,276
Government remittances receivable	3,746	38,578
Other receivables	-	20,624
Inventory	24,740	5,389
Prepaid expenses and deposits	94,131	46,028
Deferred assets (note 10)	215,953	-
Total Current Assets	527,898	707,619
Intangible Assets (note 9)	188,180	237,271
Long-lived Assets, net (note 10)	5,042,225	4,762,453
Total Assets	\$ 5,758,303	\$ 5,707,343
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities		
Accounts payable (note 11)	\$ 1,073,454	\$ 958,313
Government remittances payable	229,358	35,187
Accrued liabilities (notes 11, 13 and 15)	1,206,618	487,592
Advances (note 12)	15,460	3,255
Deferred revenue	4,790	9,239
Current portion of long-term debt (note 13)	6,327,520	5,793,677
Current portion of obligations under capital lease (note 14)	375,140	218,069
Convertible promissory notes (note 15)	1,092,100	1,406,029
Loan payable to related party (note 16)	33,772	-
Total Current Liabilities	10,358,212	8,911,361
Long-term debt (note 13)	78,540	-
Deferred tax liability (note 19)	82,501	-
Total Long-term Liabilities	161,041	-
Total Liabilities	10,519,253	8,911,361
Stockholders' Deficiency		
Preferred stock, \$.0001 par value, 10,000,000 authorized, none issued and outstanding		
Common stock, \$.0001 par value, 150,000,000 authorized, 82,860,619 (2019- 51,784,504) shares issued and outstanding (note 17)	8,288	5,180
Additional paid-in capital	9,045,187	7,450,091
Shares to be issued	8,580	-
Stock compensation reserve	-	1,000,000
Accumulated deficit	(13,468,794)	(11,449,497)
Accumulated other comprehensive loss	(354,211)	(209,792)
Total stockholders' deficiency	(4,760,950)	(3,204,018)
Total Liabilities and Stockholders' Deficiency	\$ 5,758,303	\$ 5,707,343
Going concern (note 2)		
Commitments (note 20)		

The accompanying notes are an integral part of these consolidated financial statements.

SusGlobal Energy Corp.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended December 31, 2020 and 2019
(Expressed in United States Dollars)

	2020	2019
Revenue	\$ 1,604,606	\$ 1,384,193
Cost of Sales		
Opening inventory	5,389	18,550
Depreciation	504,838	407,127
Direct wages and benefits	328,586	258,936
Equipment rental, delivery, fuel and repairs and maintenance	612,112	323,606
Utilities	88,505	124,281
Outside contractors	9,550	26,229
	1,548,980	1,158,729
Less: closing inventory	(24,740)	(5,389)
Total cost of sales	1,524,240	1,153,340
Gross profit	80,366	230,853
Operating expenses		
Management compensation-stock- based compensation (notes 11 and 17)	-	1,000,000
Management compensation-fees (note 11)	205,924	291,682
Professional fees	382,238	308,580
Marketing	-	253,915
Interest expense (notes 11, 12, 13, 14, 15, 16, 17)	1,151,877	587,219
Office and administration	236,852	258,081
Rent and occupancy (note 11)	120,145	114,259
Insurance	68,932	67,366
Filing fees	46,096	38,318
Amortization of financing costs	153,566	248,305
Repairs and maintenance	11,207	9,644
Director compensation (recovery) (notes 11 and 17)	37,619	(4,692)
Stock-based compensation (noted 11 and 17)	56,571	-
Foreign exchange (income)	(58,193)	(46,639)
Total operating expenses	2,412,834	3,126,038
Net Loss Before Other Income (Loss)	(2,332,468)	(2,895,185)
Other Income (note 18)	180,277	-
Net Loss Before Income Taxes	(2,152,191)	(2,895,185)
Income Taxes Recovery (note 19)	139,877	-
Net Loss	(2,012,314)	(2,895,185)
Other comprehensive loss		
Foreign exchange loss	(144,419)	(128,965)
Comprehensive loss	\$ (2,156,733)	\$ (3,024,150)
Net loss per share-basic and diluted	\$ (0.03)	\$ (0.07)
Weighted average number of common shares outstanding- basic and diluted	67,820,781	43,934,530

The accompanying notes are an integral part of these consolidated financial statements.

SusGlobal Energy Corp.
Consolidated Statements of Changes in Stockholders' Deficiency
For the years ended December 31, 2020 and 2019
(Expressed in United States Dollars)

	Number of Shares	Common Shares	Additional Paid- in Capital	Shares to be Issued	Stock Compensation Reserve	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance - December 31, 2018	40,299,531	\$ 4,031	\$ 5,754,260	\$ 4,600	\$ 1,330,000	\$ (8,554,312)	\$ (80,827)	\$ (1,542,248)
Shares issued for proceeds previously received	5,000	1	4,599	(4,600)	-	-	-	-
Shares issued on vesting of 2018 stock award	2,000,000	200	1,329,800	-	(1,330,000)	-	-	-
Shares issued for professional services	100,000	10	52,990	-	-	-	-	53,000
Share issued to directors	80,000	8	39,192	-	-	-	-	39,200
Shares issued to employees	10,000	1	399	-	-	-	-	400
Stock compensation expensed on vesting of stock awards	-	-	-	-	1,000,000	-	-	1,000,000
Shares issued on conversion of debt to equity	9,289,973	929	268,851	-	-	-	-	269,780
Other comprehensive loss	-	-	-	-	-	-	(128,965)	(128,965)
Net loss	-	-	-	-	-	(2,895,185)	-	(2,895,185)
Balance- December 31, 2019	51,784,504	\$ 5,180	\$ 7,450,091	\$ -	\$ 1,000,000	\$ (11,449,497)	\$ (209,792)	\$ (3,204,018)
Balance- December 31, 2019	51,784,504	\$ 5,180	\$ 7,450,091	\$ -	\$ 1,000,000	\$ (11,449,497)	\$ (209,792)	\$ (3,204,018)
Shares issued on vesting of 2019 stock awards	1,000,000	100	999,900	-	(1,000,000)	-	-	-
Share cancellation	(529,970)	(53)	-	-	-	(6,983)	-	(7,036)
Shares issued on related party debt to equity	3,184,992	318	353,661	-	-	-	-	353,979
Shares issued to directors-for 2019 compensation	100,00	10	21,390	-	-	-	-	21,400
Shares issued to directors-for 2020 compensation	187,984	19	39,251	-	-	-	-	39,270
Shares issued to employees	15,000	2	2,548	-	-	-	-	2,550
Shares issued on conversion of debt to equity	27,118,109	2,712	178,346	-	-	-	-	181,058
Conversion of debt to equity on shares yet to be issued	-	-	-	8,580	-	-	-	8,580
Other comprehensive loss	-	-	-	-	-	-	(144,419)	(144,419)
Net loss	-	-	-	-	-	(2,012,314)	-	(2,012,314)
Balance- December 31, 2020	82,860,619	\$ 8,288	\$ 9,045,187	\$ 8,580	\$ -	\$ (13,468,794)	\$ (354,211)	\$ (4,760,950)

The accompanying notes are an integral part of these consolidated financial statements.

SusGlobal Energy Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(Expressed in United States Dollars)

	2020	2019
Cash flows from operating activities		
Net loss		
Adjustments for:	\$ (2,012,314)	\$ (2,895,185)
Deferred taxes recovery	(120,918)	-
Land option expired	59,688	-
Depreciation	509,951	414,129
Amortization of intangible asset	7,618	1,396
Amortization of operating right-of-use asset	-	6,118
Amortization of financing fees	153,566	248,305
Impairment loss on intangibles	80,169	-
Non-cash interest expense on conversion of debt	(21,350)	-
Penalties on convertible promissory notes	197,821	-
Gain on forgiveness of convertible promissory notes and accrued interest	(320,134)	-
Loss on disposal of long-lived asset	112	-
Non-cash professional fees on conversion of debt	5,633	6,010
Stock-based compensation	57,020	1,039,600
Shares issued for professional services	-	53,000
Change in business combination consideration	88,107	-
Changes in non-cash working capital:		
Trade receivables	(56,193)	20,635
Government remittances receivable	33,827	(28,312)
Other receivables	12,832	(20,190)
Inventory	(18,279)	13,798
Prepaid expenses and deposits	(44,816)	(21,233)
Accounts payable	91,052	566,159
Government remittances payable	183,783	(11,170)
Accrued liabilities	633,640	(171,768)
Deferred revenue	(4,402)	9,044
Net cash used in operating activities	(483,587)	(769,664)
Cash flows from investing activities		
Business acquisition (i)	-	(1,468,227)
Purchase of intangible assets	(20,637)	(11,666)
Proceeds on disposal of long-lived assets	75	-
Purchase of long-lived assets	(358,964)	(212,871)
Net cash used in investing activities	(379,526)	(1,692,764)
Cash flows from financing activities		
Advances	82,593	30,148
Repayments of advances	(71,062)	(26,962)
Advances of long-term debt	545,568	1,841,343
Repayment of long-term debt	(143,584)	(54,858)
Repayments of obligations under capital lease	(145,678)	(83,380)
Advances on convertible promissory notes (ii)	-	1,458,575
Repayment of convertible promissory notes (ii)	(263,000)	-
Repayments of operating lease liability	-	(1,867)
Advances of loans payable to related parties (iii)	411,473	-
Repayments of loans payable to related parties (iii)	(48,337)	(207,268)
Subscription payable proceeds (net of shares issue costs)	8,580	-
Net cash provided by financing activities	376,553	2,955,731
Effect of exchange rate on cash	17,293	(60,290)
(Decrease) increase in cash	(469,267)	433,013
Cash-beginning of year	7,926	42,711
Restricted cash, beginning of year	467,798	
Cash and restricted cash -end of year	\$ 6,457	\$ 475,724
Cash-end of year	6,457	7,926
Restricted cash-end of year	-	467,798
Cash and restricted cash-end of year	\$ 6,457	\$ 475,724
Supplemental Cash Flow Disclosures:		
Interest paid	\$ 677,774	\$ 413,165
Income taxes paid	-	-

- (i) Refer to notes 7 and 13, business acquisition and long-term debt, for details on the non-cash purchase of certain long-lived assets.
(ii) Refer to note 15, convertible promissory notes, for the issuance of capital stock on the conversion of debt.
(iii) Refer to note 16, loans payable to related parties for the issuance of capital stock on the conversion of debt.

The accompanying notes are an integral part of these consolidated financial statements.

SusGlobal Energy Corp.
Notes to the Consolidated Financial Statements
December 31, 2020 and 2019
(Expressed in United States Dollars)

1. Nature of Business and Basis of Presentation

SusGlobal Energy Corp. ("SusGlobal") was formed by articles of amalgamation on December 3, 2014, in the Province of Ontario, Canada and its executive office is in Toronto, Ontario, Canada. SusGlobal, a company in the start-up stages and Commandcredit Corp. ("Commandcredit"), an inactive Canadian public company, amalgamated to continue business under the name of SusGlobal Energy Corp.

On May 23, 2017, SusGlobal filed an Application for Authorization to continue in another Jurisdiction with the Ministry of Government Services in Ontario and a certificate of corporate domestication and certificate of incorporation with the Secretary of State of the State of Delaware under which it changed its jurisdiction of incorporation from Ontario to the State of Delaware (the "Domestication"). In connection with the Domestication each of the currently issued and outstanding common shares were automatically converted on a one-for-one basis into common shares compliant with the laws of the state of Delaware (the "Shares"). As a result of the Domestication, pursuant to Section 388 of the General Corporation Law of the State of Delaware (the "DGCL"), SusGlobal continued its existence under the DGCL as a corporation incorporated in the State of Delaware. The business, assets and liabilities of SusGlobal and its subsidiaries on a consolidated basis, as well as its principal location and fiscal year, were the same immediately after the Domestication as they were immediately prior to the Domestication. SusGlobal filed a Registration Statement on Form S-4 to register the Shares and this registration statement was declared effective by the Securities and Exchange Commission on May, 23, 2017.

SusGlobal is a renewables company focused on acquiring, developing and monetizing a global portfolio of proprietary technologies in the waste to energy and regenerative products application.

These consolidated financial statements of SusGlobal and its wholly-owned subsidiaries, SusGlobal Energy Canada Corp. ("SECC"), SusGlobal Energy Canada I Ltd. ("SGECI"), SusGlobal Energy Belleville Ltd. ("SEBL") and 1684567 Ontario Inc. ("1684567") (together, the "Company"), have been prepared following generally accepted accounting principles in the United States ("US GAAP") for annual financial information and the Securities Exchange Commission ("SEC") instructions to Form 10-K and Article 8 of SEC Regulation S-X, and are expressed in United States Dollars. The Company's functional currency is the Canadian Dollar ("C\$"). In the opinion of management, all adjustments necessary for a fair presentation have been included.

2. Going Concern

The consolidated financial statements have been prepared in accordance with US GAAP, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months.

As at December 31, 2020, the Company had a working capital deficit of \$9,830,314 (2019-\$8,203,742), incurred a net loss of \$2,012,314 (2019-\$2,895,185) for the year and had an accumulated deficit of \$13,468,794 (December 31, 2019-\$11,449,497) and expects to incur further losses in the development of its business.

SusGlobal Energy Corp.
Notes to the Consolidated Financial Statements
December 31, 2020 and 2019
(Expressed in United States Dollars)

2. Going Concern, (continued)

On March 31, 2020, Pace Savings & Credit Union Limited ("PACE") and the Company reached an agreement for the repayment of the outstanding amounts owing to PACE. One of the credit facilities, in the amount of \$34,391 (C\$48,788), was repaid in full on April 3, 2020 and the remaining credit facilities and the corporate term loan were to be repaid on or before September 30, 2020. On November 12, 2020, PACE and the Company reached a new agreement to repay the remaining credit facilities and corporate term loan on or before January 29, 2021. As part of the agreement, the Company is to bring all the amounts owing to PACE current, and prepay to January 2021, the regular monthly principal and interest payments. Subsequently, on February 18, 2021, PACE and the Company reached a new agreement to repay all amounts owing to PACE on or before July 30, 2021. Management continues discussions with equity investors and a Canadian chartered bank to re-finance its remaining obligations to PACE and repay other creditors.

The Company has defaulted on the convertible promissory notes (see note 15). As a result, the advances (see note 11), the amounts owing to PACE (see note 13) and the obligations under capital lease (see note 14), are also in default.

These factors cast substantial doubt as to the Company's ability to continue as a going concern, which is dependent upon its ability to obtain necessary financing to further the development of its business and satisfy its obligations to PACE and its other creditors, and upon achieving profitable operations. There is no assurance of funding being available, or available on acceptable terms. Realization values may be substantially different from carrying values as recorded on these consolidated financial statements.

Beginning in March 2020 the Governments of Canada and Ontario, as well as foreign governments, instituted emergency measures as a result of the novel strain of coronavirus ("COVID-19). The virus has had a major impact on Canadian and international securities and currency markets and consumer activity which may impact the Company's financial position, its results of operations and its cash flows significantly. The situation is constantly evolving, however, the extent to which the COVID-19 outbreak will impact businesses and the economy is highly uncertain and cannot be predicted. Accordingly, the Company cannot predict the extent to which its financial position, results of operations and cash flows will be affected in the future.

These consolidated financial statements do not include any adjustments to reflect the potential effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result if the Company was unable to continue as a going concern. Such adjustments could be material.

3. Recently Adopted Accounting Pronouncements

On January 1, 2020, the Company adopted Accounting Standards Update ("ASU") No. 2018-13, "Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurements to ASC Topic 820, Fair Value Movement". ASU No. 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying, and/or adding certain disclosures. The adoption of ASU No. 2018-13, did not have a significant impact on the Company's consolidated financial statements.

SusGlobal Energy Corp.
Notes to the Consolidated Financial Statements
December 31, 2020 and 2019
(Expressed in United States Dollars)

3. Recently Adopted Accounting Pronouncements, (continued)

On January 1, 2020, the Company adopted ASU No. 2017-04, "Intangibles-Goodwill and Other (Topic 350) - Simplifying the Test for Goodwill Impairment". The new standard simplifies the accounting for goodwill impairments by eliminating step 2 from the goodwill quantitative impairment test. Instead, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is to be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. The adoption of ASU No. 2017-04, did not have a significant impact on the Company's consolidated financial statements.

On January 1, 2019, the Company adopted ASU No. 2016-02, Leases ("ASU 2016-02") which is also known as Accounting Standard Codification ("ASC") Topic 842, that requires lessees to recognize a right-of-use asset and a lease obligation for all operating leases in their balance sheets. Expenses are recognized in the consolidated statements of operations and comprehensive loss in a manner similar to previous accounting guidance. Lessor accounting under the ASU 2016-02 is substantially unchanged and is not relevant to the Company. The Company adopted ASU 2016-02 using a prospective transition approach, which applies the provisions of ASU 2016-02 at the effective date without adjusting the comparative periods presented, with certain practical expedients available to ease the burden of adoption.

The Company elected the following practical expedients upon adoption: not to reassess whether any expired or existing contracts are or contain leases, not to reassess the lease classification for any expired or existing leases, not to reassess initial direct costs for any existing leases, not to separately identify lease and non-lease components (i.e., maintenance costs) except for fleet vehicles and real estate, and not to evaluate historical land easements under the new guidance. Additionally, the Company elected the short-term lease exemption policy, applying the requirements of ASU 2016-02 to long-term leases (leases greater than 1 year) for which it only had one.

Adoption of ASU 2016-02 resulted in \$217,755 (C\$297,074) of additional right-of-use lease asset and lease liability as of January 1, 2019. ASU 2016-02 did not have a significant impact on the consolidated statements of operations and comprehensive loss. Effective May 24, 2019, the Company acquired 1684567, the landlord relating to the additional right-of-use lease asset and as such, no longer has a right-of-use asset and lease liability on its consolidated balance sheets.

In June 2018, the Financial Accounting Standards Board (the "FASB"), issued an accounting pronouncement (FASB ASU No. 2018-07) to expand the scope of ASC Topic 718, Compensation-Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. The pronouncement is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The Company adopted this pronouncement on January 1, 2019 and such adoption did not have a significant impact on the Company's consolidated financial statements.

4. Significant Accounting Policies

a) Principles of consolidation

The consolidated financial statements include the accounts of SusGlobal and its wholly-owned subsidiaries, SECC, incorporated on December 14, 2015, SECIL, incorporated on December 15, 2015, SEBL, incorporated on July 27, 2017 and 1684567, acquired effective May 24, 2019. All significant inter-company balances and transactions have been eliminated on consolidation.

4. Significant Accounting Policies, (continued)

b) Business combinations

The Company adopted ASU No. 2017-01, which clarifies the definition of a business, with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses.

A business combination is a transaction or other event in which control over one or more business is obtained. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits. A business consists of inputs and processes applied to those inputs that have the ability to create outputs that provide a return to the Company and its shareholders. A business need not include all the inputs and processes that were used by the acquiree to produce outputs if the business can be integrated with the inputs and processes of the Company to continue to produce outputs. The Company considers several factors to determine whether the set of activities and assets is a business.

Business acquisitions are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as at the date of acquisition with the excess of the purchase consideration over such value being recorded as goodwill and allocated to reporting units ("RUs"). If the fair value of the net assets acquired exceeds the purchase consideration, the difference is recognized immediately as a gain in the consolidated statements of operations. Acquisition related costs are expensed in the period in which they are incurred, except for the cost of debt or equity instruments issued in relation to the acquisition which is included in the carrying amount of the related instrument. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they are adjusted retrospectively in subsequent periods. However, the measurement period will not exceed one year from the acquisition date. If the assets acquired are not a business, the transaction is accounted for as an asset acquisition.

c) Use of estimates

The preparation of the Company's consolidated financial statements in conformity with US GAAP 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 the reported amounts of revenues and expenses during the reporting period. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. The Company regularly evaluates estimates and assumptions. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. Areas involving significant estimates and assumptions include: the allowance for doubtful accounts, inventory valuation, useful lives of long-lived and intangible assets, impairment of long-lived assets and intangible assets, valuation of asset acquisition, accruals, deferred income tax assets and related valuation allowance, environmental remediation costs, stock-based compensation and going concern. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become available.

4. Significant Accounting Policies, (continued)

d) Cash

Cash consist of deposits held in financial institutions.

e) Trade receivables

Trade receivables, which are recorded when billed and when services are performed, are claims against third parties that will be settled in cash. The carrying value of trade receivables, net of an allowance for doubtful accounts, represents the estimated realizable value. An estimate of allowance for doubtful accounts is based on historical trends; type of customer, such as commercial or municipal; the age of outstanding trade receivables; and existing economic conditions. If events or changes in circumstances indicate that specific trade receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past-due trade receivable balances are written off when internal collection efforts have been unsuccessful.

(f) Fair value of financial instruments

The Company measures the fair value of financial assets and liabilities based on ASC 820 "Fair Value Measurements and Disclosures", which determines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

- a. Level 1 - Quoted prices in active markets for identical assets or liabilities.
- b. Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- c. Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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4. Significant Accounting Policies, (continued)

The carrying amounts of the Company's financial instruments, such as cash, restricted cash-funds held in trust, trade receivables, other receivables, accounts payable, accrued liabilities and deferred revenue approximates fair value due to the short-term nature of these instruments. The carrying amount of the advance, long-term term debt, obligations under capital lease, convertible promissory notes, mortgage payable and loans payable to related parties also approximates fair value due to their market interest rate.

g) Inventory

Inventory, which consists of screened organic compost, is stated at the lower of cost and net realizable value. Cost is represented by production cost, which includes equipment rental, delivery, fuel and repairs and maintenance, direct wages and benefits, outside contractors, utilities and manufacturing overhead. Inventory quantities on hand are reviewed on a weekly basis and typically there is no need to record provisions for excess or obsolete inventory as the inventory has a long shelf life. The inventory is stored outdoors and accumulated in piles.

h) Intangible assets

Intangible assets included a technology license, which was stated at cost less accumulated amortization and was amortized on a straight-line basis over the useful life which was the contract term of five years plus the renewal option of five years and customer lists, which are stated at cost less accumulated amortization and are amortized on a straight-line basis over the useful lives of the customer contracts, which ranged between forty-five and sixty-six months. Intangible assets also include environmental compliance approvals and trademarks, which are stated at cost, have indefinite useful lives and are not amortized until their useful lives are determined to be no longer indefinite. The Company evaluates the intangible assets for impairment annually in the fourth quarter or when triggering events are identified and whether events and circumstances continue to support the indefinite useful life. For the year ended December 31, 2020, an impairment adjustment of \$4,564 (C\$6,117) was recorded and included under other income (loss) in the consolidated statements of operations and comprehensive loss. Refer also to note 18, other income.

i) Goodwill

Goodwill arising on an acquisition of a business represents the excess of the purchase price over the fair value of the net identifiable assets of the acquired business. Goodwill is carried at cost as established at the date of acquisition of the acquired business less accumulated impairment losses, if any. Management assesses goodwill impairment annually in the fourth quarter or more frequently if events or changes in circumstances indicate that it might be impaired by comparing its carrying value to the fair value of the acquired business. For the year ended December 31, 2020, an impairment adjustment of \$75,605 (C\$101,334) was recorded and included under other income in the consolidated statements of operations and comprehensive loss. Refer also to note 18, other income.

SusGlobal Energy Corp.
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4. Significant Accounting Policies, (continued)

j) Long-lived assets

Long-lived assets are stated at cost. Equipment awaiting installation on site is not depreciated until it is commissioned. Depreciation is based on the estimated useful life of the asset and depreciated annually on a straight-line basis at the following annual rates:

Category	Rate
Computer equipment	30%
Computer software	50%
Officer trailer and vacuum trailer	30%
Signage	20%
Machinery and equipment, including under capital lease	30%
Automotive equipment	30%
Composting buildings	6%
Gore cover system	10%
Driveway and paving	8%

k) Impairment of long-lived assets

In accordance with ASC 360, "Property, Plant and Equipment", long-lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable.

The Company evaluates at each balance sheet date whether events or circumstances have occurred that indicate possible impairment. If there are indications of impairment, the Company uses future undiscounted cash flows of the related asset or asset grouping over the remaining life in measuring whether the carrying amounts are recoverable. In the event that such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value.

l) Debt issuance costs

Debt issuance costs related to a recognized debt liability are presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability.

m) Environmental remediation costs

The Company accrues for costs associated with environmental remediation and clean-up obligations when such costs are probable and reasonably estimable. Such accruals are adjusted as further information develops or circumstances change.

4. Significant Accounting Policies, (continued)

n) Income taxes

The Company accounts for income taxes in accordance with Financial Accounting Standards Board ("FASB") ASC 740, "Income Taxes." Deferred tax assets and liabilities are recorded for differences between the accounting and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is recorded for the amount of income tax payable or receivable for the period increased or decreased by the change in deferred tax assets and liabilities during the period.

o) Revenue recognition

The Company's revenues are from the tipping fees charged for waste delivery to the Company's organic composting facility and from the sale of organic compost. The Company recognizes revenue when it satisfies a performance obligation when transferring control over a product or service to a customer. The tipping fees charged for services are generally defined in service agreements and vary based on contract-specific terms such as frequency of service, type of waste, weight, volume and the general market factors influencing a region's rates. The Company also generates revenue from fees charged for garbage collection services and landfill management services, based on agreements with customers. Revenue is recognized as waste is accepted and collection is reasonably assured for the tipping fees charged and monthly for the other services and collection is assured. The waste collected is processed, cured and screened before being sold as organic compost. The cost of these processes is accrued at the time of revenue recognition.

p) Loss per share

Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. Diluted loss per share is computed by dividing net loss by the weighted average number of common shares outstanding plus potentially dilutive securities outstanding for each year. The computation of diluted loss per share has not been presented as its effect would be anti-dilutive.

q) Stock-based compensation

The Company records compensation costs related to stock-based awards in accordance with ASC 718, Compensation-Stock Compensation, whereby the Company measures stock-based compensation cost at the grant date based on the estimated fair value of the award. Compensation cost is recognized on a straight-line basis over the requisite service period of the award. Where necessary, the Company utilizes the Black-Scholes option-pricing model to estimate the fair value of stock options granted, which requires the input of highly subjective assumptions including: the expected option life, the risk-free rate, the dividend yield, the volatility of the Company's stock price and an assumption for employee forfeitures. The risk-free rate is based on the U.S. Treasury bill rate at the date of the grant with maturity dates approximately equal to the expected term of the option. The Company has not historically issued any dividends and does not expect to in the near future. Changes in any of these subjective input assumptions can materially affect the fair value estimates and the resulting stock-based compensation recognized. The Company has not issued any stock options and has no stock options outstanding at December 31, 2020.

4. Significant Accounting Policies, (continued)

r) Comprehensive Loss

The Company accounts for comprehensive loss in accordance with ASC 220, "Comprehensive Income," which establishes standards for reporting and presentation of comprehensive loss and its components. Comprehensive loss is presented in the consolidated statements of stockholders' deficiency and consists of net loss and foreign currency translation adjustments.

s) Foreign currency translation

The functional currency of the Company is the Canadian dollar (the "C\$"). Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All exchange gains or losses arising from translation of these foreign currency transactions are included in net income (loss) for the year. In translating the financial statements of the Company's Canadian subsidiaries from their functional currency into the Company's reporting currency of United States dollars ("\$"), balance sheet accounts are translated using the closing exchange rate in effect at the balance sheet date and income and expense accounts are translated using an average exchange rate prevailing during the reporting period. Adjustments resulting from the translation, if any, are included in cumulative other comprehensive income (loss) in stockholders' deficiency. The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

5. Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies and adopted by the Company as of the specified effective date or possibly early adopted, where permitted.

ASU 2020-06-Debt-"Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity": simplifies accounting for convertible instruments by removing major separation models required under current Generally Accepted Accounting Principles (GAAP). Consequently, more convertible debt instruments will be reported as a single liability instrument and more convertible preferred stock as a single equity instrument with no separate accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for it. The ASU also simplifies the diluted earnings per share (EPS) calculation in certain areas. The amendments in this Update are effective for public business entities that meet the definition of a Securities and Exchange Commission (SEC) filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is assessing the impact that the adoption of ASU 2020-06 will have on the consolidated balance sheet and consolidated statement of operations.

6. Financial Instruments

The carrying value of cash, funds held in trust, trade and other receivables, accounts payable, accrued liabilities and deferred revenue approximated their fair values as of December 31, 2020 and 2019 due to their short-term nature. The carrying value of the advance, long-term debt, obligations under capital lease, convertible promissory notes, and loans payable to related parties approximated their fair values due to their market interest rates.

Interest, Credit and Concentration Risk

Interest rate risk is the risk borne by an interest-bearing asset or liability as a result of fluctuations in interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk.

In the opinion of management, the Company is exposed to significant interest rate risk on the current portion of its long-term debt of \$6,327,520 (C\$8,056,430) (2019-\$7,199,706; C\$9,351,482).

Credit risk is the risk of loss associated with a counterparty's inability to perform its payment obligations. As at December 31, 2020, the Company's credit risk is primarily attributable to cash and trade receivables. As at December 31, 2020, the Company's cash was held with reputable Canadian chartered banks, a United States bank and a credit union.

With regards to credit risk with customers, the customers' credit evaluation is reviewed by management and account monitoring procedures are used to minimize the risk of loss. The Company believes that no additional credit risk beyond amounts provided for by the allowance for doubtful accounts are inherent in accounts receivable. As at December 31, 2020, the allowance for doubtful accounts was \$nil (C\$nil) (2019-\$730; C\$948).

As at December 31, 2020, the Company is exposed to concentration risk as it had five customers (2019-six customers) which represented 96% (2019-90%) of trade receivables. The Company had certain customers whose revenue individually represented 10% or more of the Company's total revenue. These customers accounted for 72% (43%, 15% and 14%) (2019-68%; 35%, 19% and 14%) of total revenue.

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6. Financial Instruments, (continued)

Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. The Company takes steps to ensure it has sufficient working capital and available sources of financing to meet future cash requirements for capital programs and operations. The Company is in discussions with a Canadian chartered bank to repay its obligations to PACE and to other creditors. Refer also to going concern, note 2.

The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support its financial obligations and the Company's capital programs. In order to continue operations, the Company will need to raise capital, repay PACE for all of its outstanding obligation and complete the refinancing of its real property and organic composting facility. There is no assurance of funding being available or available on acceptable terms. Realization values may be substantially different from carrying values as shown. Refer also to note 2, going concern.

Currency Risk

Although the Company's functional currency is the C\$, the Company incurs a portion of its expenses in United States Dollars. Consequently, certain assets and liabilities are exposed to foreign currency fluctuations. As at December 31, 2020, \$527,847 (2019-\$258,403) of the Company's net monetary liabilities were denominated in United States dollars. The Company has not entered into any hedging transactions to reduce the exposure to currency risk.

7. Business Acquisition

Effective May 24, 2019, the Company purchased all the issued and outstanding shares of 1684567. The acquisition was accounted for as a business combination using the acquisition method of accounting. The purchase price paid in the acquisition has been allocated to record the assets acquired and liabilities assumed based on their estimated fair value.

When determining the fair values of assets acquired and liabilities assumed, management made significant estimates. The transaction closed on May 28, 2019. The purchase consideration consisted of cash from working capital of \$121,845 (C\$163,836) and cash from a third-party mortgage obtained in the amount of \$1,258,273 (C\$1,691,910), net of financing fees of \$80,387 (C\$108,090). The total purchase price includes the original offer of \$1,314,304 (C\$1,767,250) and reimbursement of vendor's expense of \$65,814 (C\$88,496).

The allocation of the purchase price which was finalized in 2020, is as follows:

Purchase consideration	
Cash (C\$1,855,746)	\$ 1,380,118
Assets acquired	
Accounts receivable (C\$7,573)	5,632
Land (C\$1,898,000)	1,411,543
Automotive equipment and machinery (C\$16,525)	12,290
Customer list (C\$30,400)	22,608
Land option (C\$80,000)	59,496
	1,511,569

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7. Business Acquisition, (continued)

Liabilities assumed		
Accounts payable (C\$10,977)		8,164
Deferred tax liability (C\$267,109)		198,649
		206,813
Net assets acquired (C\$1,974,218)	\$	1,468,225
Goodwill (C\$101,334)	\$	75,362

Included in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2019, is revenue of \$137,247 (C\$182,098) and expenses of \$217,620 (C\$288,735) since the date of acquisition. From January 1, 2019 and immediately prior to the date of acquisition 1684567 generated revenue of \$82,437 (C\$109,376) and incurred expenses of \$73,685 (C\$97,764).

During the year ended December 31, 2020, the Company expensed previously capitalized acquisition costs in the amount of \$86,864 (C\$118,472). The land option in the amount of \$59,496 (C\$80,000) expired six months after the business acquisition and as a result, has been expensed in the consolidated statements of operations and comprehensive loss. In addition, the company determined that the deferred tax liability recognized on the business acquisition would be recovered through the application of certain tax strategies. As a result, the recovery of the deferred tax liability is recorded in the consolidated statements of operations and comprehensive loss under income taxes recovery.

8. Restricted Cash-Funds Held in Trust

The funds which were held in trust were required to satisfy certain outstanding payments to PACE, including the repayment in full of one of the credit facilities in the amount of \$34,391 (C\$48,788) and to bring the remaining outstanding PACE amounts current. The funds which were held in trust were provided to PACE on April 3, 2020.

9. Intangible Assets

	2020	2019
Technology license-\$nil (net of accumulated amortization of \$nil (2019- \$1,070, net of accumulated amortization of \$931))	\$ -	\$ 1,070
Customer lists-limited life-C\$13,763 (2019-C\$8,617) (net of accumulated amortization of \$9,078 (C\$11,559) (2019-\$1,222; C\$1,588))	10,809	6,634
Trademarks-indefinite life-C\$43,135 (2019-C\$15,477)	33,878	11,916
Environmental compliance approvals-indefinite life- C\$182,700 (2019-C\$282,700)	143,493	217,651
	\$ 188,180	\$ 237,271

On May 6, 2015, the Company acquired an exclusive technology license from Syngas SDN BHD ("Syngas"), a Malaysian company, to use Syngas intellectual property within North America for a period of five years for \$1 consideration, renewable every five years upon written request. Syngas manufactures equipment that produces liquid transportation fuel from plastic waste material. The Company issued 20,000 common shares of the Company to an introducing party, determined to be valued at \$2,000.

During the year ended December 31, 2020, amortization of \$200 (2019-\$200) was recorded.

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9. Intangible Assets, (continued)

In addition, on December 31, 2020, the Company recorded an impairment loss of \$775, as management was unsuccessful in renewing the technology license with the new owners of Syngas. Refer to note 18, other income.

For year ended December 31, 2020, the Company incurred fees to register various trademarks in the United States and Canada, in the amount \$21,723 (C\$27,658) (2019-\$11,916; C\$15,477). The Company received opposition to one of its trademarks and continues to respond to the opposing counsel's requests. The opposition will be heard by the trademark trial and review board.

On September 15, 2017, the Company acquired the environmental compliance approvals, having an indefinite life, on the purchase of certain assets from BDO Canada Limited ("BDO") under an asset purchase agreement (the "APA"). Effective May 24, 2019, the Company acquired customer lists of \$22,608 (C\$30,400) relating to certain municipal contracts. These customer lists are being amortized over terms ranging from forty-five to sixty-six months. During the year ended December 31, 2020, amortization of \$7,439 (C\$9,971) (2019-\$1,197; C\$1,588).

Further, effective May 24, 2019, the Company recorded goodwill on the business acquisition of 1684567, representing the excess of the consideration paid over and the fair value of the net assets acquired. On December 31, 2020, the Company recorded an impairment loss on the customer lists of \$3,789 (C\$5,079) and on goodwill in the amount of \$75,605 (C\$101,334), disclosed under note 18, other income in the consolidated statements of operations and comprehensive loss.

10. Long-lived Assets, net

	2020			2019
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 1,655,623	\$ -	\$ 1,655,623	\$ 1,425,002
Composting buildings	2,427,365	461,406	1,965,959	1,965,690
Gore cover system	1,109,114	337,492	771,622	869,864
Driveway and paving	364,033	95,862	268,171	291,427
Machinery and equipment	177,899	78,672	99,227	22,270
Equipment under capital lease	731,207	462,091	269,116	167,578
Office trailer	9,425	7,898	1,527	4,268
Vacuum trailer	5,891	2,651	3,240	4,908
Computer equipment	6,941	6,556	385	1,862
Computer software	7,226	7,226	-	-
Automotive equipment	9,055	4,301	4,754	7,863
Signage	4,198	1,597	2,601	1,721
	\$ 6,507,977	\$ 1,465,752	\$ 5,042,225	\$ 4,762,453

Included above are the long-lived assets acquired on the business acquisition described under note 7.

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10. Long-lived Assets, net, (continued)

Depreciation is disclosed in cost of sales in the amount of \$504,838 (C\$676,636) (2019-\$407,127; C\$540,171) and in office and administration in the amount of \$5,112 (C\$6,852) (2019-\$7,001; C\$9,288), in the consolidated statements of operations and comprehensive loss.

In addition, under deferred assets in the consolidated balance sheets is an accrual in the amount of \$215,953 for certain long-lived assets not received by December 31, 2020.

11. Related Party Transactions

During the year, the Company incurred \$134,298 (C\$180,000) (2019-\$135,666; C\$180,000) in management fees expense with Travellers International Inc. ("Travellers"), an Ontario company controlled by a director, executive chairman, president and chief executive officer of the Company (the "CEO"); \$nil (C\$nil) (2019-\$101,750; C\$135,000) in management fees expense with Landfill Gas Canada Ltd. ("LFGC"), an Ontario company controlled by a former director and former chief executive officer of the Company (the "Former CEO"); \$71,626 (C\$96,000) (2019-\$54,266; C\$72,000) in management fees expense with the Company's chief financial officer (the "CFO"). As at December 31, 2020, unpaid remuneration and unpaid expenses in the amount of \$396,160 (C\$504,405) (2019-\$324,303; C\$421,227) is included in accounts payable and \$nil (C\$nil) (2019-\$12,318; C\$16,000) is included in accrued liabilities.

On September 25, 2019, the Former CEO resigned as a director and ceased providing his services as chief executive officer.

In addition, during the year, the Company incurred interest expense of \$6,096 (C\$8,171) (2019-\$4,504; C\$5,975) on the outstanding loans from Travellers and \$nil (C\$nil) (2019-\$3,717; C\$4,932) on the outstanding loans from the directors. As at December 31, 2020, interest of \$nil (C\$nil) (December 31, 2019-\$nil; C\$nil) on these loans is included in accrued liabilities.

During the year, the Company incurred \$75,331 (C\$100,967) (2019-\$67,568; C\$89,649) in rent paid under a rental agreement to Haute Inc. ("Haute"), an Ontario company controlled by the CEO.

For those independent directors providing their services throughout the prior year, the Company recorded stock-based compensation totaling \$16,715, based on the issuance of 20,000 common shares of the Company on December 31, 2020 to each of the five independent directors. This compensation was priced based on the trading price of the shares at the close of business on December 31, 2020. The 2020 director compensation of \$18,653 (C\$25,000) to each independent director who held the position on December 31, 2020 (two in total), was paid through the issuance of 93,922 common shares of the Company to each, on December 31, 2020. This compensation, disclosed as stock-based compensation was priced based on the trading price of the common shares on the average of a ten-day look-back, at the close of business on December 31, 2020. In addition, the 2020 director compensation of \$34,757 (C\$46,585) for the two independent directors who were either not re-elected or who resigned during the year is included in accrued liabilities at December 31, 2020. In addition, also included in director compensation is the audit committee chairman's fees, in the amount of \$2,862 (C\$3,836) (2019 \$3,015; C\$4,000). As at December 31, 2020, outstanding director compensation of \$2,663 (C\$3,390) (2019-\$3,480; C\$4,520) is included in accounts payable and \$37,244 (C\$47,421) (2019-\$3,650; C\$4,647) is included in accrued liabilities.

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11. Related Party Transactions, (continued)

During the year ended December 31, 2020, the Company issued 5,000 common shares to each of three employees totaling \$2,550.

On January 10, 2020, the CEO exchanged 1,000,000 restricted stock units ("RSUs") into 1,000,000 common shares of the Company, after having met certain performance objectives under his consulting agreement and the Company recognized compensation expense of \$1,000,000 on the vesting of these 2019 RSUs, in the prior year. These last remaining RSUs represented the final 1,000,000 RSU tranche, granted to the CEO on May 18, 2018.

At the time, 3,000,000 RSUs were granted to the CEO, determined to be valued at \$3,000,000, based on private placement pricing at the time. In the prior year, on April 8, 2019, the CEO exchanged 1,000,000 RSUs into 1,000,000 common shares of the Company, after having met certain performance objectives under his consulting agreement. In addition, in the prior year, on April 2, 2019, the Former CEO exchanged 1,000,000 RSU into 1,000,000 common shares of the Company, after having met certain performance objectives under his consulting agreement.

12. Advances

On August 4, 2020, the Company received an advance in the amount of \$86,944 (C\$110,700) from a private lender. The advance is repayable weekly at an amount of \$4,821 (C\$6,138) until repaid. Transaction related expenses in connection with this advance totaled \$3,345 (C\$4,483) and are included in office and administration in the consolidated statements of operations and comprehensive loss. The advance is guaranteed by the CEO. As a result of the defaults on the convertible promissory notes, this advance is also in default. The advance was repaid in full on January 26, 2021.

As a result of the defaults on the convertible promissory notes (see note 15), this advance was also in default. See also subsequent events, notes 24(d) and 24(e), subsequent events.

In the prior year, on July 29, 2019, the Company received an advance in the amount of \$30,796 (C\$40,000) from a private lender. The advance was repayable at an amount of \$376 (C\$488) every business day until repaid in full on January 15, 2020. Transaction related expenses in connection with this advance totaled \$4,221 (C\$5,600) and included as interest expense in the consolidated statements of operations and comprehensive loss. The advance was guaranteed by the CEO.

For the year ended December 31, 2020, interest expense of \$30,222 (C\$40,507) (2019-\$11,636; C\$15,438) was paid on these advances.

13. Long-Term Debt

	Credit Facility (a)	Credit Facility (b)	Credit Facility (c)	Corporate Term Loan (d)	Mortgage Payable (e)	Canada Emergency Business Account (f)	2020 Total	2019 Total
Long-Term Debt	\$ 765,137	\$ 427,869	\$ -	-\$ 2,592,947	\$ 2,541,567	\$ 78,540	\$ 6,406,060	\$ 5,793,677
Current portion	(765,137)	(427,869)	-	(2,592,947)	(2,541,567)	-	\$(6,327,520)	(5,793,677)
Long-term portion	\$ -	\$ -	\$ -	-\$ -	\$ -	\$ 78,540	\$ 78,540	\$ -

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13. Long-Term Debt, (continued)

On March 31, 2020, PACE and the Company reached an agreement with respect to the repayment of the outstanding balances owing to PACE ((a), (b) and (d) above). One of the credit facilities, in the amount of \$34,391 (C\$48,788), was repaid in full on April 3, 2020, as noted below and the remaining credit facilities and the corporate term loan are now due on or before July 30, 2021. On April 3, 2020, the Company provided PACE with funds, held in trust on March 31, 2020, to bring the remaining credit facilities and the corporate term loan current. In addition, the letter of credit the Company has with PACE in favor of the Ministry of the Environment, Conservation and Parks (the "MECP"), was renewed to September 30, 2020 and will remain in effect to September 30, 2021, unless terminated by PACE. On April 3, 2020, the shares previously pledged as security to PACE, were released and are currently held as security for the personal guarantee from the CEO and charge against the Haute leased premises. Further, refer to note 24(i), subsequent events, describing an extension of the debt repayments with PACE to July 30, 2021. This long-term debt is considered to be in default as a result of defaults on the convertible promissory notes (see note 15). Refer also to note 2, going concern and notes 24(d) and 24(e), subsequent events.

- (a) The credit facility bears interest at the PACE base rate of 7.00% plus 1.25% per annum, currently 8.25%, is payable in monthly blended installments of principal and interest of \$6,883 (C\$8,764) and matures on September 2, 2022. The first and only advance on this credit facility received on February 2, 2017, in the amount of \$1,256,640 (C\$1,600,000), is secured by a business loan general security agreement, a \$1,256,640 (C\$1,600,000) personal guarantee from the CEO and a charge against the Haute leased premises. Also pledged as security are the shares of the wholly-owned subsidiaries, and a limited recourse guarantee against each of these parties. As noted above, the pledged shares were delivered by PACE and are currently held as security for the personal guarantee from the CEO and charge against the Haute leased premises. The credit facility is fully open for prepayment at any time without notice or bonus.
- (b) The credit facility advanced on June 15, 2017, in the amount of \$471,240 (C\$600,000), bears interest at the PACE base of 7.00% plus 1.25% per annum, currently 8.25%, is payable in monthly blended installments of principal and interest of \$3,849 (C\$4,901), and matures on September 2, 2022. The credit facility is secured by a variable rate business loan agreement on the same terms, conditions and security as noted above.
- (c) The credit facility advanced on August 4, 2017, in the amount of \$38,495 (C\$50,000), bears interest at the PACE base rate of 7.00% plus 1.25% per annum, currently 8.25%. The credit facility is due on demand, but until a demand is made, is payable in monthly blended installments of principal and interest of \$329 (\$427 CAD), and matures on September 4, 2022. The credit facility is secured by a variable rate business loan agreement on the same terms, conditions and security as noted above.
- (d) The corporate term loan advanced on September 13, 2017, in the amount of \$2,924,945 (C\$3,724,147), bears interest at the PACE base rate of 7.00% plus 1.25% per annum, currently 8.25%, is payable in monthly blended installments of principal and interest of \$23,335 (C\$29,711), and matures September 13, 2022. The corporate term loan is secured by a business loan general security agreement representing a floating charge over the assets and undertakings of the Company, a first priority charge under a registered debenture and a lien registered under the Personal Property Security Act in the amount of \$3,142,368 (C\$4,000,978) against the assets including inventory, accounts receivable and equipment. The corporate term loan also included an assignment of existing contracts included in the APA.

For the year ended December 31, 2020, \$302,758 (C\$405,788) (2019-\$313,182; C\$415,525) in interest was incurred on the PACE long-term debt. As at December 31, 2020 \$18,319 (C\$23,325) (2019-\$124,926; C\$162,263) in accrued interest is included in accrued liabilities in the consolidated balance sheets.

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13. Long-Term Debt, (continued)

(e) The Company obtained a 1st. mortgage provided by private lenders to finance the acquisition of the shares of 1684567 and to provide funds for additional financing needs, received in three tranches totaling \$2,591,820 (C\$3,300,000) (2019-\$2,001,740; C\$2,600,000). The 1st. mortgage is repayable interest only on a monthly basis at an annual rate of the higher of the Royal Bank of Canada's prime rate plus 6.05% per annum (currently 8.50%) and 10% per annum with a maturity date of December 1, 2021. The mortgage payable is secured by the shares held of 1684567, a first mortgage on the land described in note 10, long-lived assets, in the consolidated balance sheets with a carrying value of \$1,655,623 (C\$2,108,000), a general assignment of rents, and a fire insurance policy. Financing fees on the mortgage totaled \$177,266 (C\$225,702). As at December 31, 2020, \$36,215 (C\$46,110) (2019-\$8,138; C\$10,570) of accrued interest is included in accrued liabilities in the consolidated balance sheets. In addition, as at December 31, 2020, there is \$50,253 (C\$63,984) (2019-\$67,464; C\$87,627) of unamortized finance fees included in long-term debt in the consolidated balance sheets.

For the year ended December 31, 2020, \$214,853 (C\$287,968) (2019-\$83,662; C\$111,002) in interest was incurred on the mortgage payable and included in the consolidated statements of operations and comprehensive loss.

(f) As a result of the COVID-19 virus, the Government of Canada launched the Canada Emergency Business Account (the "CEBA"), a program to ensure that small businesses have access to the capital they need to see them through the current challenges and better position them to quickly return to providing services to their communities and creating employment. The program is administered by Canadian chartered banks and credit unions.

For the year ended December 31, 2020, the Company received a total of \$78,540 (C\$100,000) under this program, from its Canadian chartered bank.

Under the initial term date of the loans, which is detailed in the CEBA term loan agreements, the amount is due on December 31, 2022 and is interest-free. If the loans are not repaid by December 31, 2022, the Company can make payments, interest only, on a monthly basis at an annual rate of 5%, under the extended term date, beginning January 31, 2023, maturing December 31, 2025. In addition, if 75% of the loans are repaid by the initial term, December 31, 2022, the Company's Canadian chartered bank will forgive the balance. The CEBA term loan agreements contain a number of positive and negative covenants, for which the Company is not in full compliance.

14. Obligations under Capital Lease

	(a)	(b)	(c)	2020 Total	2019 Total
Obligations under Capital Lease	\$ 61,645	\$ 68,473	\$ 245,022	\$ 375,140	\$ 218,069
Less: current portion	(61,645)	(68,473)	(245,022)	(375,140)	(218,069)
Long-term portion	\$ -	\$ -	\$ -	\$ -	\$ -

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14. Obligations under Capital Lease, (continued)

As a result of the defaults on the convertible promissory notes (see note 15), these obligations under capital lease are also in default. The lessor may demand full repayment of these obligations under capital lease. As a result, the obligations under capital lease have been presented as current liabilities. The original terms of the obligations under capital lease are noted below under paragraphs (a), (b) and (c). Refer also to note 2, going concern and notes 24(d) and 24(e), subsequent events

(a) The lease agreement for certain equipment for the Company's organic waste processing and composting facility at a cost of \$225,135 (C\$286,650), is payable in monthly blended installments of principal and interest of \$4,587 (C\$5,840), plus applicable harmonized sales taxes and an option to purchase the equipment for a final payment of \$22,462 (C\$28,600), plus applicable harmonized sales taxes on October 31, 2021. The lease agreement bears interest at the rate of 5.982% annually, compounded monthly, due September 30, 2021.

(b) The lease agreement for certain equipment for the Company's organic composting facility at a cost of \$194,347 (C\$247,450), is payable in monthly blended installments of principal and interest of \$4,020 (C\$5,118), plus applicable harmonized sales taxes for a period of forty-six months plus the first two monthly blended installments of \$7,854 (C\$10,000) plus applicable harmonized sales taxes and an option to purchase the equipment for a final payment of \$ 19,384 (C\$24,680) plus applicable harmonized sales taxes on February 27, 2022. The leasing agreement bears interest at the rate of 6.15% annually, compounded monthly, due January 27, 2022.

(c) The lease agreement for certain equipment for the Company's organic waste processing and composting facility at a cost of \$306,031 (C\$389,650), is payable in monthly blended installments of principal and interest of \$5,382 (C\$6,852), plus applicable harmonized sales taxes for a period of fifty-nine months plus an initial deposit of \$15,276 (C\$19,450) plus applicable harmonized sales taxes and an option to purchase the equipment for a final payment of a nominal amount of \$79 (C\$100) plus applicable harmonized sales taxes on February 27, 2025. The leasing agreement bears interest at the rate of 3.59% annually, compounded monthly, due January 27, 2025.

The lease liabilities are secured by the equipment under capital lease as described in note 10.

Minimum lease payments are as follows:

In the year ending December 31, 2021	\$ 176,564
In the year ending December 31, 2022	87,986
In the year ending December 31, 2023	64,583
In the year ending December 31, 2024	64,583
In the year ending December 31, 2025	5,460
	399,176
Less: imputed interest	(24,036)
Total	\$ 375,140

For the year ended December 31, 2020, \$18,090 (C\$24,246) (2019-\$16,021; C\$21,257) in interest was charged.

SusGlobal Energy Corp.
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15. Convertible Promissory Notes

	2020	2019
(a) Convertible promissory notes-January 28, 2019 (net of unamortized financing costs of \$nil (2019- \$1,918))	\$ -	\$ 176,964
(b) Convertible promissory notes-March 7 and March 8, 2019 (net of unamortized financing costs of \$nil (2019- \$25,625))	491,500	724,375
(c) Convertible promissory note-May 23, 2019 (net of unamortized financing costs of \$nil (2019-\$17,924))	242,000	217,076
(d) Convertible promissory note-July 19, 2019 (net of unamortized financing costs of \$nil (2019-\$17,411))	187,000	152,589
(e) Convertible promissory note-October 17, 2019 (net of accumulated financing costs of \$1,193 (2019-\$20,975))	171,600	135,025
	\$ 1,092,100	\$ 1,406,029

(a) On January 28, 2019, the Company entered into securities purchase agreements (the "January 2019 SPAs") with three investors (the "January 2019 Investors") pursuant to which the Company issued to the January 2019 Investors 12% unsecured convertible promissory notes (the "January 2019 Investor Notes") in the aggregate principal amount of \$337,500, with such principal and the interest thereon convertible into shares of the Company's common stock (the "Common Stock") at the January 2019 Investors' option. Although the January 2019 SPAs are dated January 28, 2019 (the "January 2019 Effective Date"), they became effective upon the receipt in cash of the issue price by the January 2019 Investors.

The amounts of \$102,500, \$100,000, and \$100,000, totaling \$302,500, represented the proceeds to the Company, net of transaction-related expenses, for the January 2019 Notes from the January 2019 Investors and were received in cash from February 1 through February 4, 2019.

The maturity date of each of the January 2019 Investor Notes is January 28, 2020 (the "January 2019 Maturity Dates"). The Notes bear interest at a rate of twelve percent (12%) per annum (the "January 2019 Interest Rate"), which interest shall be paid by the Company to the January 2019 Investors in Common Stock at any time the January 2019 Investors send a notice of conversion to the Company. The January 2019 Investors are entitled to, at their option, convert all or any amount of the principal face amount and any accrued but unpaid interest of the January 2019 Notes into Common Stock, at any time, at a conversion price for each share of Common Stock equal to 65% multiplied by the lowest trading price (as defined in the January 2019 Notes) of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange upon which the Company's shares are traded during the twenty (20) consecutive Trading Day period immediately preceding (i) the January 2019 Effective Date; or (ii) the conversion date.

The Company has reserved a minimum of eight (8) times the number of its authorized and unissued Common Stock (the "January 2019 Reserved Amounts"), free from pre-emptive rights, to provide for the issuance of Common Stock upon the full conversion of the January 2019 Notes. Upon full conversion of the January 2019 Investor Notes, any shares remaining in such reserve shall be cancelled. The Company increases the January 2019 Reserved Amount in accordance with the Company's obligations under the January 2019 Investor Notes.

Since the January 2019 Investor Notes were not repaid by their January 28, 2020 maturity date, they are in default and the outstanding balance (principal plus accrued interest) of each of the January 2019 Investor Notes was increased by 50% and increased by a further \$15,000 (together the "Default Amounts") along with the interest rate increasing from 12% to 24% annually. The January 2019 Investors had the option to require the Company to immediately issue, in lieu of the Default Amount, the number of shares of common stock of the Company equal to the Default Amount divided by the conversion price then in effect.

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15. Convertible Promissory Notes, (continued)

During the year ended December 31, 2020, the January 2019 Investors converted a total of \$61,925 (2019-\$158,618) of their January 2019 Investor Notes. And, in December of 2020, the two remaining January 2019 Investors, agreed to accept payments totaling \$98,000 from the Company representing payment in full of all obligations due and owing under the January 2019 Investor Notes. This resulted in a gain on forgiveness of debt of \$200,151, including accrued interest of \$77,753 disclosed under other income (loss) in the consolidated statements of operations and comprehensive loss.

- (b) On March 7 and March 8, 2019, the Company entered into two securities purchase agreements (the "March 2019 SPAs") with two investors (the "March 2019 Investors") pursuant to which the Company issued to each March 2019 Investor two 12% unsecured convertible promissory notes comprised of the first notes (the "First Notes") being in the amount of \$275,000 each, and the remaining notes in the amount of \$275,000 each (the "Back-End Notes," and, together with the First Notes, the "March 2019 Investor Notes") in the aggregate principal amount of \$1,100,000, with such principal and the interest thereon convertible into Common Stock at the March 2019 Investors' option. Each First Note contains a \$25,000 Original Issue Discount such that the issue price of each First Note was \$250,000. The proceeds on the issuance of the First Notes were received from the March 2019 Investors upon the signing of the March 2019 SPAs. The proceeds on the issuance of the Back-End Notes were initially received by the issuance of two offsetting \$250,000 secured notes to the Company by the March 2019 Investors (the "Buyer Notes"), provided that prior to conversion of the Back-End Notes, the March 2019 Investors must have paid back the Back-End Notes in cash.

Although the March 2019 SPAs are dated March 7, 2019 and March 8, 2019 (each, a "March 2019 Effective Date"), they became effective upon the receipt in cash of the issue price by the March 2019 Investors. On March 11, 2019, the Company received cash of \$456,000, net of transaction-related expenses, for the First Notes from the March 2019 Investors.

On April 24, 2019, the Company received one of the Back-End Notes from the March 2019 Investors with a face value amount of \$275,000. The proceeds received by the Company was \$228,000, net of \$25,000 discount and financing costs. The maturity dates of the March 2019 Investor Notes are March 7, 2020 and March 8, 2020. The March 2019 Investor Notes bear interest at a rate of twelve percent (12%) per annum (the "March 2019 Interest Rate"), which interest shall be paid by the Company to the March 2019 Investors in Common Stock at any time the March 2019 Investors send a notice of conversion to the Company. The March 2019 Investors are entitled to, at their option, convert all or any amount of the principal face amount and any accrued but unpaid interest of the March 2019 Investor Notes into Common Stock, at any time, at a conversion price for each share of Common Stock equal to 65% multiplied by the lowest trading price (as defined in the Notes) of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange upon which the Company's shares are traded during the twenty (20) consecutive Trading Day period immediately preceding (i) the applicable March 2019 Effective Date; or (ii) the conversion date.

The Company reserved a minimum of eight (8) times the number of its authorized and unissued Common Stock (the "March 2019 Reserved Amounts"), free from preemptive rights, to provide for the issuance of Common Stock upon the full conversion of the March 2019 Investor Notes. Upon full conversion of the March 2019 Investor Notes, any shares remaining in such reserve shall be cancelled. The Company increases the March 2019 Reserved Amount in accordance with the Company's obligations under the March 2019 Investor Notes.

Since the March 2019 Investor Notes were not repaid by their March 7, 2020 and March 8, 2020 maturity dates, they are also in default resulting in the outstanding balance (principal plus accrued interest) increasing by 10% and the interest rate on the 2019 March Investor Notes increasing from 12% to 24% annually.

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15. Convertible Promissory Notes, (continued)

During the year ended December 31, 2020, the March 2019 Investors converted a total of \$91,802 (2019-\$75,000) of their March 2019 Investor Notes.

In addition, on December 24, 2020, one of the two March 2019 Investors accepted a payment of \$165,000 representing payment in full of all obligations due and owing under their March 2019 Investor Note. This resulted in a gain on forgiveness of debt of \$119,983, including accrued interest of \$68,085, disclosed under other income (loss) in the consolidated statements of operations and comprehensive loss.

Refer to note 24(d), subsequent events, for details on the arrangement to satisfy in full all of the obligations due and owing on the remaining March 2019 Investor Notes.

- (c) On May 23, 2019, the Company entered into a securities purchase agreement (the "May 2019 SPA") with one investor (the "May 2019 Investor") pursuant to which the Company issued to the May 2019 Investor one 12% unsecured convertible promissory note (the "May 2019 Investor Note") in the principal amount of \$250,000. On this date, the Company received proceeds of \$204,250, net of transaction related expenses of \$45,750.

The maturity date of the May 2019 Investor note is May 23, 2020. The May 2019 Investor Note bears interest at a rate of twelve percent (12%) per annum (the "May 2019 Interest Rate"), which interest shall be paid by the Company to the May 2019 Investor in Common Stock at any time the May 2019 Investor sends a notice of conversion to the Company. The May 2019 Investor is entitled to, at its option, convert all or any amount of the principal amount and any accrued but unpaid interest of the May 2019 Investor Note into

Common Stock, at any time, at a conversion price for each share of Common Stock equal to 65% multiplied by the lowest trading price (as defined in the Note) of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange upon which the Company's shares are traded during the twenty (20) consecutive Trading Day period immediately preceding (i) the applicable May 2019 Effective Date; or (ii) the conversion date.

The Company initially reserved 10,937,000 of its authorized and unissued Common Stock (the "May 2019 Reserved Amount"), free from preemptive rights, to provide for the issuance of Common Stock upon the full conversion of the May 2019 Investor Note. Upon full conversion of the May 2019 Investor note, any shares remaining in such reserve shall be cancelled. The Company increases the May 2019 Reserved Amount in accordance with the Company's obligations under the May 2019 Investor note.

As a result of the January 2019 Investor Notes and the March 2019 Investor Notes not having been repaid by their respective due dates, this default resulted in the principal balance of the May 2019 Investor Note increasing by 10% and the interest rate on the May 2019 Investor Note increasing from 12% to 24% annually.

During the year ended December 31, 2020, the May 2019 Investor converted a total of \$15,000 (2019-\$15,000) of his May 2019 Note.

Refer to note 24(e), subsequent events, for details on the arrangement to satisfy in full all of the obligations due and owing to the May 2019 Investor.

15. Convertible Promissory Notes, (continued)

- (d) On July 19, 2019, the Company entered into a securities purchase agreement (the "July 2019 SPA") with one investor (the "July 2019 Investor") pursuant to which the Company issued to the July 2019 Investor one 12% unsecured convertible promissory note (the "July 2019 Investor Note") in the principal amount of \$170,000. On this date, the Company received proceeds of \$138,225, net of transaction related expenses of \$31,775.

The maturity date of the July 2019 Investor Note is July 19, 2020. The July 2019 Investor Note bears interest at a rate of twelve percent (12%) per annum (the "July 2019 Interest Rate"), which interest shall be paid by the Company to the July 2019 Investor in Common Stock at any time the July 2019 Investor sends a notice of conversion to the Company. The July 2019 Investor is entitled to, at its option, convert all or any amount of the principal amount and any accrued but unpaid interest of the July 2019 Investor Note into Common Stock, at any time, at a conversion price for each share of Common Stock equal to 65% multiplied by the lowest trading price (as defined in the Note) of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange upon which the Company's shares are traded during the twenty (20) consecutive Trading Day period immediately preceding (i) the applicable July 2019 Effective Date; or (ii) the conversion date.

The Company initially reserved 5,604,000 of its authorized and unissued Common Stock (the "July 2019 Reserved Amount"), free from preemptive rights, to provide for the issuance of Common Stock upon the full conversion of the July 2019 Investor Note. Upon full conversion of the July 2019 Investor note, any shares remaining in such reserve shall be cancelled. The Company increases the July 2019 Reserved Amount in accordance with the Company's obligations under the July 2019 Investor Note.

As a result of the January 2019 Investor Notes, the March 2019 Investor Notes and the May 2019 Investor Note not having been repaid by their respective due dates, these defaults resulted in the principal balance of the July 2019 Investor Note increasing by 10% and the interest rate on the July 2019 Investor Note increasing from 12% to 24% annually.

Refer to note 24(e), subsequent events, for details on the arrangement to satisfy in full all of the obligations due and owing to the July 2019 Investor.

- (e) On October 18, 2019, the Company entered into a securities purchase agreement (the "October 2019 SPA") with one investor (the "October 2019 Investor") pursuant to which the Company issued to the October 2019 Investor one 12% unsecured convertible promissory note (the "October 2019 Investor Note") in the principal amount of \$156,000. On this date, the Company received proceeds of \$129,600, net of transaction related expenses of \$26,400.

The maturity date of the October 2019 Investor note is October 18, 2020. The October 2019 Investor Note bears interest at a rate of twelve percent (12%) per annum (the "October 2019 Interest Rate"), which interest shall be paid by the Company to the October 2019 Investor in Common Stock at any time the October 2019 Investor sends a notice of conversion to the Company. The October 2019 Investor is entitled to, at its option, convert all or any amount of the principal amount and any accrued but unpaid interest of the October 2019 Investor Note into Common Stock, at any time, at a conversion price for each share of Common Stock equal to 65% multiplied by the lowest trading price (as defined in the Note) of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange upon which the Company's shares are traded during the twenty (20) consecutive Trading Day period immediately preceding (i) the applicable October 2019 Effective Date; or (ii) the conversion date.

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15. Convertible Promissory Notes, (continued)

The Company initially reserved 22,153,000 of its authorized and unissued Common Stock (the "October 2019 Reserved Amount"), free from preemptive rights, to provide for the issuance of Common Stock upon the full conversion of the October 2019 Investor Note. Upon full conversion of the October 2019 Investor note, any shares remaining in such reserve shall be cancelled. The Company increases the October 2019 Reserved Amount in accordance with the Company's obligations under the October 2019 Investor note.

As a result of the notes under paragraphs (a), (b), (c) and (d) above not having been repaid by their respective due dates, these defaults resulted in the principal balance of the October 2019 Investor Note increasing by 10% and the interest rate on the October 2019 Investor Note increasing from 12% to 24% annually.

Refer to note 24(e), subsequent events, for details on the arrangement to satisfy in full all of the obligations due and owing to the October 2019 Investor.

On issuance, the convertible promissory notes described above, were able to be prepaid until 180 days from their applicable effective date with the following penalties: (i) if any of the convertible promissory notes are prepaid within sixty (60) days following their applicable effective date, then the prepayment premium shall be 125% of the face amount plus any accrued interest; (ii) if any of the convertible promissory notes are prepaid during the period beginning on the date which is sixty-one (61) days following their applicable effective date, and ending on the date which is ninety (90) days following their applicable effective date, then the prepayment premium shall be 135% of the face amount plus any accrued interest; (iii) if any of the convertible promissory notes are prepaid during the period beginning on the date which is ninety-one (91) days following their applicable effective date, and ending on the date which is one hundred eighty (180) days following their applicable effective date, then the prepayment premium shall be 145% of the face amount plus any accrued interest. Such prepayment redemptions must be closed and funded within three days of giving notice of prepayment or the right to prepay shall be forfeited.

Pursuant to the terms of the security purchase agreements for the convertible promissory notes described above, for so long as the noted investors own any shares of Common Stock issued upon the conversion of the applicable investor notes, the Company has covenanted to secure and maintain the listing of such shares of Common Stock. The Company is also subject to certain customary negative covenants under the investor notes and the security purchase agreements, including but not limited to the requirement to maintain its corporate existence and assets, require registration of or stockholder approval for the investor notes or the Common Stock upon the conversion of the applicable investor notes.

The convertible promissory notes described above contained certain representations, warranties, covenants and events of default including if the Company is delinquent in its periodic report filings with the Securities and Exchange Commission which would increase the amount of the principal and interest rates under the convertible promissory notes in the event of such defaults. In the event of a default, at the option of the applicable investor and in their sole discretion, the applicable investor may consider any of their convertible promissory notes immediately due and payable.

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15. Convertible Promissory Notes, (continued)

For the year ended December 31, 2020, the Company recorded interest and Default Amounts of \$562,562 (2019-\$142,963). As at December 31, 2020, \$316,048 (2019-\$142,963) of accrued interest is included in accrued liabilities in the consolidated balance sheets. In addition, during the year ended December 31, 2020, \$15,277 (2019-\$15,162) of accrued interest was converted.

16. Loans Payable to Related Party

	2020	2019
Director	\$ 33,772	\$ -

Loan payable to a director, who is also the CEO is in the amount of \$33,772 (C\$43,000) (2019-\$nil; C\$nil), is due on demand and is unsecured.

During the year, Travellers loaned the company \$433,147 (C\$551,499) and converted a portion of the unpaid balance, \$348,010 (C\$443,099) of these loans and accrued interest of \$6,399 (C\$8,171), into 3,184,992 common shares of the Company.

For the year ended December 31, 2020, \$6,096 (C\$8,171) (2019-\$8,220; C\$10,907) in interest expense was charged on the loans payable to related party.

17. Capital Stock

As at December 31, 2020, the Company had 150,000,000 common shares authorized with a par value of \$.0001 per share and 82,860,619 (2019-51,784,504) common shares issued and outstanding.

During the year ended December 31, 2020, the convertible promissory note holders converted a total of \$181,058 (2019-\$269,780) of their convertible notes, including accrued interest and related costs of \$20,910 (2019-\$21,162) for 27,118,109 (2019-9,289,973) common shares. The share conversion prices ranged from \$0.0036 to \$0.0176 per share (2019- \$0.0176 to \$0.0910 per share). On December 31, 2020, the Company issued 287,984 (2019-80,000 common shares) in the amount \$60,670 (2019-\$39,200) to certain independent directors for their 2019 and 2020 services. In addition, the Company issued 15,000 common shares (2019-10,000 common shares) to employees in the amount of \$2,550 (2019-\$400) and 3,184,992 common shares on the conversion of loans payable to related party.

The Company canceled the 529,970 shares previously held by BDO Canada Limited, whose shares were returned to the Company on April 1, 2020, in the amount of \$7,036. Further, on January 10, 2020, the CEO's remaining RSUs were exchanged into 1,000,000 common shares of the company (2019-1,000,000 common shares to the CEO and 1,000,000 common shares to the Former CEO). In addition, on December 21, 2020, the Company received a notice of conversion from one of the January 2019 Investors in the amount of \$7,830 plus legal fees of \$750. The 400,000 common shares on this conversion were issued on January 4, 2021.

During the prior year ending December 31, 2019, the Company issued 5,000 common shares in regards to the \$4,600 cash received from a private placement prior to December 31, 2019 net of share issue costs of \$400. On January 21, 2019, the Company issued 100,000 common shares for professional services in the amount of \$53,000, based on the closing trading price on the day immediately prior to issuance and on April 2, 2019, the Company issued 80,000 common shares to directors of the Company as compensation for their 2018 services, in the amount of \$39,200, based on the closing trading price on the day immediately prior to issuance.

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17. Capital Stock, (continued)

The services provided by directors are disclosed under directors' compensation in the consolidated statements of operations and comprehensive loss.

18. Other Income

	2020	2019
(a) Gain on forgiveness of convertible promissory notes	\$ 320,134	\$ -
(b) Impairment loss on goodwill	(75,605)	-
(c) Land option expired	(59,688)	-
(d) Impairment loss on customer lists	(3,789)	-
(e) Impairment loss on technology license	(775)	-
	\$ 180,277	\$ -

(a) On December 16, 21 and 24 of 2020, three of the Company's convertible promissory note holders accepted payments totaling \$263,000 from the Company representing payment in full of all obligations due and owing under the January 2019 Investor Notes and one of the March 2019 Investor Notes. This resulted in a gain on forgiveness of convertible promissory notes of \$320,134, including accrued interest of \$145,838.

(b) During the fourth quarter, the Company recorded an impairment loss for its goodwill of \$75,605 (C\$101,334).

(c) During the year ended December 31, 2020, the Company recorded a loss on the expiry of its land option in connection with the business acquisition of 1684567 in the amount of \$59,688 (C\$80,000).

(d) During the fourth quarter, the Company recorded an impairment loss for its customer lists in the amount of \$3,789 (C\$5,079).

(e) During the fourth quarter, the Company recorded an impairment loss for its technology license in the amount of \$775 (C\$1,039).

19. Income Taxes

The Company's income tax provision has been calculated as follows:

	2020	2019
Loss before income taxes	\$ (2,152,191)	\$ (2,895,185)
Expected income tax recovery at the statutory rate of 21% (2019-21%)	(451,960)	(607,989)
Foreign tax rate differences	(70,382)	(159,235)
Prior year adjustments	357,108	-
Foreign exchange effect on deferred tax assets and other	(81,931)	(162,119)
Permanent differences	49,467	286,520
Change in valuation allowance	57,829	642,823
Provision for income taxes	\$ (139,877)	\$ -

SusGlobal Energy Corp.
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19. Income Taxes, (continued)

The Company's income tax provision is allocated as follows:

Current Tax expense (recovery)	(18,959)	-
Deferred Tax expense (recovery)	(120,918)	-
	\$ (139,877)	\$ -

Deferred tax assets and liabilities

The tax effects of temporary differences that give rise to significant components of the deferred income tax assets and deferred income tax liabilities are presented below:

	2020	2019
Net operating loss carry forwards	\$ 2,004,869	\$ 1,818,035
Financing costs	69,632	194,874
Depreciable and amortizable assets	(206,230)	(210,805)
Land	(182,407)	-
Reserves	35,591	-
Unrealized foreign exchange loss	55,977	-
Total gross deferred income tax assets	1,777,432	1,802,104
Less: valuation allowance	(1,859,933)	(1,802,104)
Total deferred income tax assets	\$ (82,501)	\$ -

	2020	2019
Movement in deferred income tax liabilities:		
Balance at the beginning of the year	\$ -	\$ -
Recognized in profit/loss	120,918	-
Recognized in OCI	(4,769)	-
Recognized in goodwill	(198,649)	-
Balance at the end of the year	\$ (82,501)	\$ -

As at December 31, 2020 and 2019, the valuation allowance was due to the history of losses generated. The valuation allowance is reviewed periodically and if the assessment of the more likely than not criteria changes, the valuation allowance is adjusted accordingly.

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company computes tax asset benefits for net operating losses ("NOL") carried forward.

The Company has US NOL available for carryforward of \$2,356,209 (2019-\$1,109,013) which can be carried forward indefinitely and Canadian NOL available for carryforward of \$5,698,358 (C\$7,255,358) (2019-\$5,751,498; C\$7,470,448) which expire in the years 2036 through 2040.

In addition, the Company has capital losses carried forward totaling \$109,955 (C\$139,999). These losses can be carried forward indefinitely.

Also, the Company was assessed certain penalties from the internal revenue service in the amount of \$30,000, for which the Company has requested relief.

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20. Commitments

(a) A renewed consulting agreement came into effect on January 1, 2021 for a period of twenty-four months, for the CEO. The monthly fee is \$23,562 (C\$30,000) for 2021 and \$31,416 (C\$40,000) for 2022. The CEO was also granted 2,000,000 common shares of the Company, 1,000,000 which were issued on January 4, 2021 and 1,000,000 to be issued January 1, 2022. In addition, a renewed consulting agreement also came into effect on January 1, 2021 for a period of twelve months, for the CFO. The monthly fee is \$6,283 (C\$8,000). The CFO was also granted 50,000 common shares of the Company which were issued on January 4, 2021. The future minimum commitments under these consulting agreements, are as follows:

For the year ending December 31, 2021	\$	358,142
For the year ending December 31, 2022		376,992
		<u>735,134</u>

(b) The Company has agreed to lease its office premises from Haute on a month-to-month basis at the monthly amount of \$5,498 (C\$7,000). The Company is also responsible for all expenses and outlays in connection with its occupancy of the leased premises, including, but not limited to utilities, realty taxes and maintenance.

(c) The Company was assigned the land lease on the purchase of certain assets of Astoria. The land lease, which comprises 13.88 acres in Roslin, Ontario, Canada, has a term expiring March 31, 2034. The basic monthly rent on the net lease is \$2,356 (C\$3,000) and is subject to adjustment based on the consumer price index as published by Statistics Canada (the "CPI"). To date, no adjustment for CPI has been charged. The Company is also responsible for any property taxes, maintenance, insurance and utilities. In addition, the Company has the right to extend the lease for five further terms of five years each and one further term of five years less one day. As the Company acquired the business of 1684567, the previous landlord, there are no future commitments for this lease. The Company was recently informed that, through a special provision of the site plan agreement with the City of Belleville (the "City"), Ontario, that it is required to fund road maintenance required by the City through to September 30, 2025 at an annual rate of \$7,854 (C\$10,000). The future minimum commitment is as follows:

For the year ending December 31, 2021	\$	7,854
For the year ending December 31, 2022		7,854
For the year ending December 31, 2023		7,854
For the year ending December 31, 2024		7,854
For the year ending December 31, 2025		7,854
		<u>\$ 39,270</u>

PACE has provided the Company a letter of credit in favor of the Ministry of the Environment, Conservation and Parks (the "MECP") in the amount of \$217,423 (\$276,831 CAD) and, as security, has registered a charge of lease over the premises, located at 704 Phillipston Road, Roslin, Ontario, Canada. The Company is required to provide for environmental remediation and clean-up costs for its organic waste processing and composting facility.

The letter of credit is a requirement of the MECP and is in connection with the financial assurance provided by the Company for it to be in compliance with the MECs environmental objectives. The MECP regularly evaluates the Company's organic waste processing and composting facility to ensure compliance is adhered to and the letter of credit is subject to change by the MECP. As a result of audits conducted by the MECP in December of 2020, the Company has accrued estimated and actual costs for corrective measures as a result of the MECP's audits totaling \$570,078 (C\$725,844). Of this accrual, \$354,125 (C\$450,885) has been charged to operations and \$215,953 (C\$274,959) is disclosed as deferred assets. As at December 31, 2020, the MECP has not drawn on the letter of credit. The letter of credit was last renewed to September 30, 2020 and is automatically renewed for a further year unless cancelled by PACE.

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20. Commitments, (continued)

(d) The Company has committed to purchase a truck and hauling trailer for a total cost of \$171,483 (C\$218,338) plus applicable harmonized sales taxes, net of a \$3,927 (C\$5,000) deposit made on October 16, 2020. The purchase will be financed and is expected to close subsequent to March 31, 2021.

21. Segmented Information

ASC 280-10, "Disclosure about Segments of an Enterprise and Related Information", establishes standards for the way that public business enterprises report information about operating segments in the Company's consolidated financial statements. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company uses a management approach for determining segments. The management approach designates the internal organization that is used by management for making operating decisions and assessing performance as the source of the Company's reportable segments. The Company's management reporting structure provides for only one segment: renewable energy and operates in one country, Canada.

22. Economic Dependence

The Company generated 72% (2019-68%) of its revenue from three customers (2019-three customers). The Company's ability to continue operations is dependent on continuing to generate a similar amount of revenue from these customers.

23. Legal Proceedings

From time to time, the Company may become involved in litigation relating to claims arising from the ordinary course of business. Management believes that there are currently no claims or actions pending against us, the ultimate disposition of which would have a material adverse effect on our results of operations, financial condition or cash flows.

The Company has a claim against it for unpaid legal fees in the amount \$51,240 (C\$65,241). The amount is included in accounts payable on the Company's consolidated balance sheets.

On September 24, 2020, the Company filed a statement of claim against the Former CEO and his company, LFGC, which was defended and counterclaimed. The Company's claim relates to damages for breach of contract, non-performance of contractual duties, breach of fiduciary duty, misrepresentation and breach of a duty of fidelity in the amount of \$785,400 (C\$1,000,000).

On October 26, 2020, the Company received a statement of defense and counterclaim from the defendants in response to the Company's statement of claim. The defendants are seeking \$403,813 (C\$514,150) in special damages and \$392,700 (C\$500,000) in punitive and exemplary damages. The Company filed its reply and defense to counterclaim on November 13, 2020. The plaintiffs by counterclaim filed their defense to counterclaim on November 23, 2020, denying all claims in the Company's reply and defense to counterclaim. Included in accounts payable on the Company's consolidated balance sheets is an amount for unpaid fees to the Former CEO in the amount of \$310,626 (C\$395,500).

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23. Legal Proceedings, (continued)

On November 26, 2020, the Company was served with a statement of claim of claim from an individual, who is also a shareholder alleging fraud and misrepresentation in the amount of \$117,810 (C\$150,000) and claiming punitive damages of \$39,270 (C\$50,000). Also named in the claim is the CEO, 1684567 and corporations related to the CEO. The Company's defense and counterclaim was filed on December 11, 2020. The Company is seeking \$196,350 (C\$250,000) in special damages and \$196,350 (C\$250,000) in punitive and exemplary damages.

24. Subsequent Events

The Company's management has evaluated subsequent events up to the date the consolidated financial statements were issued, pursuant to the requirements of ASC 855 and has determined the following to be material subsequent events:

- (a) On January 4, 2021, the Company issued 1,000,000 common shares to the CEO and 50,000 common shares to the CFO in connection with their consulting agreements.
- (b) For the period from January 11, 2021 to January 20, 2021, Travellers provided loans to the Company totaling \$204,922. Travellers converted these loans to 715,847 common shares.
- (c) On January 19, 2021, the Company signed an agreement with a company to provide corporate development and marketing consulting services for a period of five months to June 30, 2021, with an upfront payment of \$100,000.
- (d) On January 19, 2021, the remaining March 2019 Investor and the Company reached an agreement for payment in full of all obligations due and owing under its convertible promissory notes by payments totaling \$550,000, \$50,000 on January 20, 2021, \$200,000 on or before March 1, 2021 which was converted to 1,075,124 common shares on March 11, 2021 and \$300,000 on or before March 31, 2021. The payment due on or before March 31, 2021 was extended to April 29, 2021.
- (e) On January 20, 2021, the May 2019 Investor, the July 2019 Investor and the October 2019 Investor accepted in full 2,100,000 common shares of the Company representing payment in full of all obligations due and owing under their convertible promissory notes.
- (f) On February 1, 2021, the Company signed an agreement with a company to provide certain public relations services for a period of 180 days, expiring July 31, 2021. The consultant received 60,000 common shares of the Company as compensation.
- (g) On February 3, 2021, the Company signed an agreement with a company to provide certain advisory and consulting services. The agreement is effective for a period to continue until the later of twelve months or when the Company is trading on the NASDAQ Capital Markets or as otherwise extended by both parties. Payments of \$550,000 in total upon meeting certain milestones. The consultant will also receive 180,000 common shares of the Company at par value.

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24. Subsequent Events, (continued)

- (h) On February 10, 2021, the Company signed an agreement of purchase and sale (the "APS") for certain assets for \$3,534,300 (C\$4,500,000), including a vendor take-back mortgage of \$1,570,800 (C\$2,000,000) at an annual interest rate of 2% maturing two years after closing. A deposit of \$157,080 (C\$200,000) was paid by the Company on February 10, 2021. The APS is expected to close on June 4, 2021, subject to successful completion of the due diligence process and the completion of the Phase II Environmental Site Assessment at a cost of \$39,113 (C\$49,800), plus applicable harmonized sales taxes.
- (i) On February 10, 2021, the Company raised \$157,260 (C\$200,000), in a private placement on the issuance of 630,480 common shares of the Company.
- (j) On February 18, 2021, PACE and the Company reached a new agreement extending the repayment of the remaining credit facilities and corporate term loan to on or before July 30, 2021. As part of the agreement, the Company is required pay the regular monthly principal and interest instalments.
- (k) On each of March 31, 2021 and April 2, 2021, the Company entered into securities purchase agreements with an investor (the "March 2021 Investor") and another investor (the "April 2021 Investor"), in which the Company issued to each investor a 10% unsecured convertible promissory note in the aggregate principal amount of \$275,000 (the "March 2021 Investor Note" and the "April 2021 Investor Note"), due September 30, 2021, convertible at any time after issuance at a per share price at \$0.20. In addition, the March 2021 Investor and the April 2021 Investor each received 200,000 common shares of the Company, on issuance of the March 2021 Investor Note and the April 2021 Investor Note. On each of March 31, 2021 and April 5, 2021, the Company received \$245,000, net of transaction related expenses of \$30,000, respectively.
- (l) On April 7, 2021, the Company paid the final deposit of \$34,709 (C\$44,193) for the purchase of the truck and hauling trailer and took delivery on April 8, 2021. The balance of the purchase price \$157,080 (C\$200,000) was financed over forty-eight months at a monthly repayment amount of \$3,614 (C\$4,601).

25. Comparative Figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation. The reclassification of the mortgage payable with long-term debt on the consolidated balance sheets and the reclassification on the consolidated statements of operations and comprehensive loss related to disclosing the foreign exchange separately under operating expenses and not grouping within office and administrative expenses.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of senior management, including our chief executive officer and our chief financial officer, also our principal financial and accounting officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act as of December 31, 2020 (the "Evaluation Date"). Based on this evaluation, Marc Hazout, our chief executive officer and Ike Makrimichalos, our chief financial officer and principal financial and accounting officer, concluded that our internal control over financial reporting was not effective for the year ended December 31, 2020. Such conclusions were based on the small size of the Company and the resulting lack of a segregation of duties.

Report by Management on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The framework used by management to evaluate internal controls over financial reporting is *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations (COSO), as implemented by their subsequent publication *Internal Control over Financial Reporting - Guidance for Smaller Public Companies*. Based on this evaluation, Marc Hazout, our chief executive officer and Ike Makrimichalos, our chief financial officer and principal financial and accounting officer, concluded that our internal control over financial reporting was not effective for the year ended December 31, 2020. The matters involving internal controls over financial reporting that may be considered material weaknesses included the small size of the Company and the resulting lack of a segregation of duties.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission which permanently exempt smaller reporting companies.

Changes in Internal Control over Financial Reporting

There were no changes to the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our fourth fiscal quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

Not applicable

Item 10. Directors, Executive Officers and Corporate Governance.

Our Board of Directors consisted of three directors at December 31, 2020. During the year, two former directors resigned and one was not re-elected at the Company's annual general meeting (the "AGM") on November 26, 2020. For the size and scope of our business and operations, we believe a board of approximately five to six members is more appropriate and smaller enough to allow for effective communication among the members but large enough so that we get a diverse set of perspectives and experiences around our board room. The Company is looking to fill the openings. Our bylaws provide that, in uncontested elections, directors will be elected by a majority of the votes cast, and in contested elections, directors will be elected by a plurality of the votes cast.

Each director on our Board of Directors will serve a one-year term or until their successor has been duly elected and qualified, subject to their earlier death, resignation, disqualification or removal. Pursuant to the DGCL and our bylaws, in general, any vacancies on our Board of Directors resulting from death, retirement, resignation, disqualification, removal or other cause may be filled only by an affirmative vote of a majority of the remaining directors then in office, although less than a quorum, or by a sole remaining director. Our current directors and executive officers are as follows:

Name	Age	Position
Marc M. Hazout	56	Chairman of the Board, President, Chief Executive Officer and Director
Ike Makrimichalos	65	Chief Financial Officer
Ryan Duffy	48	Director
Andrea Calla	69	Director

We believe that each of our directors and executive officers possesses the experience, skills and qualities to fully perform his duties as a director or executive officer and contribute to our success. Our directors were nominated because each is of high ethical character, highly accomplished in his field with superior credentials and recognition, has a reputation, both personal and professional, that is consistent with our image and reputation, has the ability to exercise sound business judgment, and is able to dedicate sufficient time to fulfilling his obligations as a director. Our directors as a group complement each other and each of their respective experiences, skills and qualities so that collectively the Board operates in an effective, collegial and responsive manner. Similarly, for the executive officers. Described below, are the directors' and executive officers' principal occupations and other pertinent information about particular experience, qualifications, attributes and skills that led the Board and management to conclude that such person should serve as a director or executive officer.

Marc M. Hazout, age 56, founded SusGlobal Energy Corp., and currently serves as a Director, Executive Chairman, President and CEO. Mr. Hazout brings over 25 years of experience in public markets, finance and business operations to SusGlobal Energy Corp. Over the past several years Mr. Hazout has been involved in acquiring, restructuring and providing management services, as both a Director and an Officer, to several publicly traded companies. In 1998, Mr. Hazout founded and has been President and CEO of Travellers International Inc., a private equity firm headquartered in Toronto. Travellers has been involved in a multitude of successful capital market transactions over the past two decades and has focused on building relationships in China with the objective of participating in that country's tremendous growth opportunities. Mr. Hazout attended York University in Toronto studying International Relations and Economics. Mr. Hazout speaks English, French, Hebrew and Arabic.

The determination was made that Mr. Hazout should serve on our Board of Directors because he possesses significant experience in securities and capital markets.

Ike Makrimichalos, age 65, is a Chartered Professional Accountant (Chartered Accountant), with over 25 years of experience in servicing public and private companies, including manufacturing, automotive, technology & telecommunications and insurance, for Deloitte LLP in Toronto. Mr. Makrimichalos has served as a Chief Financial Officer and Controller in the mining sector for companies with global operations and multiple filing jurisdictions and currently also serves as a Chief Financial Officer in the financial services sector, along with providing financial consulting services for several private companies. Mr. Makrimichalos graduated from the University of Toronto with a Bachelor of Arts degree.

The determination was made that Mr. Ike Makrimichalos join the executive team because he possesses significant experience in financial reporting and accounting matters.

Ryan Duffy, age 48, is President and CEO of Blackstone Energy Services Inc. a Canadian firm that manages energy portfolios for a diverse range of companies across North America and the Caribbean. Blackstone is a leading provider of integrated custom energy management solutions that help large energy users manage their energy budget at risk, achieve efficiency improvements, implement renewable generation, and carbon offsetting. Prior to Blackstone Mr. Duffy worked with a number of Fortune 500 companies, including several in the energy space. Mr. Duffy is very active within the energy committee on Trans Canada's-Tolls Task Force, Union Gas'- Marketer Council, the IESO's - Information Technology Standing Committee, the Energy Services Association of Canada and the Canadian Manufactures and Exporters-Energy Committee. In addition, he is a member of the Canadian Healthcare Energy Society, the Association of Power Producers of Ontario, the Ontario Energy Association, SWITCH Ontario, and was a former board member of Rethink Sustainability Initiative. For his community involvement and corporate successes, Mr. Duffy was recently awarded the Ontario Sustainable Energy Association's SMARTpreneur of the Year Award.

The determination was made that Mr. Duffy should serve on our Board of Directors due to his extensive technical and business experience which will be extremely valuable as the Company continues to grow.

Andrea Calla, age 69, is President and CEO of the Calla Group and is an accomplished professional with over 35 years of experience in business, more recently a senior executive for ten years with The Tridel Group, one of Canada's largest community builders/developers. He was actively involved in the different company divisions and all facets of the industry. He is also Managing Partner of The Callian Capital Group, a globally active Toronto-based investment and capital management firm. Mr. Calla has held key leadership and entrepreneurial roles driving innovative, practical and effective changes to improve quality of life through various company start-ups across diverse industries, some include: Chairman, Deep Geo Inc., a global nuclear waste management company, Chairman & Co-Founder of TransAsia Investment Partners, Hong Kong, Founding Director of 350 Capital, a "cleantech" investment company, Co-Founder of Nordicon, a design-build company, Canada, US, Mid-East, Founding member of Novator, pioneer in e-commerce and AI, helped make it the 14th fastest growing company in Canada, reported by Profit 100 magazine, Board of Sumbola, an innovative internet e-publishing company, Co-Founder, Board member of Twin Hills Resources, developer of partial upgrading cavitation technology, reducing the viscosity of oil sands bitumen to flow through pipelines without having to be blended with diluent, Board of SEL Global, an innovative Mobile Shopping Solutions Software and Advertising company, software developed in Silicon Valley, Advisory Board of Magnovate, innovative Magnetic Levitation transportation systems, Co-Founder of Fusion Sailboats, designed, developed, manufactured and distributed the Fusion 15, winner of Sailing World's "International Boat of the Year" in 2003, Advisory Board of Dorsay Development Corp., currently planning a purpose-built community in the GTA with a ground-breaking model in place-making. The over 1,200-acre community will combine global best practices in creating a sustainable community that is economically, environmentally, socially healthy and resilient. Throughout his career, Andrea has been committed to City and Community building, improving the quality of life in urban regions and continually driving innovative, practical and effective change in different sectors through his leadership and entrepreneurial skills. Andréa holds a Bachelor of Architecture from the University of Toronto, a Master of Science from Columbia University, New York and an Executive MBA from Ivey School of Business, Western University.

The determination was made that Mr. Duffy should serve on our Board of Directors due to his extensive technical and business experience which will be extremely valuable as the Company continues to grow.

Director Compensation Policy

The Company's current director compensation policy includes a fee of \$18,653 (C\$25,000) to all independent directors annually and fees totaling \$2,984 (C\$4,000) annually, to the chair of the audit committee. For the year ended December 31, 2020, the 2020 director compensation to the two independent directors was paid in common stock of the Company based on a 10-day lookback of the trading price of the Company's common stock, noted under stock awards in the table below. The director compensation for the year ended December 31, 2020, is noted below:

Director Compensation

Name	Fees earned or paid in cash (\$)	Stock awards (\$)	Option awards (\$)	Non-equity incentive plan compensation (\$)	Nonqualified deferred compensation earnings (\$)	All other compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Marc Hazout	-	-	-	-	-	-	-
Ryan Duffy ^(v)	-	2020-18,653 (C25,000) ^(iv) 2019- 4,280 ^(viii)	-	-	-	-	22,933
Andrea Calla ^(vi)	-	2020-18,653 (C25,000) ^(iv) 2019- 4,280 ^(viii)	-	-	-	-	22,933
Gordon Miller ^(vii)	-	2019- \$4,280 ^(viii)	-	-	-	-	4,280
Vincent Ramoutar ⁽ⁱ⁾	2020-16,869 (C22,609) ⁽ⁱⁱⁱ⁾	2019- \$4,280 ^(viii)	-	-	-	-	21,149
Laurence Zeifman ⁽ⁱⁱ⁾	2020-17,888 (C23,975) ⁽ⁱⁱⁱ⁾ 2020-2,862 (C3,836) ⁽ⁱⁱⁱ⁾	2019- \$4,280 ^(viii)	-	-	-	-	25,030

- (i) Mr. Vincent Ramoutar was not voted in at the AGM of November 26, 2020. The stock award is in the name of 1370383 Ontario Ltd., a company controlled by the director
- (ii) Mr. Laurence Zeifman, the past chairman of the audit committee, resigned from the board on December 16, 2020. The stock award and fees for services are in the name of Zeifmans LLP, for whom the director is a partner.
- (iii) The fees earned for services are unpaid at December 31, 2020 and the date of this filing.
- (iv) The 2020 compensation was paid on December 31, 2020, in the form of common stock of the Company.

- (v) The fee for services and the stock award is in the name of Blackstone Energy Services Inc., the director's employer.
- (vi) The fee for services and the stock award is in the name of the Calla Group, a company for whom the director is the president and chief executive officer.
- (vii) Mr. Gordon Miller resigned on March 9, 2020.
- (viii) The 2019 compensation was paid on December 31, 2020, in the form of common stock of the Company.

We have adopted a code of ethics that applies to our Chief Executive Officer and President, and Chief Financial Officer, as well as other officers, directors and employees of the Company. The code of ethics, entitled "Code of Conduct," is posted on our website at www.susglobalenergy.com under the section "Corporate Governance" within the "Investor Relations" tab.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires the Company's executive officers and directors, and persons who own more than 10% of the Company's common stock, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC.

Based solely on the Company's review of the copies of such Forms and written representations from certain reporting persons, the Company believes that all filings required to be made by the Company's Section 16(a) reporting persons during the Company's fiscal year ended December 31, 2020 were made on a timely basis.

Item 11. Executive Compensation.

Summary Compensation Table

The following table sets forth certain summary information with respect to the compensation paid to the Company's Chief Executive Officer, President and Chief Financial Officer for services rendered in all capacities to the Company for the fiscal years ended December 31, 2020 and 2019. Other than as listed below, the Company had no executive officers whose total annual salary and bonus exceeded \$100,000 for that fiscal year:

Summary Compensation Table									
Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock awards (\$)	Option awards (\$)	Non-equity incentive plan Compensation (\$)	Nonqualified deferred compensation earnings (\$)	All other compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Marc Hazout Chairman, President and Chief Executive Officer	2020	134,298	-	1,000,000	-	-	-	-	1,134,298
	2019	135,666	-	1,000,000	-	-	-	-	1,135,666
Ike Makrimichalos, Chief Financial Officer	2020	71,626	-	-	-	-	-	-	71,626
	2019	54,266	-	-	-	-	-	-	54,266
Gerald Hamaliuk Former Chief Executive Officer	2020	-	-	-	-	-	-	-	-
	2019	101,750	-	330,000	-	-	-	-	431,750

(e) Stock Awards

The grant date fair values of the stock awards were computed in accordance ASC Topic 718, Compensation-Stock Compensation.

The stock award for the Former CEO consisted of 3,000,000 restricted stock units ("RSUs") granted on January 1, 2017, determined to be valued at \$990,000 based on private placement pricing at the time. 1,000,000 RSUs vested on each of January 1, 2018 and 2019 and the respective common shares were issued on February 25, 2018 and April 2, 2019, while the remaining installment was to vest on January 1, 2020, upon meeting certain performance objectives. As a result of the Former CEO resigning from his position as CEO and as a board member, the remaining instalment was cancelled. The 3,000,000 RSUs for the President were granted on May 17, 2018 by the Board of Directors, determined to be valued at \$3,000,000 based on private placement pricing at the time. On May 29, 2018, 1,000,000 of the President's RSUs vested and were exchanged for 1,000,000 shares of Common Stock. On each of January 8, 2019 and January 10, 2020, 1,000,000 of the President's RSUs were exchanged into 1,000,000 common stock of the Company.

Consulting and Management Agreements

On December 17, 2020, the Company entered into the CEO's Consulting Agreement, by and among the Company, Travellers, and the CEO, who is also the Executive Chairman and President of the Company, effective January 1, 2021 (the "Effective Date"). The CEO's Consulting Agreement replaced the consulting agreement which expired on December 31, 2020.

Pursuant to the terms of the CEO's Consulting Agreement, for his services as the CEO, the compensation is at a rate of \$23,562 (C\$30,000) per month for twelve (12) months, beginning on the Effective Date, and at a rate of \$31,416 (C\$40,000) per month for twelve (12) months, beginning January 1, 2022. In addition, the Company agreed to grant the CEO 2,000,000 restricted shares of the Company's common stock, par value of \$0.0001 per share (the "Common Stock") on the effective date, 1,000,000 which were issued on January 4, 2021 and 1,000,000 to be issued January 1, 2022. The Company has also agreed to reimburse the CEO for certain out-of-pocket expenses incurred by the CEO.

The CEO's Consulting Agreement is for a term of twenty-four (24) months. Upon a Constructive Discharge (as defined in the CEO's Consulting Agreements) and subject to certain notification requirements and the Company's opportunity to cure the Constructive Discharge, the CEO will be entitled to a compensation of twelve (12) months' fees, as well as any bonus compensation owing.

On December 17, 2020, the Company entered into CFO Consulting Agreement, by and between the Company and the CFO of the Company, effective January 1, 2021. Pursuant to the terms of the consulting agreement with the CFO, the CFO is entitled to fees of \$6,283 (C\$8,000) per month for his services. In addition, the Company has also agreed to grant the CFO 50,000 restricted shares of the Company's Common Stock, par value of \$0.0001 per share on the Effective Date. The Company has also agreed to reimburse the CFO for certain out-of-pocket expenses incurred by the CFO. The CFO's consulting agreement replaced the consulting agreement which expired on December 31, 2020.

The CFO's consulting agreement is for a term of twelve (12) months. Upon a Constructive Discharge (as defined in the CFO's consulting agreements) and subject to certain notification requirements and the Company's opportunity to cure the Constructive Discharge, the CFO will be entitled to a compensation of two (2) months' fees, as well as any bonus compensation owing.

On November 6, 2019, by resolution of the Board, the consulting contracts for the President and the CFO were renewed, each for a one-year period, commencing January 1, 2020. For the President, at the same monthly amount and on the same terms and conditions, as his previous consulting contract, \$11,781 (C\$15,000), monthly. And, for the CFO, at a monthly amount of \$6,283 (C\$8,000), an increase of \$1,571 (C\$2,000) over his previous consulting contract and on the same terms and conditions as his previous consulting contract.

In addition, on November 6, 2019, by resolution of the Board, the President was appointed Chief Executive Officer.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth certain information regarding beneficial ownership of SusGlobal Energy Corp's securities as of March 26, 2021:

- by each person who is known by us to beneficially own more than 5% of our securities;
- by each of our officers and directors; and
- by all of our officers and directors as a group.

Title of Class Name And Address of Beneficial Owner ⁽¹⁾	Amount And Nature Of Beneficial Ownership ⁽²⁾	Approximate Percent of Class (%)
Common	Marc Hazout 16,090,720 ⁽³⁾	17.96
Common	Ike Makrimichalos 580,000	0.65
Common	Ryan Duffy 441,253 ⁽⁴⁾	0.49
Common	Andrea Calla 133,992 ⁽⁵⁾	0.15
Common	All officers and directors as a group (4 persons) 17,245,965	19.25%

(1) Except as noted above, the address for the above identified officers and directors of the Company is c/o 200 Davenport Road, Toronto, ON, Canada M5R 1J2.

(2) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to the shares shown. Except where indicated by footnote and subject to community property laws where applicable, the persons named in the table have sole voting and investment power with respect to all shares of voting securities shown as beneficially owned by them. Percentages are based upon the assumption that each shareholder has exercised all of the currently exercisable options he or she owns which are currently exercisable or exercisable within 60 days and that no other shareholder has exercised any options he or she owns.

(3) The shares are in the name of Travellers International Inc., a company controlled by Marc Hazout the president and chief executive officer.

(4) The shares are in the name of Blackstone Energy Services Inc., the director's employer.

(5) The shares are in the name of the Calla Group, a company for whom the director is the president and chief executive officer.

EQUITY

As of December 31, 2020, the Company had 82,860,619 common shares issued and outstanding. At the date of this filing, the Company had 89,184,951 common shares issued and outstanding.

STOCK OPTIONS AND WARRANTS

As at December 31, 2020, and the date of this filing, the Company has no stock options or warrants outstanding.

Item 13. *Certain Relationships and Related Transactions, and Director Independence.*

Related Party Transactions

During the year, the Company incurred \$134,298 (C\$180,000) (2019-\$135,666; C\$180,000) in management fees expense with Travellers International Inc. ("Travellers"), an Ontario company controlled by a director, executive chairman, president and chief executive officer of the Company (the "CEO"); \$nil (C\$nil) (2019-\$101,750; C\$135,000) in management fees expense with Landfill Gas Canada Ltd. ("LFGC"), an Ontario company controlled by a former director and former chief executive officer of the Company (the "Former CEO"); \$71,626 (C\$96,000) (2019-\$54,266; C\$72,000) in management fees expense with the Company's chief financial officer (the "CFO"). As at December 31, 2020, unpaid remuneration and unpaid expenses in the amount of \$396,160 (C\$504,405) (2019-\$324,303; C\$421,227) is included in accounts payable and \$nil (C\$nil) (2019-\$12,318; C\$16,000) is included in accrued liabilities.

On September 25, 2019, the Former CEO resigned as a director and ceased providing his services as chief executive officer.

In addition, during the year, the Company incurred interest expense of \$6,096 (C\$8,171) (2019-\$4,504; C\$5,975) on the outstanding loans from Travellers and \$nil (C\$nil) (2019-\$3,717; C\$4,932) on the outstanding loans from the directors. As at December 31, 2020, interest of \$nil (C\$nil) (December 31, 2019-\$nil; C\$nil) on these loans is included in accrued liabilities.

During the year, the Company incurred \$75,331 (C\$100,967) (2019-\$67,568; C\$89,649) in rent paid under a rental agreement to Haute Inc. ("Haute"), an Ontario company controlled by the CEO.

For those independent directors providing their services throughout the prior year, the Company recorded stock-based compensation totaling \$16,715, based on the issuance of 20,000 common shares of the Company on December 31, 2020 to each of the five independent directors. This compensation was priced based on the trading price of the shares at the close of business on December 31, 2020. The 2020 director compensation of \$18,653 (C\$25,000) to each independent director who held the position on December 31, 2020 (two in total), was paid through the issuance of 93,922 common shares of the Company to each, on December 31, 2020. This compensation, disclosed as stock-based compensation was priced based on the trading price of the common shares on the average of a ten-day look-back, at the close of business on December 31, 2020. In addition, the 2020 director compensation of \$34,757 (C\$46,585) for the two independent directors who were either not re-elected or who resigned during the year is included in accrued liabilities at December 31, 2020. In addition, also included in director compensation is the audit committee chairman's fees, in the amount of \$2,862 (C\$3,836) (2019 \$3,015; C\$4,000). As at December 31, 2020, outstanding director compensation of \$2,663 (C\$3,390) (2019-\$3,480; C\$4,520) is included in accounts payable and \$37,244 (C\$47,421) (2019-\$3,650; C\$4,647) is included in accrued liabilities.

During the year ended December 31, 2020, the Company issued 5,000 common shares to each of three employees totaling \$2,550.

On January 10, 2020, the CEO exchanged 1,000,000 restricted stock units ("RSUs") into 1,000,000 common shares of the Company, after having met certain performance objectives under his consulting agreement and the Company recognized compensation expense of \$1,000,000 on the vesting of these 2019 RSUs, in the prior year. These last remaining RSUs represented the final 1,000,000 RSU tranche, granted to the CEO on May 18, 2018. At the time, 3,000,000 RSUs were granted to the CEO, determined to be valued at \$3,000,000, based on private placement pricing at the time. In the prior year, on April 8, 2019, the CEO exchanged 1,000,000 RSUs into 1,000,000 common shares of the Company, after having met certain performance objectives under his consulting agreement.

In addition, in the prior year, on April 2, 2019, the Former CEO exchanged 1,000,000 RSU into 1,000,000 common shares of the Company, after having met certain performance objectives under his consulting agreement.

On March 25, 2020, Travellers International Inc. ("Travellers"), an Ontario company controlled by the Executive Chairman and President (the "President"), who is also the chief executive officer and a director of the Company, provided a loan to the Company in the amount of \$17,480 (\$25,000 CAD). The loan bears interest at the rate of 12% per annum, is unsecured and due on demand. Similarly, earlier, on March 9, 2020, Travellers provided a loan to the Company in the amount of \$55,155 (\$75,000), on the same terms and conditions as the loan on March 25, 2020. The loans were used to settle certain accounts payable outstanding at year-end. There is no written agreement evidencing these loans. The exchange rates used are based on the Bank of Canada closing rates on the respective dates.

On April 11, 2018, three directors each loaned the Company \$18,878 (\$25,000 CAD) for working capital purposes (the "Director Loans"). The Director Loans bear interest at the rate of 12% per annum, were due on demand and unsecured. There are no written agreements evidencing the Director Loans. During the year ended December 31, 2019 \$3,717 (\$4,932 CAD) (2018-\$5,026; \$6,510 CAD) of interest was charged on the Director Loans. As at December 31, 2019, \$nil (\$nil CAD) (December 31, 2018-\$4,772; \$6,510 CAD) in interest is included in accrued liabilities. As at December 31, 2019, \$nil (\$nil CAD) (December 31, 2018-\$54,975; \$75,000 CAD) remains outstanding. The Director Loans were repaid in full on July 19, 2019 with accrued interest.

On April 3, 2018, a new loan was provided by Travellers, in the amount of \$151,020 (\$200,000 CAD) (the "Travellers Loan"). A portion of the funds, \$114,117 (\$151,128 CAD), was used to pay two overdue monthly principal and interest instalments on the Company's PACE Corporate Term Loan. This new loan was due on demand, unsecured and bears interest at the rate of 12% per annum. There is no written agreement evidencing the Travellers Loan. During the year ended December 31, 2019, \$4,503 (\$5,975 CAD) (2018-\$14,094; \$18,254 CAD) in interest was charged on the Travellers Loan and other loans repaid to Travellers during the year. As at December 31, 2019, \$nil (\$nil CAD) (December 31, 2018-\$13,110; \$17,885 CAD) in interest was included in accrued liabilities. This new Travellers Loan was repaid in full on June 24, 2019, with accrued interest.

Item 14. Principal Accounting Fees and Services.

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years are as follows:

	2020	2019
Audit fees ⁽¹⁾	\$47,134	\$47,614
Audit-related fees ⁽²⁾	45,617	61,502
Tax fees	20,249	32,774
All other fees	19,958	-
Total	\$132,958	\$141,890

- (1) Audit fees consisted of the audit work on annual financial statements.
(2) Audit-related fees consist principally of reviews of quarterly financial statements and reviews of registration statements.

The Audit Committee Charter provides that the Audit Committee is responsible for the pre-approval of all audit and non-audit services to be provided to the Company by the independent public accountants. The Audit Committee has not, however, adopted any specific policies and procedures for the engagement of non-audit services.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) (1) Consolidated Financial Statements:

The financial statements filed as part of this report are listed separately in the Index to Financial Statements.

(a) (2) Consolidated Financial Statement Schedules:

None

(a) (3) Exhibits:

Exhibit No.	Description
3.1	Form of Certificate of Incorporation of SusGlobal Energy Corp. (filed as Exhibit 3.1 to the Registrant's Post Effective Amendments for Registration Statement filed with the SEC on June 7, 2017 and incorporated herein by reference).
3.2	Form of Bylaws of SusGlobal Energy Corp. (filed as Exhibit 3.2 to the Registrant's S-4/A filed with the SEC on December 23, 2016 and incorporated herein by reference).
4.1	Specimen Common Stock certificate (filed as Exhibit 4.1 to the Registrant's S-4/A filed with the SEC on December 23, 2016 and incorporated herein by reference).
4.2	Form of 12% Convertible Redeemable Note, issued by SusGlobal Energy Corp. on March 7, 2019 (filed as Exhibit 4.1 to the Registrant's Form 8-K filed with the SEC on March 15, 2019 and incorporated herein by reference).
4.3	Form of 12% Convertible Redeemable Note and Back End Note issued by SusGlobal Energy Corp. on March 7, 2019 (filed as Exhibit 4.2 to the Registrant's Form 8-K filed with the SEC on March 15, 2019 and incorporated herein by reference).
4.4*	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934
4.5	Form of Collateralized Secured Promissory Note, issued by SusGlobal Energy Corp. on March 7, 2019 (filed as Exhibit 4.3 to the Registrant's 8-K filed with the SEC on March 15, 2019 and incorporated herein by reference).
4.6*	Form of Convertible Promissory Note issued by SusGlobal Energy Corp. on March 31, 2021.
10.1***	SusGlobal Stock Option Plan (filed as Exhibit 10.1 to the Registrant's S-4 filed with the SEC on January 28, 2016 and incorporated herein by reference).
10.2	Pace Savings and Credit Union Limited Term Sheet dated December 31, 2016 (filed as Exhibit 10.13 to the Registrant's S-4/A filed with the SEC on February 13, 2017 and incorporated herein by reference).

- [10.3](#) [Susglobal Energy Ron Williamson Quarter Horses Inc. 1428245 Ontario Limited Engagement Letter \(filed as Exhibit 10.14 to the Registrant's S-4/A filed with the SEC on February 13, 2017 and incorporated herein by reference\).](#)
- [10.4](#) [Variable Rate Business Loan Agreement from Borrowers and Guarantor-Marc Hazout \(filed as Exhibit 10.18 to the Registrant's S-4/A filed with the SEC on April 05, 2017 and incorporated herein by reference\).](#)
- [10.5](#) [Business Loan General Security Agreement from SusGlobal Energy Corp. \(filed as Exhibit 10.19 to the Registrant's S-4/A filed with the SEC on April 05, 2017 and incorporated herein by reference\).](#)
- [10.6](#) [Business Loan General Security Agreement from SusGlobal Energy Canada Corp. \(filed as Exhibit 10.20 to the Registrant's S-4/A filed with the SEC on April 05, 2017 and incorporated herein by reference\).](#)
- [10.7](#) [Business Loan General Security Agreement from SusGlobal Energy Canada I Ltd. \(filed as Exhibit 10.21 to the Registrant's S-4/A filed with the SEC on April 05, 2017 and incorporated herein by reference\).](#)
- [10.8](#) [Guarantee and Postponement of Claim by Marc M. Hazout \(filed as Exhibit 10.22 to the Registrant's S-4/A filed with the SEC on April 05, 2017 and incorporated herein by reference\).](#)
- [10.9](#) [Guarantee and Postponement of claim for each of Ike Makrimichalos, Landfill Gas Canada Ltd., and 1370383 Ontario Ltd. \(filed as Exhibit 10.28 to the Registrant's S-4/A filed with the SEC on April 05, 2017 and incorporated herein by reference\).](#)
- [10.10](#) [Variable Rate Business Loan Agreement \(filed as Exhibit 10.1 to the Registrant's Form 10-Q filed with the SEC on November 14, 2017 and incorporated herein by reference\).](#)
- [10.11](#) [Agreement for Line of Credit Loan \(filed as Exhibit 10.2 to the Registrant's Form 10-Q filed with the SEC on November 14, 2017 and incorporated herein by reference\).](#)
- [10.12](#) [Irrevocable Letter of Credit \(filed as Exhibit 10.3 to the Registrant's Form 10-Q filed with the SEC on November 14, 2017 and incorporated herein by reference\).](#)
- [10.13](#) [Business Loan Security Agreement between Pace Savings and SusGlobal Energy Corp. \(filed as Exhibit 10.4 to the Registrant's Form 10-Q filed with the SEC on November 14, 2017 and incorporated herein by reference\).](#)
- [10.14](#) [Business Loan Security Agreement between Pace Savings and SusGlobal Energy Canada Corp. \(filed as Exhibit 10.5 to the Registrant's Form 10-Q filed with the SEC on November 14, 2017 and incorporated herein by reference\).](#)
- [10.15](#) [Business Loan Security Agreement between Pace Savings and SusGlobal Energy Canada I Ltd. \(filed as Exhibit 10.6 to the Registrant's Form 10-Q filed with the SEC on November 14, 2017 and incorporated herein by reference\).](#)

- [10.16](#) [Business Loan Security Agreement between Pace Savings and SusGlobal Energy Belleville Ltd. \(filed as Exhibit 10.7 to the Registrant's Form 10-Q filed with the SEC on November 14, 2017 and incorporated herein by reference\).](#)
- [10.17](#) [Loan Amending Agreement dated July 26, 2018, by and among SusGlobal Energy Corp., SusGlobal Energy Canada Corp., SusGlobal Energy Canada I Ltd., SusGlobal Energy Belleville Ltd. and Pace Savings & Credit Union Limited \(filed as Exhibit 10.45 to the Registrant's Form 10-Q filed with the SEC on November 13, 2018 and incorporated herein by reference\).](#)
- [10.18](#) [Loan Amending Agreement dated July 26, 2018, by and among SusGlobal Energy Corp., SusGlobal Energy Canada Corp., SusGlobal Energy Canada I Ltd., SusGlobal Energy Belleville Ltd. and Pace Savings & Credit Union Limited \(filed as Exhibit 10.46 to the Registrant's Form 10-Q filed with the SEC on November 13, 2018 and incorporated herein by reference\).](#)
- [10.19](#) [Loan Amending Agreement dated July 26, 2018, by and among SusGlobal Energy Corp., SusGlobal Energy Canada Corp., SusGlobal Energy Canada I Ltd., SusGlobal Energy Belleville Ltd., Haute, Inc., Marc H Hazout and Pace Savings & Credit Union Limited \(filed as Exhibit 10.47 to the Registrant's Form 10-Q filed with the SEC on November 13, 2018 and incorporated herein by reference\).](#)
- [10.20](#) [Loan Amending Agreement dated July 26, 2018, by and among SusGlobal Energy Corp., SusGlobal Energy Canada Corp., SusGlobal Energy Canada I Ltd., SusGlobal Energy Belleville Ltd., Haute, Inc., Marc H Hazout and Pace Savings & Credit Union Limited \(filed as Exhibit 10.48 to the Registrant's Form 10-Q filed with the SEC on November 13, 2018 and incorporated herein by reference\).](#)
- [10.21](#) [Loan Amending Agreement dated July 26, 2018, by and among SusGlobal Energy Corp., SusGlobal Energy Canada Corp., SusGlobal Energy Canada I Ltd., SusGlobal Energy Belleville Ltd., Haute, Inc., Marc H Hazout and Pace Savings & Credit Union Limited \(filed as Exhibit 10.49 to the Registrant's Form 10-Q filed with the SEC on November 13, 2018 and incorporated herein by reference\).](#)
- [10.22](#) [Form Securities Purchase Agreement dated January 28, 2019 \(filed as Exhibit 10.1 to the Registrant's Form 8-K filed with the SEC on February 8, 2019 and incorporated herein by reference\).](#)
- [10.23](#) [Form Securities Purchase Agreement dated March 7, 2019 \(filed as Exhibit 10.1 to the Registrant's Form 8-K filed with the SEC on March 15, 2019 and incorporated herein by reference\).](#)
- [10.24](#) [Loan/Mortgage Commitment between Table Rock Holdings Inc., 1916761 Ontario Limited and D&D Brannan Consultants Inc., \(the lenders\) and 1684567 Ontario Inc., and SusGlobal Energy Belleville Ltd. \(the borrowers\) and SusGlobal Energy Corp. \(the guarantor\).](#)

<u>10.25</u>	<u>General Security Agreement between Table Rock Holdings Inc., P.I.C.K.S. Inc., Canadian Western Trust Company, Giovanni and Assunta Paglia, Bob MacNelly and Shanna Young (the Secured Party), 1684567 Ontario Inc. (the Debtor) and Susglobal Energy Corp., (the Guarantor).</u>
<u>10.26</u>	<u>Amending Credit Agreement dated March 31, 2020, between Pace Savings & Credit Union Limited and SusGlobal Energy Corp., SusGlobal Energy Canada Corp., SusGlobal Energy Canada I Ltd. and SusGlobal Energy Belleville Ltd. (collectively, the borrowers).</u>
<u>10.27*</u>	<u>Executive Chairman Consulting Agreement between SusGlobal Energy Canada Corp., Travellers International Inc. and Marc Hazout.</u>
<u>10.28*</u>	<u>Executive Consulting Agreement between SusGlobal Energy Canada Corp., and Ike Makrimichalos.</u>
<u>10.29*</u>	<u>Form of Securities Purchase Agreement dated March 31, 2021.</u>
<u>14</u>	<u>Code of Ethics (filed as Exhibit 14.1 to the Registrant's Form 10-K filed with the SEC on April 1, 2019 and incorporated herein by reference).</u>
<u>21</u>	<u>Subsidiaries of the Registrant (filed as Exhibit 21.1 to the Registrant's Form 10-K filed with the SEC on April 16, 2018 and incorporated herein by reference).</u>
<u>31.1*</u>	<u>Certification by the Principal Executive Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).</u>
<u>31.2*</u>	<u>Certification by the Principal Financial Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).</u>
<u>32+</u>	<u>Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
<u>101.INS*</u>	<u>XBRL Instance Document</u>
<u>101.SCH*</u>	<u>XBRL Taxonomy Extension Schema Document</u>
<u>101.CAL*</u>	<u>XBRL Taxonomy Extension Calculation Linkbase Document</u>
<u>101.DEF*</u>	<u>XBRL Taxonomy Extension Definition Linkbase Document</u>
<u>101.LAB*</u>	<u>XBRL Taxonomy Extension Label Linkbase Document</u>
<u>101.PRE*</u>	<u>XBRL Taxonomy Extension Presentation Linkbase Document</u>

* Filed herewith.

** During the three months ended December 31, 2019, the Company issued a substantially similar 12% Convertible Promissory Note on October 18, 2019.

*** Management contract or compensatory plan or arrangement.

+ In accordance with SEC Release 33-8238, Exhibit 32 is being furnished and not filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUSGLOBAL ENERGY CORP.

April 15, 2021

By: /s/ Marc Hazout
Marc Hazout
Executive Chairman, President and Chief Executive Officer

April 15, 2021

By: /s/ Ike Makrimichalos
Ike Makrimichalos
Chief Financial Officer (Principal
Financial and Accounting Officer)

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Marc Hazout*</u> Marc Hazout	Chairman of the Board, President and Chief Executive Officer (principal executive officer) and Director	April 15, 2021
<u>/s/ Ike Makrimichalos</u> Ike Makrimichalos	Chief Financial Officer (principal financial and accounting officer)	April 15, 2021
<u>/s/ Ryan Duffy</u> Ryan Duffy	Director	April 15, 2021
<u>/s/ Andrea Calla</u> Andrea Calla	Director	April 15, 2021

**DESCRIPTION OF REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

Set forth below is the description of the common stock, par value \$0.0001 per share (the "Common Stock") of SusGlobal Energy Corp. ("we" or "our"). The following description summarizes the most important terms of these securities. This summary does not purport to be complete and is qualified in its entirety by the provisions of our Certificate of Incorporation (the "Certificate"), and our Bylaws, copies of which have been previously filed with the Securities and Exchange Commission and are incorporated by reference into the Annual Report on Form 10-K for the year ended December 31, 2020. You should refer to our Certificate, Bylaws and the applicable provisions of the Delaware General Corporation Law (the "DGCL"), for a complete description.

The Common Stock is the only class of our securities currently registered under Section 12 of the Securities Exchange Act of 1934. Our Common Stock is quoted on the OTCQB under the symbol "SNRG."

Authorized Common Stock

Our authorized Common Stock consists of 150,000,000 shares.

Dividend Rights

Subject to limitations under the DGCL and to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our Common Stock are entitled to receive dividends out of funds legally available if our Board of Directors, in its discretion, determines to declare and pay dividends and then only at the times and in the amounts that our Board of Directors may determine.

Voting Rights

Holders of our Common Stock are entitled to one vote for each share held on all matters properly submitted to a vote of stockholders on which holders of Common Stock are entitled to vote. We have not provided for cumulative voting for the election of directors in our Certificate. The directors are elected by a plurality of the outstanding shares entitled to vote on the election of directors. On all other matters the affirmative vote of a majority of the voting power of the shares present or represented by proxy at the meeting and entitled to vote on the subject matter constitutes the act of the stockholders, except as otherwise expressly provided by the Nevada Revised Statutes.

No Preemptive or Similar Rights

Our Common Stock is not entitled to preemptive rights, and is not subject to conversion, redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

If we become subject to a liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our Common Stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Transfer Agent and Registrar

Heritage U.S. Transfer Corp. is the transfer agent and registrar in respect of the common stock.

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

Principal Amount: \$275,000.00

Issue Date: March 31, 2021

Purchase Price: \$250,000.00

CONVERTIBLE PROMISSORY NOTE

FOR VALUE RECEIVED, SusGlobal Energy Corp., a Delaware corporation (hereinafter called the "Borrower"), hereby promises to pay to the order of, _____ a company, or registered assigns (the "Holder") the sum of \$275,000.00 together with any interest as set forth herein, on September 30, 2021 (the "Maturity Date"), and to pay interest on the unpaid principal balance hereof at the rate of ten percent (10%)(the "Interest Rate") per annum from the date hereof (the "Issue Date") until the same becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise. This Note may not be prepaid in whole or in part except as otherwise explicitly set forth herein. Any amount of principal or interest on this Note which is not paid when due shall bear interest at the rate of eighteen percent (18%) per annum from the due date thereof until the same is paid ("Default Interest"). Interest shall be computed on the basis of a 360 day year and the actual number of days elapsed. Interest shall commence accruing on the Issue Date but shall not be payable until the Note becomes payable (whether at Maturity Date or upon acceleration or by prepayment). All payments due hereunder (to the extent not converted into common stock, \$0.0001 par value per share (the "Common Stock") in accordance with the terms hereof) shall be made in lawful money of the United States of America. All payments shall be made at such address as the Holder shall hereafter give to the Borrower by written notice made in accordance with the provisions of this Note. Each capitalized term used herein, and not otherwise defined, shall have the meaning ascribed thereto in that certain Securities Purchase Agreement dated the date hereof, pursuant to which this Note was originally issued (the "Purchase Agreement").

This Note is free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Borrower and will not impose personal liability upon the holder thereof.

The following terms shall apply to this Note:

ARTICLE I. CONVERSION RIGHTS

1.1 Conversion Right. The Holder shall have the right from time to time, and at any time following the date of this Note and ending on the later of: (i) the Maturity Date and (ii) the date of payment of the Default Amount (as defined in Article III), each in respect of the remaining outstanding amount of this Note to convert all or any part of the outstanding and unpaid amount of this Note into fully paid and non-assessable shares of Common Stock, as such Common Stock exists on the Issue Date, or any shares of capital stock or other securities of the Borrower into which such Common Stock shall hereafter be changed or reclassified at the conversion price (the "Conversion Price") determined as provided herein (a "Conversion"); provided, however, that in no event shall the Holder be entitled to convert any portion of this Note in excess of that portion of this Note upon conversion of which the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the Notes or the unexercised or unconverted portion of any other security of the Borrower subject to a limitation on conversion or exercise analogous to the limitations contained herein) and (2) the number of shares of Common Stock issuable upon the conversion of the portion of this Note with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 4.99% of the outstanding shares of Common Stock. For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Regulations 13D-G thereunder, except as otherwise provided in clause (1) of such proviso. The beneficial ownership limitations on conversion as set forth in the section may NOT be waived by the Holder. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the Conversion Amount (as defined below) by the applicable Conversion Price then in effect on the date specified in the notice of conversion, in the form attached hereto as Exhibit A (the "Notice of Conversion"), delivered to the Borrower by the Holder in accordance with Section 1.4 below; provided that the Notice of Conversion is submitted by facsimile or e-mail (or by other means resulting in, or reasonably expected to result in, notice) to the Borrower before 6:00 p.m., New York, New York time on such conversion date (the "Conversion Date"); however, if the Notice of Conversion is sent after 6:00pm, New York, New York time the Conversion Date shall be the next business day. The term "Conversion Amount" means, with respect to any conversion of this Note, the sum of (1) the principal amount of this Note to be converted in such conversion plus (2) at the Holder's option, accrued and unpaid interest, if any, on such principal amount at the interest rates provided in this Note to the Conversion Date, plus (3) at the Holder's option, Default Interest, if any, on the amounts referred to in the immediately preceding clauses (1) and/or (2) plus (4) at the Holder's option, any amounts owed to the Holder pursuant to Sections 1.4 hereof.

1.2 Conversion Price. The conversion price (the "Conversion Price") (subject to equitable adjustments by the Borrower relating to the Borrower's securities or the securities of any subsidiary of the Borrower, combinations, recapitalization, reclassifications, events of default, extraordinary distributions and similar events) shall equal a fixed price of \$0.20 per share (the "Fixed Conversion Price"). The Borrower shall be responsible for the fees of its transfer agent and all DTC fees associated with any issuance. Holder shall be entitled to add \$750.00 to the conversion amount in each Notice of Conversion to cover Holder's deposit fees associated with such Notice of Conversion.

1.3 Authorized Shares. The Borrower covenants that during the period the conversion right exists, the Borrower will reserve from its authorized and unissued Common Stock a sufficient number of shares, free from preemptive rights, to provide for the issuance of Common Stock upon the full conversion of this Note issued pursuant to the Purchase Agreement. The Borrower is required at all times to have authorized and reserved six times the number of shares that would be issuable upon full conversion of the Note (assuming that the 4.99% limitation set forth in Section 1.1 is not in effect)(based on the respective Conversion Price of the Note (as defined in Section 1.2) in effect from time to time, initially 5,000,000) (the "Reserved Amount"). The Reserved Amount shall be increased (or decreased with the written consent of the Holder) from time to time in accordance with the Borrower's obligations hereunder. The Borrower represents that upon issuance, such shares will be duly and validly issued, fully paid and non-assessable. In addition, if the Borrower shall issue any securities or make any change to its capital structure which would change the number of shares of Common Stock into which the Notes shall be convertible at the then current Conversion Price, the Borrower shall at the same time make proper provision so that thereafter there shall be a sufficient number of shares of Common Stock authorized and reserved, free from preemptive rights, for conversion of the outstanding Note. The Borrower (i) acknowledges that it has irrevocably instructed its transfer agent to issue certificates for the Common Stock issuable upon conversion of this Note, and (ii) agrees that its issuance of this Note shall constitute full authority to its officers and agents who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for shares of Common Stock in accordance with the terms and conditions of this Note.

If, at any time the Borrower does not maintain the Reserved Amount it will be considered an Event of Default under Section 3.2 of the Note.

1.4 Method of Conversion.

(a) Mechanics of Conversion. As set forth in Section 1.1 hereof, from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the date of this Note and ending on the later of: (i) the Maturity Date and (ii) the date of payment of the Default Amount, this Note may be converted by the Holder in whole or in part at any time from time to time after the Issue Date, by (A) submitting to the Borrower a Notice of Conversion (by facsimile, e-mail or other reasonable means of communication dispatched on the Conversion Date prior to 6:00 p.m., New York, New York time) and (B) subject to Section 1.4(b), surrendering this Note at the principal office of the Borrower (upon payment in full of any amounts owed hereunder).

(b) Surrender of Note Upon Conversion. Notwithstanding anything to the contrary set forth herein, upon conversion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Borrower unless the entire unpaid principal amount of this Note is so converted. The Holder and the Borrower shall maintain records showing the principal amount so converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Borrower, so as not to require physical surrender of this Note upon each such conversion.

(c) Delivery of Common Stock Upon Conversion. Upon receipt by the Borrower from the Holder of a facsimile transmission or e-mail (or other reasonable means of communication) of a Notice of Conversion meeting the requirements for conversion as provided in this Section 1.4, the Borrower shall issue and deliver or cause to be issued and delivered to or upon the order of the Holder certificates for the Common Stock issuable upon such conversion within two (2) business days after such receipt (the "Deadline") (and, solely in the case of conversion of the entire unpaid principal amount hereof, surrender of this Note) in accordance with the terms hereof and the Purchase Agreement. Upon receipt by the Borrower of a Notice of Conversion, the Holder shall be deemed to be the holder of record of the Common Stock issuable upon such conversion, the outstanding principal amount and the amount of accrued and unpaid interest on this Note shall be reduced to reflect such conversion, and, unless the Borrower defaults on its obligations hereunder, all rights with respect to the portion of this Note being so converted shall forthwith terminate except the right to receive the Common Stock or other securities, cash or other assets, as herein provided, on such conversion. If the Holder shall have given a Notice of Conversion as provided herein, the Borrower's obligation to issue and deliver the certificates for Common Stock shall be absolute and unconditional, irrespective of the absence of any action by the Holder to enforce the same, any waiver or consent with respect to any provision thereof, the recovery of any judgment against any person or any action to enforce the same, any failure or delay in the enforcement of any other obligation of the Borrower to the holder of record, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder of any obligation to the Borrower, and irrespective of any other circumstance which might otherwise limit such obligation of the Borrower to the Holder in connection with such conversion.

(d) Delivery of Common Stock by Electronic Transfer. In lieu of delivering physical certificates representing the Common Stock issuable upon conversion, provided the Borrower is participating in the Depository Trust Company ("DTC") Fast Automated Securities Transfer ("FAST") program, upon request of the Holder and its compliance with the provisions set forth herein, the Borrower shall use its best efforts to cause its transfer agent to electronically transmit the Common Stock issuable upon conversion to the Holder by crediting the account of Holder's Prime Broker with DTC through its Deposit and Withdrawal at Custodian ("DWAC") system.

(e) Failure to Deliver Common Stock Prior to Deadline Without in any way limiting the Holder's right to pursue other remedies, including actual damages and/or equitable relief, the parties agree that if delivery of the Common Stock issuable upon conversion of this Note is not delivered by the Deadline due to action and/or inaction of the Borrower, the Borrower shall pay to the Holder \$2,000 per day in cash, for each day beyond the Deadline that the Borrower fails to deliver such Common Stock (the "Fail to Deliver Fee"); provided; however that the Fail to Deliver Fee shall not be due if the failure is a result of a third party (i.e., transfer agent; and not the result of any failure to pay such transfer agent) despite the best efforts of the Borrower to effect delivery of such Common Stock. Such cash amount shall be paid to Holder by the fifth day of the month following the month in which it has accrued or, at the option of the Holder (by written notice to the Borrower by the first day of the month following the month in which it has accrued), shall be added to the principal amount of this Note, in which event interest shall accrue thereon in accordance with the terms of this Note and such additional principal amount shall be convertible into Common Stock in accordance with the terms of this Note. The Borrower agrees that the right to convert is a valuable right to the Holder. The damages resulting from a failure, attempt to frustrate, interference with such conversion right are difficult if not impossible to qualify. Accordingly, the parties acknowledge that the liquidated damages provision contained in this Section 1.4(e) are justified.

1.5 Concerning the Shares. The shares of Common Stock issuable upon conversion of this Note may not be sold or transferred unless: (i) such shares are sold pursuant to an effective registration statement under the Act or (ii) the Borrower or its transfer agent shall have been furnished with an opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that the shares to be sold or transferred may be sold or transferred pursuant to an exemption from such registration (such as Rule 144 or a successor rule) ("Rule 144"); or (iii) such shares are transferred to an "affiliate" (as defined in Rule 144) of the Borrower who agrees to sell or otherwise transfer the shares only in accordance with this Section 1.5 and who is an Accredited Investor (as defined in the Purchase Agreement).

Any restrictive legend on certificates representing shares of Common Stock issuable upon conversion of this Note shall be removed and the Borrower shall issue to the Holder a new certificate therefore free of any transfer legend if the Borrower or its transfer agent shall have received an opinion of counsel from Holder's counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that (i) a public sale or transfer of such Common Stock may be made without registration under the Act, which opinion shall be accepted by the Company so that the sale or transfer is effected; or (ii) in the case of the Common Stock issuable upon conversion of this Note, such security is registered for sale by the Holder under an effective registration statement filed under the Act; or otherwise may be sold pursuant to an exemption from registration. In the event that the Company does not reasonably accept the opinion of counsel provided by the Holder with respect to the transfer of Securities pursuant to an exemption from registration (such as Rule 144), at the Deadline, it will be considered an Event of Default pursuant to Section 3.2 of the Note.

1.6 Effect of Certain Events.

(a) Effect of Merger, Consolidation, Etc. At the option of the Holder, the sale, conveyance or disposition of all or substantially all of the assets of the Borrower, the effectuation by the Borrower of a transaction or series of related transactions in which more than 50% of the voting power of the Borrower is disposed of, or the consolidation, merger or other business combination of the Borrower with or into any other Person (as defined below) or Persons when the Borrower is not the survivor shall be deemed to be an Event of Default (as defined in Article III) pursuant to which the Borrower shall be required to pay to the Holder upon the consummation of and as a condition to such transaction an amount equal to the Default Amount (as defined in Article III). "Person" shall mean any individual, corporation, limited liability company, partnership, association, trust or other entity or organization.

(b) Adjustment Due to Merger, Consolidation, Etc If, at any time when this Note is issued and outstanding and prior to conversion of all of the Note, there shall be any merger, consolidation, exchange of shares, recapitalization, reorganization, or other similar event, as a result of which shares of Common Stock of the Borrower shall be changed into the same or a different number of shares of another class or classes of stock or securities of the Borrower or another entity, or in case of any sale or conveyance of all or substantially all of the assets of the Borrower other than in connection with a plan of complete liquidation of the Borrower, then the Holder of this Note shall thereafter have the right to receive upon conversion of this Note, upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock immediately theretofore issuable upon conversion, such stock, securities or assets which the Holder would have been entitled to receive in such transaction had this Note been converted in full immediately prior to such transaction (without regard to any limitations on conversion set forth herein), and in any such case appropriate provisions shall be made with respect to the rights and interests of the Holder of this Note to the end that the provisions hereof (including, without limitation, provisions for adjustment of the Conversion Price and of the number of shares issuable upon conversion of the Note) shall thereafter be applicable, as nearly as may be practicable in relation to any securities or assets thereafter deliverable upon the conversion hereof. The Borrower shall not affect any transaction described in this Section 1.6(b) unless (a) it first gives, to the extent practicable, ten (10) days prior written notice (but in any event at least five (5) days prior written notice) of the record date of the special meeting of shareholders to approve, or if there is no such record date, the consummation of, such merger, consolidation, exchange of shares, recapitalization, reorganization or other similar event or sale of assets (during which time the Holder shall be entitled to convert this Note) and (b) the resulting successor or acquiring entity (if not the Borrower) assumes by written instrument the obligations of this Note. The above provisions shall similarly apply to successive consolidations, mergers, sales, transfers or share exchanges.

(c) Adjustment Due to Distribution If the Borrower shall declare or make any distribution of its assets (or rights to acquire its assets) to holders of Common Stock as a dividend, stock repurchase, by way of return of capital or otherwise (including any dividend or distribution to the Borrower's shareholders in cash or shares (or rights to acquire shares) of capital stock of a subsidiary (i.e., a spin-off)) (a "Distribution"), then the Holder of this Note shall be entitled, upon any conversion of this Note after the date of record for determining shareholders entitled to such Distribution, to receive the amount of such assets which would have been payable to the Holder with respect to the shares of Common Stock issuable upon such conversion had such Holder been the holder of such shares of Common Stock on the record date for the determination of shareholders entitled to such Distribution.

(d) Adjustment Due to Dilutive Issuance If, at any time when this Note is issued and outstanding, the Holder issues or sells, or in accordance with this Section 11 hereof is deemed to have issued or sold, except for shares of Common Stock issued directly to vendors or suppliers of the Borrower in satisfaction of amounts owed to such vendors or suppliers (provided, however, that such vendors or suppliers shall not have an arrangement to transfer, sell or assign such shares of Common Stock prior to the issuance of such shares), any shares of Common Stock for no consideration or for a consideration per share (before deduction of reasonable expenses or commissions or underwriting discounts or allowances in connection therewith) less than the Conversion Price in effect on the date of such issuance (or deemed issuance) of such shares of Common Stock (a "Dilutive Issuance"), then immediately upon the Dilutive Issuance, the Conversion Price will be reduced to the amount of the consideration per share received by the Borrower in such Dilutive Issuance.

The Borrower shall be deemed to have issued or sold shares of Common Stock if the Borrower in any manner issues or grants any warrants, rights or options (not including employee stock option plans), whether or not immediately exercisable, to subscribe for or to purchase Common Stock or other securities convertible into or exchangeable for Common Stock ("Convertible Securities") (such warrants, rights and options to purchase Common Stock or Convertible Securities are hereinafter referred to as "Options") and the price per share for which Common Stock is issuable upon the exercise of such Options is less than the Conversion Price then in effect, then the Conversion Price shall be equal to such price per share. For purposes of the preceding sentence, the "price per share for which Common Stock is issuable upon the exercise of such Options" is determined by dividing (i) the total amount, if any, received or receivable by the Borrower as consideration for the issuance or granting of all such Options, plus the minimum aggregate amount of additional consideration, if any, payable to the Borrower upon the exercise of all such Options, plus, in the case of Convertible Securities issuable upon the exercise of such Options, the minimum aggregate amount of additional consideration payable upon the conversion or exchange thereof at the time such Convertible Securities first become convertible or exchangeable, by (ii) the maximum total number of shares of Common Stock issuable upon the exercise of all such Options (assuming full conversion of Convertible Securities, if applicable). No further adjustment to the Conversion Price will be made upon the actual issuance of such Common Stock upon the exercise of such Options or upon the conversion or exchange of Convertible Securities issuable upon exercise of such Options.

Additionally, the Borrower shall be deemed to have issued or sold shares of Common Stock if the Borrower in any manner issues or sells any Convertible Securities, whether or not immediately convertible (other than where the same are issuable upon the exercise of Options), and the price per share for which Common Stock is issuable upon such conversion or exchange is less than the Conversion Price then in effect, then the Conversion Price shall be equal to such price per share. For the purposes of the preceding sentence, the "price per share for which Common Stock is issuable upon such conversion or exchange" is determined by dividing (i) the total amount, if any, received or receivable by the Borrower as consideration for the issuance or sale of all such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Borrower upon the conversion or exchange thereof at the time such Convertible Securities first become convertible or exchangeable, by (ii) the maximum total number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities. No further adjustment to the Conversion Price will be made upon the actual issuance of such Common Stock upon conversion or exchange of such Convertible Securities.

(e) Notice of Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price as a result of the events described in this Section 1.6, the Borrower, at its expense, shall promptly compute such adjustment or readjustment and prepare and furnish to the Holder a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Borrower shall, upon the written request at any time of the Holder, furnish to such Holder a like certificate setting forth such adjustment or readjustment, (ii) the Conversion Price at the time in effect and (iii) the number of shares of Common Stock and the amount, if any, of other securities or property which at the time would be received upon conversion of the Note.

1.7 Prepayment. Notwithstanding anything to the contrary contained in this Note, at any time during the periods set forth on the table immediately following this paragraph (the "Prepayment Periods"), the Borrower shall have the right, exercisable on not more than three (3) Trading Days (as defined below) prior written notice to the Holder of the Note to prepay the outstanding Note (principal and accrued interest), in full, in accordance with this Section 1.7. Any notice of prepayment hereunder (an "Optional Prepayment Notice") shall be delivered to the Holder of the Note at its registered addresses and shall state: (1) that the Borrower is exercising its right to prepay the Note, and (2) the date of prepayment which shall be not more than three (3) Trading Days from the date of the Optional Prepayment Notice. On the date fixed for prepayment (the "Optional Prepayment Date"), the Borrower shall make payment of the Optional Prepayment Amount (as defined below) to Holder, or upon the direction of the Holder as specified by the Holder in a writing to the Borrower (which direction shall to be sent to Borrower by the Holder at least one (1) business day prior to the Optional Prepayment Date). If the Borrower exercises its right to prepay the Note, the Borrower shall make payment to the Holder of an amount in cash equal to the percentage ("Prepayment Percentage") as set forth in the table immediately following this paragraph opposite the applicable Prepayment Period, multiplied by the sum of: (w) the then outstanding principal amount of this Note plus (x) accrued and unpaid interest on the unpaid principal amount of this Note to the Optional Prepayment Date plus (y) Default Interest, if any, on the amounts referred to in clauses (w) and (x) plus (z) any amounts owed to the Holder pursuant to Section 1.4 hereof (the "Optional Prepayment Amount"). If the Borrower delivers an Optional Prepayment Notice and fails to pay the Optional Prepayment Amount due to the Holder of the Note within two (2) business days following the Optional Prepayment Date, the Borrower shall forever forfeit its right to prepay the Note pursuant to this Section 1.7. "Trading Day" shall mean any day on which the Common Stock is tradable for any period on the OTC, or on the principal securities exchange or other securities market on which the Common Stock is then being traded.

<u>Prepayment Period</u>	<u>Prepayment Percentage</u>
1. The period beginning on the Issue Date and ending on the date which is one hundred eighty (180) calendar days following the Issue Date.	120%

After the expiration of one hundred eighty (180) days following the Issue Date, the Borrower shall have no right of prepayment.

ARTICLE II. CERTAIN COVENANTS

2.1 Sale of Assets. So long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, sell, lease or otherwise dispose of any significant portion of its assets outside the ordinary course of business. Any consent to the disposition of any assets may be conditioned on a specified use of the proceeds of disposition.

2.2 Variable Security Blocker. The Borrower shall not enter into a similar type financing transaction (e.g. convertible promissory note) with, or issue a Variable Security (as defined herein) to, any party other than the Holder while this Note is outstanding without written approval from the Holder. A Variable Security shall mean any security issued by the Borrower that (i) has or may have conversion rights of any kind, contingent, conditional or otherwise in which the number of shares that may be issued pursuant to such conversion right varies with the market price of the common stock; (ii) is or may become convertible into common stock (including without limitation convertible debt, warrants or convertible preferred stock), with a conversion or exercise price that varies with the market price of the common stock, even if such security only becomes convertible or exercisable following an event of default, the passage of time, or another trigger event or condition; or (iii) was issued or may be issued in the future in exchange for or in connection with any contract, security, or instrument, whether convertible or not, where the number of shares of common stock issued or to be issued is based upon or related in any way to the market price of the common stock, including, but not limited to, common stock issued in connection with a Section 3(a)(9) exchange, a Section 3(a)(10) settlement, or any other similar settlement or exchange. The Borrower agrees that this is a material term of the Note and any breach of this Section 2.2 will result in an Event of Default under Section 3.3 of this Note.

2.3 Right of First Refusal. Unless it shall have first delivered to the Buyer, at least seventy two (72) hours prior to the closing of such Future Offering (as defined herein), written notice describing the proposed Future Offering, including the terms and conditions thereof, and providing the Buyer an option during the seventy two (72) hour period following delivery of such notice to purchase the securities being offered in the Future Offering on the same terms as contemplated by such Future Offering (the limitations referred to in this sentence and the preceding sentence are collectively referred to as the "Right of First Refusal") (and subject to the exceptions described below), the Company will not conduct any equity financing (including debt with an equity component) ("Future Offerings") during the period beginning on the Closing Date and ending twelve (12) months following the Closing Date. In the event the terms and conditions of a proposed Future Offering are amended in any respect after delivery of the notice to the Buyer concerning the proposed Future Offering, the Company shall deliver a new notice to the Buyer describing the amended terms and conditions of the proposed Future Offering and the Buyer thereafter shall have an option during the seventy two (72) hour period following delivery of such new notice to purchase its pro rata share of the securities being offered on the same terms as contemplated by such proposed Future Offering, as amended. The foregoing sentence shall apply to successive amendments to the terms and conditions of any proposed Future Offering. The Right of First Refusal shall not apply to any transaction involving (i) issuances of securities in a firm commitment underwritten public offering (excluding a continuous offering pursuant to Rule 415 under the 1933 Act), (ii) issuances to employees, officers, directors, contractors, consultants or other advisors approved by the Board, (iii) issuances to strategic partners or other parties in connection with a commercial relationship, or providing the Company with equipment leases, real property leases or similar transactions approved by the Board (iv) issuances of securities as consideration for a merger, consolidation or purchase of assets, or in connection with any strategic partnership or joint venture (the primary purpose of which is not to raise equity capital), or in connection with the disposition or acquisition of a business, product or license by the Company. The Right of First Refusal also shall not apply to the issuance of securities upon exercise or conversion of the Company's options, warrants or other convertible securities outstanding as of the date hereof or to the grant of additional options or warrants, or the issuance of additional securities, under any Company stock option or restricted stock plan approved by the shareholders of the Company.

ARTICLE III. EVENTS OF DEFAULT

If any of the following events of default (each, an "Event of Default") shall occur:

3.1 Failure to Pay Principal and Interest. The Borrower fails to pay the principal hereof or interest thereon when due on this Note, whether at maturity or upon acceleration and such breach continues for a period of five (5) days after written notice from the Holder.

3.2 Conversion and the Shares. The Borrower fails to issue shares of Common Stock to the Holder (or announces or threatens in writing that it will not honor its obligation to do so) upon exercise by the Holder of the conversion rights of the Holder in accordance with the terms of this Note, fails to transfer or cause its transfer agent to transfer (issue) (electronically or in certificated form) any certificate for shares of Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, the Borrower directs its transfer agent not to transfer or delays, impairs, and/or hinders its transfer agent in transferring (or issuing) (electronically or in certificated form) any certificate for shares of Common Stock to be issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, or fails to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any certificate for any shares of Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note (or makes any written announcement, statement or threat that it does not intend to honor the obligations described in this paragraph) and any such failure shall continue uncured (or any written announcement, statement or threat not to honor its obligations shall not be rescinded in writing) for two (2) business days after the Holder shall have delivered a Notice of Conversion. It is an obligation of the Borrower to remain current in its obligations to its transfer agent. It shall be an event of default of this Note, if a conversion of this Note is delayed, hindered or frustrated due to a balance owed by the Borrower to its transfer agent. If at the option of the Holder, the Holder advances any funds to the Borrower's transfer agent in order to process a conversion, such advanced funds shall be paid by the Borrower to the Holder within forty-eight (48) hours of a demand from the Holder.

3.3 Breach of Covenants. The Borrower breaches any material covenant or other material term or condition contained in this Note and any collateral documents including but not limited to the Purchase Agreement.

3.4 Breach of Representations and Warranties. Any representation or warranty of the Borrower made herein or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith (including, without limitation, the Purchase Agreement), shall be false or misleading in any material respect when made and the breach of which has (or with the passage of time will have) a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.5 Receiver or Trustee. The Borrower or any subsidiary of the Borrower shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business, or such a receiver or trustee shall otherwise be appointed.

3.6 Bankruptcy. Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Borrower or any subsidiary of the Borrower.

3.7 Delisting of Common Stock, Caveat Emptor. The Borrower shall fail to maintain the listing of the Common Stock on at least one of the OTC (which specifically includes the quotation platforms maintained by the OTC Markets Group) or an equivalent replacement exchange, the Nasdaq National Market, the Nasdaq SmallCap Market, the New York Stock Exchange, or the American Stock Exchange, or the Borrower stock shall have a caveat emptor or skull and bones designation by OTC Markets.

3.8 Failure to Comply with the Exchange Act. The Borrower shall fail to comply with the reporting requirements of the Exchange Act; and/or the Borrower shall cease to be subject to the reporting requirements of the Exchange Act.

3.9 Liquidation. Any dissolution, liquidation, or winding up of Borrower or any substantial portion of its business.

3.10 Cessation of Operations. Any cessation of operations by Borrower or Borrower admits it is otherwise generally unable to pay its debts as such debts become due, provided, however, that any disclosure of the Borrower's ability to continue as a "going concern" shall not be an admission that the Borrower cannot pay its debts as they become due.

3.11 Financial Statement Restatement. The restatement of any financial statements filed by the Borrower with the SEC at any time after 180 days after the Issuance Date for any date or period until this Note is no longer outstanding, if the result of such restatement would, by comparison to the un-restated financial statement, have constituted a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.12 Replacement of Transfer Agent. In the event that the Borrower proposes to replace its transfer agent, the Borrower fails to provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to the Purchase Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount) signed by the successor transfer agent to Borrower and the Borrower.

3.13 Cross-Default. Notwithstanding anything to the contrary contained in this Note or the other related or companion documents, a breach or default by the Borrower of any covenant or other term or condition contained in any of the Other Agreements, after the passage of all applicable notice and cure or grace periods, shall, at the option of the Holder, be considered a default under this Note and the Other Agreements, in which event the Holder shall be entitled (but in no event required) to apply all rights and remedies of the Holder under the terms of this Note and the Other Agreements by reason of a default under said Other Agreement or hereunder. "Other Agreements" means, collectively, all agreements and instruments between, among or by: (1) the Borrower, and, or for the benefit of, (2) the Holder and any affiliate of the Holder, including, without limitation, promissory notes; provided, however, the term "Other Agreements" shall not include the related or companion documents to this Note. Each of the loan transactions will be cross-defaulted with each other loan transaction and with all other existing and future debt of Borrower to the Holder.

3.14 Unavailability of Rule 144. If, at any time on or after the date which is six (6) months after the Issue Date, the Holder is unable to (i) obtain a standard "144 legal opinion letter" from an attorney reasonably acceptable to the Holder, the Holder's brokerage firm (and respective clearing firm), and the Borrower's transfer agent in order to facilitate the Holder's conversion of any portion of the Note into free trading shares of the Borrower's Common Stock pursuant to Rule 144, and (ii) thereupon deposit such shares into the Holder's brokerage account.

Upon the occurrence of any Event of Default specified in Sections 3.1, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12, and/or 3.13 exercisable through the delivery of written notice to the Borrower by such Holder (the "Default Notice"), the Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount equal to (i) 150% (except with respect to SECTION 3.2, AND/OR 3.14, in which case 150% shall be replaced with 200%) times the sum of (w) the then outstanding principal amount of this Note plus (x) accrued and unpaid interest on the unpaid principal amount of this Note to the date of payment (the "Mandatory Prepayment Date") plus (y) Default Interest, if any, on the amounts referred to in clauses (w) and/or (x) plus (z) any other amounts owed to the Holder pursuant to the terms hereof (the then outstanding principal amount of this Note to the date of payment plus the amounts referred to in clauses (x), (y) and (z) shall collectively be known as the "Default Sum") or (ii) at the option of the Holder, the "parity value" of the Default Sum to be prepaid, where parity value means (a) the highest number of shares of Common Stock issuable upon conversion of or otherwise pursuant to such Default Sum in accordance with Article I, treating the Trading Day immediately preceding the Mandatory Prepayment Date as the "Conversion Date" for purposes of determining the lowest applicable Conversion Price, unless the Default Event arises as a result of a breach in respect of a specific Conversion Date in which case such Conversion Date shall be the Conversion Date), multiplied by (b) the highest Trading Price for the Common Stock during the period beginning on the date of first occurrence of the Event of Default and ending one day prior to the Mandatory Prepayment Date (the "Default Amount") and all other amounts payable hereunder shall immediately become due and payable, all without demand, presentment or notice, all of which hereby are expressly waived, together with all costs, including, without limitation, legal fees and expenses, of collection, and the Holder shall be entitled to exercise all other rights and remedies available at law or in equity. Further, if a breach of Sections 3.9, 3.10 and/or 3.14 occurs or is continuing after the six (6) month anniversary of this Note, then the principal amount of the Note shall increase by Fifteen Thousand and No/100 United States Dollars (\$15,000) (under Holder's and Borrower's expectation that any principal amount increase will tack back to the Issue Date) and the Holder shall be entitled to use the lowest Trading Price during the delinquency period as the Fixed Conversion Price (at the option of the Holder), subject to adjustment as provided in this Note. For example, if the lowest Trading Price during the delinquency period is \$0.15 per share then the Holder may elect to convert future conversions at \$0.15 per share.

The Holder shall have the right at any time, to require the Borrower to immediately issue, in lieu of the Default Amount, the number of shares of Common Stock of the Borrower equal to the Default Amount divided by the Conversion Price then in effect, subject to the terms of this Note. This requirement by the Borrower shall automatically apply upon the occurrence of an Event of Default without the need for any party to give any notice or take any other action.

If the Holder shall commence an action or proceeding to enforce any provisions of this Note, including, without limitation, engaging an attorney, then if the Holder prevails in such action, the Holder shall be reimbursed by the Borrower for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

ARTICLE IV. MISCELLANEOUS

4.1 Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

4.2 Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, e-mail, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Borrower, to:

SusGlobal Energy Corp.
200 Davenport Road
Toronto, ONT M5R 1J2
Canada

If to the Holder:

4.3 Amendments. This Note and any provision hereof may only be amended by an instrument in writing signed by the Borrower and the Holder. The term "Note" and all reference thereto, as used throughout this instrument, shall mean this instrument (and the other Notes issued pursuant to the Purchase Agreement) as originally executed, or if later amended or supplemented, then as so amended or supplemented.

4.4 Most Favored Nation. During the period where any monies are owed to the Holder pursuant to this Note, if the Borrower engages in any future financing transactions with a third party investor, the Borrower will provide the Holder with written notice (the "MFN Notice") thereof promptly but in no event less than 10 days prior to closing any financing transactions. Included with the MFN Notice shall be a copy of all documentation relating to such financing transaction and shall include, upon written request of the Holder, any additional information related to such subsequent investment as may be reasonably requested by the Holder. In the event the Holder determines that the terms of the subsequent investment are preferable to the terms of the securities of the Borrower issued to the Holder pursuant to the terms of the Purchase Agreement, the Holder will notify the Borrower in writing. Promptly after receipt of such written notice from the Holder, the Borrower agrees to amend and restate the Securities (which may include the conversion terms of this Note), to be identical to the instruments evidencing the subsequent investment. Notwithstanding the foregoing, this Section 4.4 shall not apply in respect of (i) an Exempt Issuance, or (ii) an underwritten public offering of Common Stock. "**Exempt Issuance**" means the issuance of: (a) shares of Common Stock or options to employees, officers, consultants, advisors or directors of the Borrower pursuant to any stock or option plan duly adopted for such purpose by a majority of the members of the Board of Directors or a majority of the members of a committee of directors established for such purpose, (b) securities upon the exercise or exchange of or conversion of this Note and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date hereof, and (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Borrower, provided that any such issuance shall only be to a Person which is, itself or through its subsidiaries, an operating company in a business synergistic with the business of the Borrower and in which the Borrower receives benefits in addition to the investment of funds, but shall not include a transaction in which the Borrower is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities.

4.5 Assignability. This Note shall be binding upon the Borrower and its successors and assigns, and shall inure to be the benefit of the Holder and its successors and assigns. Each transferee of this Note must be an "accredited investor" (as defined in Rule 501(a) of the Securities and Exchange Commission). Notwithstanding anything in this Note to the contrary, this Note may be pledged as collateral in connection with a bona fide margin account or other lending arrangement; and may be assigned by the Holder without the consent of the Borrower.

4.6 Cost of Collection. If default is made in the payment of this Note, the Borrower shall pay the Holder hereof costs of collection, including reasonable attorneys' fees.

4.7 Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of Nevada without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Note shall be brought only in the state courts of New York or in the federal courts located in the Eastern District of New York. The parties to this Note hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. The Borrower and Holder waive trial by jury. The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Note or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Note, any agreement or any other document delivered in connection with this Note by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

4.8 Purchase Agreement. By its acceptance of this Note, each party agrees to be bound by the applicable terms of the Purchase Agreement.

4.9 Remedies. The Borrower acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder, by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Borrower acknowledges that the remedy at law for a breach of its obligations under this Note will be inadequate and agrees, in the event of a breach or threatened breach by the Borrower of the provisions of this Note, that the Holder shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Note and to enforce specifically the terms and provisions thereof, without the necessity of showing economic loss and without any bond or other security being required.

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by its duly authorized officer this on March 31, 2021

SUSGLOBAL ENERGY CORP.

By: _____

Name: Marc Hazout

Title: Chief Executive Officer

EXHIBIT A -- NOTICE OF CONVERSION

The undersigned hereby elects to convert \$ _____ principal amount of the Note (defined below) into that number of shares of Common Stock to be issued pursuant to the conversion of the Note ("Common Stock") as set forth below, of SusGlobal Energy Corp., a Delaware corporation (the "Borrower") according to the conditions of the convertible note of the Borrower dated as of March 31, 2021 (the "Note"), as of the date written below. No fee will be charged to the Holder for any conversion, except for transfer taxes, if any.

Box Checked as to applicable instructions:

- [] The Borrower shall electronically transmit the Common Stock issuable pursuant to this Notice of Conversion to the account of the undersigned or its nominee with DTC through its Deposit Withdrawal Agent Commission system ("DWAC Transfer").

Name of DTC Prime Broker:
Account Number:

- [] The undersigned hereby requests that the Borrower issue a certificate or certificates for the number of shares of Common Stock set forth below (which numbers are based on the Holder's calculation attached hereto) in the name(s) specified immediately below or, if additional space is necessary, on an attachment hereto:

[Insert Name and Address of Holder Here]

Date of conversion: _____
Applicable Conversion Price: \$ _____
Number of shares of common stock to be issued
pursuant to conversion of the Notes: _____
Amount of Principal Balance due remaining
under the Note after this conversion: _____

By: _____
Name:
Title:
Date:

**EXECUTIVE CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER
CONSULTING AGREEMENT**

THIS CONSULTING SERVICES AGREEMENT made as of the 1st day of January 2021

Between

SUSGLOBAL ENERGY CORP.

a company incorporated under the Laws of Delaware (the "Company")

and

SUSGLOBAL ENERGY CANADA CORP.

a company incorporated under the Laws of Canada (the "Company")

and

TRAVELLERS INTERNATIONAL INC.

a company incorporated under the Laws of Ontario (the "Contractor")

and

MARC HAZOUT

an individual (the "Contractor")

IN CONSIDERATION of the mutual agreements herein contained and of other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties agree with one another as follows:

- 1. Definitions.** Capitalized terms and expressions not otherwise defined herein have the meanings to them in Schedule A.
- 2. Engagement.** The Company hereby engages the Contractor to provide the services (the "Services") of Executive Chairman ("Chairman"), President ("President") and Chief Executive Officer ("CEO") of the Company.
- 3. Modification of Duties.** Subject to Section 10(c), the scope of the Contractor's duties may be changed from time to time by the Board of Directors of the Company without thereby terminating this Agreement. If so changed, the Contractor's engagement with the Company shall be construed continuing under this Agreement, as modified in accordance with such determination by the Board of Directors.
- 4. Independent Contractor.** The Contractor shall be an independent contractor and not a servant, employee or agent of the Company. The Company may from time to time give any instructions to the Contractor it considers necessary in connection with the provision of Services but the Contractor shall not be subject to the control of the Company in respect of the manner in

which such instructions are carried out. The Contractor will perform his services from the location of the Company office and where required, attend meetings and conference calls from other locations, as required.

5. Compliance with Laws. The Contractor shall comply with all applicable laws, rules and regulations and shall pay any and all taxes, (including the Harmonized Sales Tax (“HST”) and the Canada pension plan contributions), that it is subject to, as well as compliance with other contributions and assessments, including those under any applicable workers compensation legislation, and any other statutorily prescribed payment or assessment of any nature that are payable by virtue of the independent contractor relationship between the Contractor, its personnel if any, and the Company.

6. Contractor's Key Contractor. The Contractor’s position is a key position in the Company, and the Contractor shall provide the Services diligently and faithfully and devote his time, attention and energy to the performance of the duties of the Contractor under this Agreement with the degree of care, skill and expertise as is the industry standard and in accordance with applicable laws.

7. Non-exclusivity of Services. The Company acknowledges that the Contractor may, from time to time, provide services to other persons, firms and companies during the term of this Agreement, but the Contractor shall not provide such services if the ability of the Contractor to provide such Services is hereby materially diminished or impaired. Except as expressly provided in this Agreement, the Contractor shall have the right independently to engage in and receive full benefits from business activities, providing such activities are not competitive with the Company’s activities. In the event a conflict of interest arises, the Contractor agrees to inform the Company as soon as possible and the Company and the Contractor agree to use their best efforts to come to a mutually agreeable solution to the situation.

8. Duration and Term of Engagement

The engagement of the Contractor with the Company is for a term (the “Term”) of 24 months beginning on the Effective Date, as hereinafter defined.

9. Fee for Services

(a) **Flat Fee.** Effective January 1, 2021 (the “Effective Date”), the Company will pay the Contractor a basic fee (the “Fee”) of \$30,000.00 per month for 12 months, plus the applicable HST payable monthly, on the 30th of each month and upon presentation of an invoice. Effective January 1, 2022 the Company will pay the Contractor a basic fee of \$40,000.00 per month for 12 months plus the applicable HST payable monthly, on the 30th of each month and upon presentation of an invoice. Final settlement for the month will be billed and payable at the end of each month.

(b) Disbursements

In addition to the Fees, noted above, the Company will reimburse the Contractor for actual out-of-pocket expenses incurred at the specific direction of or with the pre-authorization of the

Company provided the Company is invoiced on a timely basis for such expenses with photo scans of proper receipts.

(c) Other Fees and Compensation

In addition to all fees noted above, the Contractor will be awarded 1,000,000 Restricted Common Shares (the "Shares") on the Effective Date, as hereinafter defined and 1,000,000 Restricted Common Shares on January 1, 2022.

10. Termination

(a) Termination for Cause, Death or Disability. If the Contractor's engagement under this Agreement is terminated:

(i) for Cause;

(ii) by reason of the Contractor's death or Disability; or

(iii) by reason of the voluntary resignation of the Contractor as the Executive Chairman, President and CEO of the Company, the Contractor shall be entitled to the Fee pro-rata through the date of termination.

(b) Termination without Cause

If the Company terminates the engagement of the Contractor without Cause, the Contractor shall be entitled to prompt (within 10 business days of the termination) cash payments equal to 12 months Fees and any bonus compensation owing.

(c) Constructive Discharge

A Constructive Discharge shall be treated for all purposes of this Agreement as a termination by the Company without Cause. Notwithstanding any other provision of this Agreement, a Constructive Discharge shall be deemed to have occurred if:

(i) the Contractor gives the Company written notice specifically identifying circumstances considered by the Contractor to constitute Good Reason, within a reasonable time after acquiring knowledge of circumstances constituting Good Reason.

(ii) the Company fails to correct the circumstances within 15 days after such notice; and

(iii) the Contractor resigns within ninety days after the date of delivery of the notice.

11. Return of Company Property

If, on the date of termination of this Agreement, the Contractor is a member of the Board or a member of the Board of any of the subsidiaries, or holds any other position with the Company or any subsidiary, the Contractor shall be deemed to have resigned from all such positions as of the date of the termination of this Agreement. The Contractor agrees to execute such documents and take such other actions as the Company may request to reflect such resignation.

12. Confidentiality

The Contractor shall not, directly or indirectly, either during the term of this Agreement or at any time thereafter, in any way use or disclose to any person, other than strictly for the fulfillment of this Agreement or as required by law, any information relating to the business, commercial, technical, trade, marketing, financing or any other confidential affairs of the Company. The Contractor agrees and acknowledges that all such information is the exclusive property of the Company, and the Contractor as the case may be, shall hold all such information in trust for the Company. The Contractor confirms and acknowledges their duty to use their respective best efforts to protect the confidentiality of such information, not to misuse such information, and to protect such information from any misuse, misappropriation, harm and interference in any manner whatsoever.

13. General

(a) **Assignments.** This Agreement shall not be assignable by either party, provided however, that if the Company merges into or consolidates or amalgamates with, or transfers/sells substantially all of its assets or shares to, another company or business entity, this Agreement shall run to the benefit of and may be assigned to the Company's successors resulting from such merger, consolidation or transfer.

(b) **Non-Waiver.** No consent or waiver, express or implied, of the Company or the Contractor to or of any breach or default by the other of them in the performance by the other of its obligations under this Agreement shall be deemed or construed to be a consent or waiver to or of any other breach or default of the same or any other obligation of the other party. Failure on the part of any party to complain of any act or failure to act of the other of them, or to declare the other party in default regardless of how long such failure continues, shall not constitute a waiver by such party of its rights under this Agreement or failure continues, shall not constitute a waiver by such party of its rights under this Agreement or of the right to then or subsequently declare a default.

(c) **No Agency.** The Contractor shall not, at any time, hold itself out as the agent or representative of the Company except as permitted in this Agreement, and shall not incur any obligations or liabilities or enter into any agreements for or on behalf of the Company except with the prior written consent of the Company.

(d) **Loss or Damage.** The Contractor shall be responsible for any loss or damage suffered by the Company as a result of any negligent misrepresentation or unauthorized warranties given by the Contractor or agreements or contracts entered into by the Contractor which were not authorized or approved by the Company or any claims made against the Company as a result of the negligence or willful default of the Contractor.

(e) **Notices.** Any notice, direction or other instrument required or permitted to be given by any party under this Agreement will be in writing and will be sufficiently given if delivered personally or by courier, or transmitted by Telecopier during the transmission of which no indication of failure of receipt is communicated to the sender:

To the Company at:
200 Davenport Road
Toronto, ON M5R 1J2

To the Contractor at:
200 Davenport Road
Toronto, ON M5R 1J2

(f) Entire Agreement. This Agreement contains the entire agreement between the parties with respect to its subject matter and supersedes all prior negotiations and oral or written understandings, if any. This agreement may not be modified except by agreement in writing signed by all the Parties.

(g) Partial Enforceability. If any provision of this Agreement is held invalid or unenforceable, it shall be modified or construed restrictively rather than voided, if possible, to give effect to the intent of the parties to the extent possible, and if modification or restrictive construction is not possible, it shall be severed. In any event, all of the other provisions of this Agreement shall be deemed valid and enforceable.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Canada.

EXHIBIT A

Definitions

For the purposes of this Agreement:

(a) "Cause" means:

(i) the Contractor is convicted of a criminal or other statutory offence which has a potential sentence of imprisonment greater than six (6) months or the Contractor's conviction of a criminal or other statutory offence involving, in the sole discretion of the Board of Directors of the Company, moral turpitude; or

(ii) a reasonable determination by a vote of the Board of Directors comprising a simple majority of the entire Board of Directors, that, in carrying out his duties, the Contractor has engaged in willful gross neglect or willful gross misconduct, resulting in material economic harm, neglect or willful gross misconduct, to the Company or resulting in reputational harm causing quantifiable material injury to the Company, unless the Contractor had a good faith belief that such conduct was in, or not opposed to the best interests of the Company; or

(iii) any other action or inaction that would constitute "cause" in law.

(b) "Disability" means the Contractor's inability, due to physical or mental incapacity, to substantially perform his duties and responsibilities contemplated by this Agreement. In the event of a dispute as to whether the Contractor is disabled, the determination shall be made by a licensed medical doctor selected by the Company and agreed to by the Contractor. If the parties cannot agree on a medical doctor, each party shall select a medical doctor and the two doctors shall elect a third who shall be the approved medical doctor for this purpose. The Company agrees to cause the Contractor to submit to such tests and examinations as such medical doctor shall deem appropriate.

(c) "Good Reason" means, without the Contractor's express written consent (and except in consequence of a prior termination of the Contractor's engagement), the occurrence of any of the following circumstances:

(i) reduction by the Company in the Contractor's Fee to an amount that is less than required under Section 9(a), without its consent.

(ii) the removal of the Contractor from any of the positions described in Section 3.

(iii) A material diminution in the Contractor's duties or the assignment to the Contractor of any duties inconsistent with his/her position.

(iv) A change in the Contractor's reporting relationship such that the Contractor no longer reports directly to the Board of Directors.

(v) A breach by the Company of any of its material obligations to the Contractor under this Agreement.

(vi) The failure of the Company to obtain a satisfactory agreement from any successor to all or substantially all of the assets or business of the Company to assume and agree to perform this Agreement within 15 days after a merger, consolidation, sale or similar transaction.

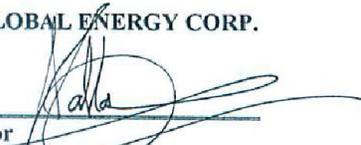
General Considerations

SusGlobal Energy Canada Corp. is a wholly owned Subsidiary of SusGlobal Energy Corp. a publicly quoted company on the U.S. ("OTCQB"). Any exchanges of information or opinions relating to the Company and its operations, whether expressed publicly or privately, may affect the share price and could potentially be construed as insider trading (which is a criminal offence). Reasonable measures must therefore be observed in order to control the flow of information to third party individuals and organizations.

1. No information or opinions relating to the Company, its operations, or exploration findings is to be discussed or divulged to third parties, unless such information is already a matter of public record. Material information should at all times be secured in such a manner as to prevent access by third parties.
2. When information needs to be conveyed to third parties acting in an authorized or professional capacity to the Company, the terms of their engagement must provide for confidentiality prior to information being exchanged, and information should thereafter be exchanged by secure means.
3. When third parties are invited to visit the Company's project sites and prior to commencing such visits, they shall be required to sign an indemnity form and may also be required to sign a confidentiality agreement.

The Parties, intending to be contractually bound, have executed this Agreement as of the date set out in the first page.

SUSGLOBAL ENERGY CORP.



Director



MARC HAZOUT



TRAVELLERS INTERNATIONAL INC.

CFO CONSULTING AGREEMENT

THIS CONSULTING SERVICES AGREEMENT made as of the 1st day of January 2021

Between

SUSGLOBAL ENERGY CORP.

a company incorporated under the Laws of Delaware (the "Company")

and

SUSGLOBAL ENERGY CANADA CORP.

a company incorporated under the Laws of Canada (the "Company")

and

IKE MAKRIMICHALOS

an individual subject to the Laws of Canada (the "Contractor")

IN CONSIDERATION of the mutual agreements herein contained and of other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties agree with one another as follows:

- 1. Definitions.** Capitalized terms and expressions not otherwise defined herein have the meanings to them in Schedule A.
- 2. Engagement.** The Company hereby engages the Contractor to provide the services (the "Services") of Chief Financial Officer (the "CFO") of the Company, subject to the directions of the Chief Executive Officer (the "CEO"), and as agreed in the job description (Exhibit B).
- 3. Modification of Duties.** Subject to Section 10(c), the scope of the Contractor's duties may be changed from time to time by the CEO or the Board of Directors of the Company without thereby terminating this Agreement. ~~If so changed, the Contractor's engagement with the Company shall be construed continuing~~ under this Agreement, as modified in accordance with such determination by the CEO or the Board of Directors.
- 4. Independent Contractor.** The Contractor shall be an independent contractor and not a servant, employee or agent of the Company. The Company may from time to time give any instructions to the Contractor it considers necessary in connection with the provision of Services but the Contractor shall not be subject to the control of the Company in respect of the manner in which such instructions are carried out. The Contractor will perform his services from the location of the Company office and where required, attend meetings and conference calls from other locations, as required.
- 5. Compliance with Laws.** The Contractor shall comply with all applicable laws, rules and regulations and shall pay any and all taxes, (including the Harmonized Sales Tax ("HST") and the Canada pension plan contributions), that it is subject to, as well as compliance with other contributions and assessments, including those under any applicable workers compensation legislation, and any other statutorily prescribed payment or assessment of any nature that are payable by virtue of the independent contractor relationship between the Contractor, its personnel if any, and the Company.

6. Contractor is a Key Contractor. The Contractor's position is a key position in the Company, and the Contractor shall provide the Services diligently and faithfully and devote his time, attention and energy to the performance of the duties of the Contractor under this Agreement with the degree of care, skill and expertise as is the industry standard and in accordance with applicable laws.

7. Non-exclusivity of Services. The Company acknowledges that the Contractor may, from time to time, provide services to other persons, firms and companies during the term of this Agreement, but the Contractor shall not provide such services if the ability of the Contractor to provide such Services is hereby materially diminished or impaired. Except as expressly provided in this Agreement, the Contractor shall have the right independently to engage in and receive full benefits from business activities, providing such activities are not competitive with the Company's activities. In the event a conflict of interest arises, the Contractor agrees to inform the Company as soon as possible and the Company and the Contractor agree to use their best efforts to come to a mutually agreeable solution to the situation.

8. Duration and Term of Engagement

The engagement of the Contractor with the Company is for a term (the "Term") of 12 months beginning on the Effective Date, as hereinafter defined.

9. Fee for Services

(a) **Flat Fee.** Effective January 1, 2021 (the "Effective Date"), the Company will pay the Contractor a basic fee (the "Fee") of \$8,000.00 per month for 12 months, plus the applicable HST payable monthly, on the 30th of each month and upon presentation of an invoice for FOUR (4) Days per week per month. Final settlement for the month will be billed and payable at the end of each month.

(b) **Disbursements**

In addition to the Fees, noted above, the Company will reimburse the Contractor for actual out-of-pocket expenses incurred at the specific direction of or with the pre-authorization of the Company provided the Company is invoiced on a timely basis for such expenses with photo scans of proper receipts.

(c) **Other Fees and Compensation**

In addition to all fees noted above, the Contractor will be awarded 50,000 Restricted Common Shares (the "Shares") on the Effective Date, as hereinafter defined.

10. Termination

(a) **Termination for Cause, Death or Disability.** If the Contractor's engagement under this Agreement is terminated:

(i) for Cause;

(ii) by reason of the Contractor's death or Disability; or

(iii) by reason of the voluntary resignation of the Contractor as the CFO of the Company, the Contractor shall be entitled to the Fee pro-rata through the date of termination.

(b) **Termination without Cause**

If the Company terminates the engagement of the Contractor without Cause, the Contractor shall be entitled to prompt (within 10 business days of the termination) cash payments equal to 2 months Fees and any bonus compensation owing.

(c) Constructive Discharge

A Constructive Discharge shall be treated for all purposes of this Agreement as a termination by the Company without Cause. Notwithstanding any other provision of this Agreement, a Constructive Discharge shall be deemed to have occurred if:

- (i) the Contractor gives the Company written notice specifically identifying circumstances considered by the Contractor to constitute Good Reason, within a reasonable time after acquiring knowledge of circumstances constituting Good Reason;
- (ii) the Company fails to correct the circumstances within 15 days after such notice; and
- (iii) the Contractor resigns within ninety days after the date of delivery of the notice.

11. Effect of Termination on Other Positions

If, on the date of termination of this Agreement, the Contractor is a member of the Board or a member of the Board of any of the subsidiaries, or holds any other position with the Company or any subsidiary, the Contractor shall be deemed to have resigned from all such positions as of the date of the termination of this Agreement. The Contractor agrees to execute such documents and take such other actions as the Company may request to reflect such resignation.

12. Return of Company Property

Upon the termination of this Agreement for any reason, the Contractor shall promptly return to the Company any keys, credit cards, passes, confidential documents or material, or other property belonging to the Company, and to return all writings, files, records, correspondence, notebooks, notes and other documents and things (including any copies thereof) except any personal diaries, calendars, rolodexes or personal notes or correspondence.

13. Confidentiality

The Contractor shall not, directly or indirectly, either during the term of this Agreement or at any time thereafter, in any way use or disclose to any person, other than strictly for the fulfillment of this Agreement or as required by law, any information relating to the business, commercial, technical, trade, marketing, financing or any other confidential affairs of the Company. The Contractor agrees and acknowledges that all such information is the exclusive property of the Company, and the Contractor as the case may be, shall hold all such information in trust for the Company. The Contractor confirms and acknowledges their duty to use their respective best efforts to protect the confidentiality of such information, not to misuse such information, and to protect such information from any misuse, misappropriation, harm and interference in any manner whatsoever.

14. General

(a) **Assignments.** This Agreement shall not be assignable by either party, provided however, that if the Company merges into or consolidates or amalgamates with, or transfers/sells substantially all of its assets or shares to, another company or business entity, this Agreement shall run to the benefit of and may be assigned to the Company's successors resulting from such merger, consolidation or transfer.

(b) **Non-Waiver.** No consent or waiver, express or implied, of the Company or the Contractor to or of any breach or default by the other of them in the performance by the other of its obligations under this Agreement shall be deemed or construed to be a consent or waiver to or of any other breach or default of the same or any other obligation of the other party. Failure on the part of any party to complain of any act or failure to act of the other of them, or to declare the other party in default regardless of how long such

failure continues, shall not constitute a waiver by such party of its rights under this Agreement or failure continues, shall not constitute a waiver by such party of its rights under this Agreement or of the right to then or subsequently declare a default.

(c) **No Agency.** The Contractor shall not, at any time, hold itself out as the agent or representative of the Company except as permitted in this Agreement, and shall not incur any obligations or liabilities or enter into any agreements for or on behalf of the Company except with the prior written consent of the Company.

(d) **Loss or Damage.** The Contractor shall be responsible for any loss or damage suffered by the Company as a result of any negligent misrepresentation or unauthorized warranties given by the Contractor or agreements or contracts entered into by the Contractor which were not authorized or approved by the Company or any claims made against the Company as a result of the negligence or willful default of the Contractor.

(e) **Notices.** Any notice, direction or other instrument required or permitted to be given by any party under this Agreement will be in writing and will be sufficiently given if delivered personally or by courier, or transmitted by telecopier during the transmission of which no indication of failure of receipt is communicated to the sender:

To the Company at:

200 Davenport Road
Toronto, ON M5R 1J2

To the Contractor at:

Ike Makrimichalos
48 Lafayette Drive
St. Catharines, Ontario L2N 6C2

(f) **Entire Agreement.** This Agreement contains the entire agreement between the parties with respect to its subject matter and supersedes all prior negotiations and oral or written understandings, if any. This agreement may not be modified except by agreement in writing signed by all of the parties.

(g) **Partial Enforceability.** If any provision of this Agreement is held invalid or unenforceable, it shall be modified or construed restrictively rather than voided, if possible, to give effect to the intent of the parties to the extent possible, and if modification or restrictive construction is not possible, it shall be severed. In any event, all of the other provisions of this Agreement shall be deemed valid and enforceable.

(h) **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of Canada.

EXHIBIT A

Definitions

For the purposes of this Agreement:

(a) "Cause" means:

(i) the Contractor is convicted of a criminal or other statutory offence which has a potential sentence of imprisonment greater than six (6) months or the Contractor's conviction of a criminal or other statutory offence involving, in the sole discretion of the Board of Directors of the Company, moral turpitude; or

(ii) a reasonable determination by a vote of the Board of Directors comprising a simple majority of the entire Board of Directors, that, in carrying out his duties, the Contractor has engaged in willful gross neglect or willful gross misconduct, resulting in material economic harm, neglect or willful gross misconduct, to the Company or resulting in reputational harm causing quantifiable material injury to the Company, unless the Contractor had a good faith belief that such conduct was in, or not opposed to the best interests of the Company; or

(iii) any other action or inaction that would constitute "cause" in law.

(b) "Disability" means the Contractor's inability, due to physical or mental incapacity, to substantially perform his duties and responsibilities contemplated by this Agreement. In the event of a dispute as to whether the Contractor is disabled, the determination shall be made by a licensed medical doctor selected by the Company and agreed to by the Contractor. If the parties cannot agree on a medical doctor, each party shall select a medical doctor and the two doctors shall elect a third who shall be the approved medical doctor for this purpose. The Company agrees to cause the Contractor to submit to such tests and examinations as such medical doctor shall deem appropriate.

(c) "Good Reason" means, without the Contractor's express written consent (and except in consequence of a prior termination of the Contractor's engagement), the occurrence of any of the following circumstances:

(i) reduction by the Company in the Contractor's Fee to an amount that is less than required under Section 9(a), without its consent.

(ii) the removal of the Contractor from any of the positions described in Section 3.

(iii) A material diminution in the Contractor's duties or the assignment to the Contractor of any duties inconsistent with his/her position.

(iv) A change in the Contractor's reporting relationship such that the Contractor no longer reports directly to the CEO.

(v) A breach by the Company of any of its material obligations to the Contractor under this Agreement.

(vi) The failure of the Company to obtain a satisfactory agreement from any successor to all or substantially all of the assets or business of the Company to assume and agree to perform this Agreement within 15 days after a merger, consolidation, sale or similar transaction.

EXHIBIT B

Chief Financial Officer

Job Description & General Conduct when acting for the Company.

The role of the CFO is to carry out the traditional CFO activities in a public company, consisting of general finance/accounting advice and accounting support.

To execute this role, specific responsibilities include (but shall not be limited to) the following:

1. Assist in the preparation of the appropriate working paper documentation/financial reporting for public company purposes, i.e. timely assistance on quarterly financial statements, annual financial statements, preparation of the MD&A, preparation for the audits and reviews and budgeting.
2. Develop a system of internal controls and ensure adherence to the system of internal controls. Included, will be proper and complete approval of invoices by the CFO and CEO for payment, subject to any expenditure limits already in place or to be implemented and the assurance of alternate cheque signing authority, should the CFO or CEO, not be available.
3. Report on the quarterly and annual financial statements and MD&A, to the Audit Committee and other matters as directed by the CEO.
4. Assist, when requested, any additional duties with respect to current financial reporting and other duties generally required of a CFO and as may be requested by the CEO and/or the Board of Directors as directed by the Audit Committee.

To assist the Contractor in carrying out his duties, the Company will:

1. Provide financial information on a timely basis to assist with the immediate reporting requirements. Provide such information as may be requested of outside legal counsel, external auditors and internally in the organization.
2. Keep Contractor apprised of information requirements and corporate needs so as to properly discharge his duties, and
3. Provide adequate liability insurance for the Contractor in his capacity as CFO and Officer of the Company, signing corporate documents.

General Considerations:

SusGlobal Energy Canada Corp. is a wholly owned subsidiary of SusGlobal Energy Corp. (OTCQB:SNRG) which is a publicly quoted company in the United States of America. Any exchanges of information or opinions relating to the Company and its operations, whether expressed publicly or privately, may affect

the share price and could potentially be construed as insider trading (which is a criminal offence). Reasonable measures must therefore be observed in order to control the flow of information to third party individuals and organizations. Unless otherwise approved by the CEO:

1. No information or opinions relating to the Company, its operations, or developments is to be discussed or divulged to third parties, unless such information is already a matter of public record. Material information should at all times be secured in such a manner as to prevent access by third parties.
2. When information needs to be conveyed to third parties acting in an authorized or professional capacity to the Company, the terms of their engagement must provide for confidentiality prior to information being exchanged, and information should thereafter be exchanged by secure means.
3. When third parties are invited to visit the Company's project sites and prior to commencing such visits, they shall be required to sign an indemnity form, and as directed by the CEO, may also be required to sign a confidentiality agreement.

The Parties, intending to be contractually bound, have executed this Agreement as of the date set out in the first page.

SUSGLOBAL ENERGY CORP.



MARC HAZOUT
President and CEO



IKE MAKRIMICHALOS
Contractor

SECURITIES PURCHASE AGREEMENT

A. This SECURITIES PURCHASE AGREEMENT (the "Agreement"), dated as of March 31, 2021, by and between SUSGLOBAL ENERGY CORP., a Delaware corporation with its address at 200 Davenport Road, Toronto, Ontario M5R 1J2, Canada (the "Company"), and _____, a company, with its address at _____ (the "Buyer").

WHEREAS:

B. The Company and the Buyer are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the rules and regulations as promulgated by the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "1933 Act");

C. Buyer desires to purchase and the Company desires to issue and sell, upon the terms and conditions set forth in this Agreement a Convertible Promissory Note of the Company, in the form attached hereto as Exhibit A, in the aggregate principal amount of US\$275,000.00 (together with any note(s) issued in replacement thereof or as a dividend thereon or otherwise with respect thereto in accordance with the terms thereof, the "Note"), convertible into shares of common stock, \$0.0001 par value per share, of the Company (the "Common Stock"), upon the terms and subject to the limitations and conditions set forth in such Note;

D. The Buyer wishes to purchase, upon the terms and conditions stated in this Agreement, such principal amount of Note as is set forth immediately below its name on the signature pages hereto; and

NOW THEREFORE, the Company and the Buyer hereby agree as follows:

1. PURCHASE AND SALE OF NOTE.

a. Purchase of Note. On the Closing Date (as defined below), the Company shall issue and sell to the Buyer and the Buyer agrees to purchase from the Company such principal amount of Note as is set forth immediately below the Buyer's name on the signature pages hereto.

b. Form of Payment. On the Closing Date (as defined below), (i) the Buyer shall pay the purchase price for the Note to be issued and sold to it at the Closing (as defined below) (the "Purchase Price") by wire transfer of immediately available funds to the Company, in accordance with the Company's written wiring instructions, against delivery of the Note in the principal amount equal to the Purchase Price as is set forth immediately below the Buyer's name on the signature pages hereto, and (ii) the Company shall deliver such duly executed Note on behalf of the Company, to the Buyer, against delivery of such Purchase Price.

c. Closing Date. Subject to the satisfaction (or written waiver) of the conditions thereto set forth in Section 5 and Section 6 below, the date and time of the issuance and sale of the Note pursuant to this Agreement (the "Closing Date") shall be 12:00 noon, Eastern Standard Time on or about March 31, 2021, or such other mutually agreed upon time. The closing of the transactions contemplated by this Agreement (the "Closing") shall occur on the Closing Date at such location as may be agreed to by the parties.

2. REPRESENTATIONS AND WARRANTIES OF THE BUYER. The Buyer represents and warrants to the Company that:

a. Investment Purpose. As of the date hereof, the Buyer is purchasing the Note and the shares of Common Stock issuable upon conversion of or otherwise pursuant to the Note (including, without limitation, such additional shares of Common Stock, if any, as are issuable (i) on account of interest on the Note (ii) as a result of the events described in Sections 1.3 and 1.4(g) of the Note or (iii) in payment of the Standard Liquidated Damages Amount (as defined in Section 2(f) below) pursuant to this Agreement, such shares of Common Stock being collectively referred to herein as the "Conversion Shares" and, collectively with the Note, the "Securities") for its own account and not with a present view towards the public sale or distribution thereof, except pursuant to sales registered or exempted from registration under the 1933 Act; provided, however, that by making the representations herein, the Buyer does not agree to hold any of the Securities for any minimum or other specific term and reserves the right to dispose of the Securities at any time in accordance with or pursuant to a registration statement or an exemption under the 1933 Act.

b. Accredited Investor Status. The Buyer is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D (an "Accredited Investor").

c. Reliance on Exemptions. The Buyer understands that the Securities are being offered and sold to it in reliance upon specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of the Buyer to acquire the Securities.

d. Information. The Buyer and its advisors, if any, have been, and for so long as the Note remains outstanding will continue to be, furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Securities which have been requested by the Buyer or its advisors. The Buyer and its advisors, if any, have been, and for so long as the Note remains outstanding will continue to be, afforded the opportunity to ask questions of the Company. Notwithstanding the foregoing, the Company has not disclosed to the Buyer any material nonpublic information and will not disclose such information unless such information is disclosed to the public prior to or promptly following such disclosure to the Buyer. Neither such inquiries nor any other due diligence investigation conducted by Buyer or any of its advisors or representatives shall modify, amend or affect Buyer's right to rely on the Company's representations and warranties contained in Section 3 below. The Buyer understands that its investment in the Securities involves a significant degree of risk. The Buyer is not aware of any facts that may constitute a breach of any of the Company's representations and warranties made herein.

e. Governmental Review. The Buyer understands that no United States federal or state agency or any other government or governmental agency has passed upon or made any recommendation or endorsement of the Securities.

f. Transfer or Re-sale. The Buyer understands that (i) the sale or re-sale of the Securities has not been and is not being registered under the 1933 Act or any applicable state securities laws, and the Securities may not be transferred unless (a) the Securities are sold pursuant to an effective registration statement under the 1933 Act, (b) the Buyer shall have delivered to the Company, at the cost of the Company, an opinion of counsel that shall be in form, substance and scope customary for opinions of counsel in comparable transactions to the effect that the Securities to be sold or transferred may be sold or transferred pursuant to an exemption from such registration, which opinion shall be accepted by the Company, (c) the Securities are sold or transferred to an "affiliate" (as defined in Rule 144 promulgated under the 1933 Act (or a successor rule) ("Rule 144")) of the Buyer who agrees to sell or otherwise transfer the Securities only in accordance with this Section 2(f) and who is an Accredited Investor, (d) the Securities are sold pursuant to Rule 144, or (e) the Securities are sold pursuant to Regulation S under the 1933 Act (or a successor rule) ("Regulation S"), and the Buyer shall have delivered to the Company, at the cost of the Company, not to exceed \$300 per opinion, an opinion of counsel that shall be in form, substance and scope customary for opinions of counsel in corporate transactions, which opinion shall be accepted by the Company; (ii) any sale of such Securities made in reliance on Rule 144 may be made only in accordance with the terms of said Rule and further, if said Rule is not applicable, any re-sale of such Securities under circumstances in which the seller (or the person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the 1933 Act) may require compliance with some other exemption under the 1933 Act or the rules and regulations of the SEC thereunder; and (iii) neither the Company nor any other person is under any obligation to register such Securities under the 1933 Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder (in each case). Notwithstanding the foregoing or anything else contained herein to the contrary, the Securities may be pledged as collateral in connection with a bona fide margin account or other lending arrangement. In the event that the Company does not accept the opinion of counsel provided by the Buyer with respect to the transfer of Securities pursuant to an exemption from registration, such as Rule 144 or Regulation S, within three (3) business days of delivery of the opinion to the Company, the Company shall pay to the Buyer liquidated damages of three and one half percent (3.5%) of the outstanding amount of the Note per day plus accrued and unpaid interest on the Note, prorated for partial months, in cash or shares at the option of the Buyer ("Standard Liquidated Damages Amount"). If the Buyer elects to be pay the Standard Liquidated Damages Amount in shares of Common Stock, such shares shall be issued at the Conversion Price (as defined in the Note) at the time of payment.

g. Legends. The Buyer understands that the Note and, until such time as the Conversion Shares have been registered under the 1933 Act may be sold pursuant to Rule 144 or Regulation S without any restriction as to the number of securities as of a particular date that can then be immediately sold, the Conversion Shares may bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of the certificates for such Securities):

"NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES."

The legend set forth above shall be removed and the Company shall issue a certificate without such legend to the holder of any Security upon which it is stamped, if, unless otherwise required by applicable state securities laws, (a) such Security is registered for sale under an effective registration statement filed under the 1933 Act or otherwise may be sold pursuant to Rule 144 or Regulation S without any restriction as to the number of securities as of a particular date that can then be immediately sold, or (b) such holder provides the Company with an opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that a public sale or transfer of such Security may be made without registration under the 1933 Act, which opinion shall be accepted by the Company so that the sale or transfer is effected. The Buyer agrees to sell all Securities, including those represented by a certificate(s) from which the legend has been removed, in compliance with applicable prospectus delivery requirements, if any. In the event that the Company does not accept the opinion of counsel provided by the Buyer with respect to the transfer of Securities pursuant to an exemption from registration, such as Rule 144 or Regulation S, at the Deadline (as such term is defined in Section 1.4(d) of the Note), it will be considered an Event of Default pursuant to Section 3.2 of the Note.

h. Authorization; Enforcement. This Agreement has been duly and validly authorized. This Agreement has been duly executed and delivered on behalf of the Buyer, and this Agreement constitutes a valid and binding agreement of the Buyer enforceable in accordance with its terms.

i. Residency. The Buyer is a resident of the jurisdiction as set forth in the Preamble of this Agreement.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to the Buyer that:

a. Organization and Qualification. The Company and each of its Subsidiaries (as defined below), if any, is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated, with full power and authority (corporate and other) to own, lease, use and operate its properties and to carry on its business as and where now owned, leased, used, operated and conducted. The Company and each of its Subsidiaries is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which its ownership or use of property or the nature of the business conducted by it makes such qualification necessary except where the failure to be so qualified or in good standing would not have a Material Adverse Effect. "Material Adverse Effect" means any material adverse effect on the business, operations, assets, financial condition or prospects of the Company or its Subsidiaries, if any, taken as a whole, or on the transactions contemplated hereby or by the agreements or instruments to be entered into in connection herewith. "Subsidiaries" means any corporation or other organization, whether incorporated or unincorporated, in which the Company owns, directly or indirectly, any equity or other ownership interest.

b. Authorization; Enforcement. (i) The Company has all requisite corporate power and authority to enter into and perform this Agreement, the Note and to consummate the transactions contemplated hereby and thereby and to issue the Securities, in accordance with the terms hereof and thereof, (ii) the execution and delivery of this Agreement, the Note by the Company and the consummation by it of the transactions contemplated hereby and thereby (including without limitation, the issuance of the Note and the issuance and reservation for issuance of the Conversion Shares issuable upon conversion or exercise thereof) have been duly authorized by the Company's Board of Directors and no further consent or authorization of the Company, its Board of Directors, or its shareholders is required, (iii) this Agreement has been duly executed and delivered by the Company by its authorized representative, and such authorized representative is the true and official representative with authority to sign this Agreement and the other documents executed in connection herewith and bind the Company accordingly, and (iv) this Agreement constitutes, and upon execution and delivery by the Company of the Note, each of such instruments will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

c. Capitalization. As of March 18, 2021, as disclosed in the SEC Documents (as defined herein) the authorized capital stock of the Company consists of 150,000,000 shares of Common Stock, of which 89,184,951 shares of common stock are issued and outstanding and 10,000,000 shares of Preferred Stock are authorized, of which 0 shares of Preferred Stock are issued and outstanding. As of the date hereof, the Company has no issued and outstanding Variable Securities (as defined in section 2.2 of the Note). Except as disclosed in the SEC Documents, no shares are reserved for issuance pursuant to the Company's stock option plans, no shares are reserved for issuance pursuant to securities exercisable for, or convertible into or exchangeable for shares of Common Stock and an aggregate of 5,000,000 shares are reserved for issuance upon conversion of the Note. All of such outstanding shares of capital stock are, or upon issuance will be, duly authorized, validly issued, fully paid and non-assessable. No shares of capital stock of the Company are subject to preemptive rights or any other similar rights of the shareholders of the Company or any liens or encumbrances imposed through the actions or failure to act of the Company. Except as disclosed in the SEC Documents, as of the effective date of this Agreement, (i) there are no outstanding options, warrants, scrip, rights to subscribe for, puts, calls, rights of first refusal, agreements, understandings, claims or other commitments or rights of any character whatsoever relating to, or securities or rights convertible into or exchangeable for any shares of capital stock of the Company or any of its Subsidiaries, or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its Subsidiaries, (ii) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of its or their securities under the 1933 Act and (iii) there are no anti-dilution or price adjustment provisions contained in any security issued by the Company (or in any agreement providing rights to security holders) that will be triggered by the issuance of the Note or the Conversion Shares. The Company has filed in its SEC Documents true and correct copies of the Company's Certificate of Incorporation as in effect on the date hereof ("Certificate of Incorporation"), the Company's By-laws, as in effect on the date hereof (the "By-laws"), and the terms of all securities convertible into or exercisable for Common Stock of the Company and the material rights of the holders thereof in respect thereto. The Company shall provide the Buyer with a written update of this representation signed by the Company's Chief Executive Officer on behalf of the Company as of each Closing Date.

d. Issuance of Shares. The issuance of the Note is duly authorized and, upon issuance in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable and free from all preemptive or similar rights, taxes, liens, charges and other encumbrances with respect to the issue thereof. The Conversion Shares are duly authorized and reserved for issuance and, upon conversion of the Note in accordance with its respective terms, will be validly issued, fully paid and non-assessable, and free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Company and will not impose personal liability upon the holder thereof.

e. Acknowledgment of Dilution. The Company understands and acknowledges the potentially dilutive effect to the Common Stock upon the issuance of the Conversion Shares upon conversion of the Note. The Company further acknowledges that its obligation to issue Conversion Shares upon conversion of the Note in accordance with this Agreement, the Note is absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other shareholders of the Company.

f. No Conflicts. The execution, delivery and performance of this Agreement and the Note by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance and reservation for issuance of the Conversion Shares) will not (i) conflict with or result in a violation of any provision of the Certificate of Incorporation or By-laws, or (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both could become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture, patent, patent license or instrument to which the Company or any of its Subsidiaries is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and regulations of any self-regulatory organizations to which the Company or its securities are subject) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected (except for such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect). Neither the Company nor any of its Subsidiaries is in violation of its Certificate of Incorporation, By-laws or other organizational documents and neither the Company nor any of its Subsidiaries is in default (and no event has occurred which with notice or lapse of time or both could put the Company or any of its Subsidiaries in default) under, and neither the Company nor any of its Subsidiaries has taken any action or failed to take any action that would give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party or by which any property or assets of the Company or any of its Subsidiaries is bound or affected, except for possible defaults as would not, individually or in the aggregate, have a Material Adverse Effect. The businesses of the Company and its Subsidiaries, if any, are not being conducted, and shall not be conducted so long as the Buyer owns any of the Securities, in violation of any law, ordinance or regulation of any governmental entity. Except as specifically contemplated by this Agreement and as required under the 1933 Act and any applicable state securities laws, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court, governmental agency, regulatory agency, self-regulatory organization or stock market or any third party in order for it to execute, deliver or perform any of its obligations under this Agreement, the Note in accordance with the terms hereof or thereof or to issue and sell the Note in accordance with the terms hereof and to issue the Conversion Shares upon conversion of the Note. All consents, authorizations, orders, filings and registrations which the Company is required to obtain pursuant to the preceding sentence have been obtained or effected on or prior to the date hereof. The Company is not in violation of the listing requirements of the Over-the-Counter Bulletin Board (the "OTCBB"), the OTCQB or any similar quotation system, and does not reasonably anticipate that the Common Stock will be delisted by the OTCBB, the OTCQB or any similar quotation system, in the foreseeable future nor are the Company's securities "chilled" by DTC. The Company and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing.

g. SEC Documents; Financial Statements. The Company has timely filed all quarterly and annual reports required to be filed by it with the SEC pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "1934 Act") (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the "SEC Documents"). The Company has delivered to the Buyer true and complete copies of the SEC Documents, except for such exhibits and incorporated documents, and except as such Documents are available EDGAR filings on the SEC's sec.gov website. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the statements made in any such SEC Documents is, or has been, required to be amended or updated under applicable law (except for such statements as have been amended or updated in subsequent filings prior the date hereof). As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with United States generally accepted accounting principles, consistently applied, during the periods involved and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as set forth in the financial statements of the Company included in the SEC Documents, the Company has no liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to September 30, 2016, and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under generally accepted accounting principles to be reflected in such financial statements, which, individually or in the aggregate, are not material to the financial condition or operating results of the Company. The Company is subject to the reporting requirements of the 1934 Act. For the avoidance of doubt, filing of the documents required in this Section 3(g) via the SEC's Electronic Data Gathering, Analysis, and Retrieval system ("EDGAR") shall satisfy all delivery requirements of this Section 3(g).

h. Absence of Certain Changes. Since September 30, 2018, there has been no material adverse change and no material adverse development in the assets, liabilities, business, properties, operations, financial condition, results of operations, prospects or 1934 Act reporting status of the Company or any of its Subsidiaries.

i. Absence of Litigation. There is no action, suit, claim, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the Company or any of its Subsidiaries, threatened against or affecting the Company or any of its Subsidiaries, or their officers or directors in their capacity as such, that could have a Material Adverse Effect. Schedule 3(i) contains a complete list and summary description of any pending or, to the knowledge of the Company, threatened proceeding against or affecting the Company or any of its Subsidiaries, without regard to whether it would have a Material Adverse Effect. The Company and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing.

j. Patents, Copyrights, etc. The Company and each of its Subsidiaries owns or possesses the requisite licenses or rights to use all patents, patent applications, patent rights, inventions, know-how, trade secrets, trademarks, trademark applications, service marks, service names, trade names and copyrights ("Intellectual Property") necessary to enable it to conduct its business as now operated (and, as presently contemplated to be operated in the future). Except as disclosed in the SEC Documents, there is no claim or action by any person pertaining to, or proceeding pending, or to the Company's knowledge threatened, which challenges the right of the Company or of a Subsidiary with respect to any Intellectual Property necessary to enable it to conduct its business as now operated (and, as presently contemplated to be operated in the future); to the best of the Company's knowledge, the Company's or its Subsidiaries' current and intended products, services and processes do not infringe on any Intellectual Property or other rights held by any person; and the Company is unaware of any facts or circumstances which might give rise to any of the foregoing. The Company and each of its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of their Intellectual Property.

k. No Materially Adverse Contracts, Etc. Neither the Company nor any of its Subsidiaries is subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation which in the judgment of the Company's officers has or is expected in the future to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries is a party to any contract or agreement which in the judgment of the Company's officers has or is expected to have a Material Adverse Effect.

l. Tax Status. The Company and each of its Subsidiaries has made or filed all federal, state and foreign income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject (unless and only to the extent that the Company and each of its Subsidiaries has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) and has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim. The Company has not executed a waiver with respect to the statute of limitations relating to the assessment or collection of any foreign, federal, state or local tax. None of the Company's tax returns is presently being audited by any taxing authority.

m. Certain Transactions. Except as disclosed in the Company's SEC Documents and/or for arm's length transactions pursuant to which the Company or any of its Subsidiaries makes payments in the ordinary course of business upon terms no less favorable than the Company or any of its Subsidiaries could obtain from third parties and other than the grant of stock options disclosed on Schedule 3(c), none of the officers, directors, or employees of the Company is presently a party to any transaction with the Company or any of its Subsidiaries (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

n. Disclosure. All information relating to or concerning the Company or any of its Subsidiaries set forth in this Agreement and provided to the Buyer pursuant to Section 2(d) hereof and otherwise in connection with the transactions contemplated hereby is true and correct in all material respects and the Company has not omitted to state any material fact necessary in order to make the statements made herein or therein, in light of the circumstances under which they were made, not misleading. No event or circumstance has occurred or exists with respect to the Company or any of its Subsidiaries or its or their business, properties, prospects, operations or financial conditions, which, under applicable law, rule or regulation, requires public disclosure or announcement by the Company but which has not been so publicly announced or disclosed (assuming for this purpose that the Company's reports filed under the 1934 Act are being incorporated into an effective registration statement filed by the Company under the 1933 Act).

o. Acknowledgment Regarding Buyer' Purchase of Securities The Company acknowledges and agrees that the Buyer is acting solely in the capacity of arm's length purchasers with respect to this Agreement and the transactions contemplated hereby. The Company further acknowledges that the Buyer is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to this Agreement and the transactions contemplated hereby and any statement made by the Buyer or any of its respective representatives or agents in connection with this Agreement and the transactions contemplated hereby is not advice or a recommendation and is merely incidental to the Buyer' purchase of the Securities. The Company further represents to the Buyer that the Company's decision to enter into this Agreement has been based solely on the independent evaluation of the Company and its representatives.

p. No Integrated Offering. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales in any security or solicited any offers to buy any security under circumstances that would require registration under the 1933 Act of the issuance of the Securities to the Buyer. The issuance of the Securities to the Buyer will not be integrated with any other issuance of the Company's securities (past, current or future) for purposes of any shareholder approval provisions applicable to the Company or its securities.

q. Brokers. Except for the Registered Broker Dealer Fee (as defined below) to Moody Capital Solutions, Inc., the registered broker dealer in connection with the transactions contemplated hereunder, the Company has taken no action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby.

r. Permits; Compliance. The Company and each of its Subsidiaries is in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders necessary to own, lease and operate its properties and to carry on its business as it is now being conducted (collectively, the "Company Permits"), and there is no action pending or, to the knowledge of the Company, threatened regarding suspension or cancellation of any of the Company Permits. Neither the Company nor any of its Subsidiaries is in conflict with, or in default or violation of, any of the Company Permits, except for any such conflicts, defaults or violations which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Since September 30, 2016, neither the Company nor any of its Subsidiaries has received any notification with respect to possible conflicts, defaults or violations of applicable laws, except for notices relating to possible conflicts, defaults or violations, which conflicts, defaults or violations would not have a Material Adverse Effect.

s. Environmental Matters.

(i) There are, to the Company's knowledge, with respect to the Company or any of its Subsidiaries or any predecessor of the Company, no past or present violations of Environmental Laws (as defined below), releases of any material into the environment, actions, activities, circumstances, conditions, events, incidents, or contractual obligations which may give rise to any common law environmental liability or any liability under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 or similar federal, state, local or foreign laws and neither the Company nor any of its Subsidiaries has received any notice with respect to any of the foregoing, nor is any action pending or, to the Company's knowledge, threatened in connection with any of the foregoing. The term "Environmental Laws" means all federal, state, local or foreign laws relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata), including, without limitation, laws relating to emissions, discharges, releases or threatened releases of chemicals, pollutants contaminants, or toxic or hazardous substances or wastes (collectively, "Hazardous Materials") into the environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as well as all authorizations, codes, decrees, demands or demand letters, injunctions, judgments, licenses, notices or notice letters, orders, permits, plans or regulations issued, entered, promulgated or approved thereunder.

(ii) Other than those that are or were stored, used or disposed of in compliance with applicable law, no Hazardous Materials are contained on or about any real property currently owned, leased or used by the Company or any of its Subsidiaries, and no Hazardous Materials were released on or about any real property previously owned, leased or used by the Company or any of its Subsidiaries during the period the property was owned, leased or used by the Company or any of its Subsidiaries, except in the normal course of the Company's or any of its Subsidiaries' business.

(iii) There are no underground storage tanks on or under any real property owned, leased or used by the Company or any of its Subsidiaries that are not in compliance with applicable law.

t. Title to Property. Except as disclosed in the SEC Documents the Company and its Subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them which is material to the business of the Company and its Subsidiaries, in each case free and clear of all liens, encumbrances and defects or such as would not have a Material Adverse Effect. Any real property and facilities held under lease by the Company and its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as would not have a Material Adverse Effect.

u. Internal Accounting Controls. Except as disclosed in the SEC Documents the Company and each of its Subsidiaries maintain a system of internal accounting controls sufficient, in the judgment of the Company's board of directors, to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

v. Foreign Corrupt Practices. Neither the Company, nor any of its Subsidiaries, nor any director, officer, agent, employee or other person acting on behalf of the Company or any Subsidiary has, in the course of his actions for, or on behalf of, the Company, used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended, or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

w. Solvency. The Company (after giving effect to the transactions contemplated by this Agreement) is solvent (i.e., its assets have a fair market value in excess of the amount required to pay its probable liabilities on its existing debts as they become absolute and matured) and currently the Company has no information that would lead it to reasonably conclude that the Company would not, after giving effect to the transaction contemplated by this Agreement, have the ability to, nor does it intend to take any action that would impair its ability to, pay its debts from time to time incurred in connection therewith as such debts mature. The Company did not receive a qualified opinion from its auditors with respect to its most recent fiscal year end and, after giving effect to the transactions contemplated by this Agreement, does not anticipate or know of any basis upon which its auditors might issue a qualified opinion in respect of its current fiscal year. For the avoidance of doubt any disclosure of the Borrower's ability to continue as a "going concern" shall not, by itself, be a violation of this Section 3(w).

x. No Investment Company. The Company is not, and upon the issuance and sale of the Securities as contemplated by this Agreement will not be an "investment company" required to be registered under the Investment Company Act of 1940 (an "Investment Company"). The Company is not controlled by an Investment Company.

y. Removed and Reserved.

z. Bad Actor. No officer or director of the Company would be disqualified under Rule 506(d) of the Securities Act as amended on the basis of being a "bad actor" as that term is established in the September 19, 2013 Small Entity Compliance Guide published by the SEC.

aa. Shell Status. The Company represents that it is not a "shell" issuer and has never been a "shell" issuer, or that if it previously has been a "shell" issuer, that at least twelve (12) months have passed since the Company has reported Form 10 type information indicating that it is no longer a "shell" issuer. Further, the Company will instruct its counsel to either (i) write a 144-3(a)(9) opinion to allow for salability of the Conversion Shares or (ii) accept such opinion from Holder's counsel.

bb. No-Off Balance Sheet Arrangements. There is no transaction, arrangement, or other relationship between the Company or any of its Subsidiaries and an unconsolidated or other off balance sheet entity that is required to be disclosed by the Company in its 1934 Act filings and is not so disclosed or that otherwise could be reasonably likely to have a Material Adverse Effect.

cc. Manipulation of Price. The Company has not, and to its knowledge no one acting on its behalf has: (i) taken, directly or indirectly, any action designed to cause or to result, or that could reasonably be expected to cause or result, in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

dd. Sarbanes-Oxley Act. The Company and each Subsidiary is in material compliance with all applicable requirements of the Sarbanes-Oxley Act of 2002 that are effective as of the date hereof, and all applicable rules and regulations promulgated by the SEC thereunder that are effective as of the date hereof.

ee. Employee Relations. Neither the Company nor any of its Subsidiaries is a party to any collective bargaining agreement or employs any member of a union. The Company believes that its and its Subsidiaries' relations with their respective employees are good. No executive officer (as defined in Rule 501(f) promulgated under the 1933 Act) or other key employee of the Company or any of its Subsidiaries has notified the Company or any such Subsidiary that such officer intends to leave the Company or any such Subsidiary or otherwise terminate such officer's employment with the Company or any such Subsidiary. To the knowledge of the Company, no executive officer or other key employee of the Company or any of its Subsidiaries is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant, and the continued employment of each such executive officer or other key employee (as the case may be) does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all federal, state, local and foreign laws and regulations respecting labor, employment and employment practices and benefits, terms and conditions of employment and wages and hours, except where failure to be in compliance would not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

ff. Breach of Representations and Warranties by the Company. The Company agrees that if the Company breaches any of the representations or warranties set forth in this Section 3, and in addition to any other remedies available to the Buyer pursuant to this Agreement and it being considered an Event of Default under Section 3.5 of the Note, the Company shall pay to the Buyer the Standard Liquidated Damages Amount in cash or in shares of Common Stock at the option of the Company, until such breach is cured. If the Company elects to pay the Standard Liquidated Damages Amounts in shares of Common Stock, such shares shall be issued at the Conversion Price at the time of payment.

4. COVENANTS.

a. Best Efforts. The parties shall use their commercially reasonable best efforts to satisfy timely each of the conditions described in Section 7 and 8 of this Agreement.

b. Form D. The Company agrees to file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof to the Buyer promptly after such filing.

c. Use of Proceeds. The Company shall use the proceeds from the sale of the Note for working capital and other general corporate purposes and shall not, directly or indirectly, use such proceeds for any loan to or investment in any other corporation, partnership, enterprise or other person (except in connection with its currently existing direct or indirect Subsidiaries).

d. Removed and Reserved.

e. Financial Information. The Company agrees to send or make available the following reports to the Buyer until the Buyer transfers, assigns, or sells all of the Securities: (i) within ten (10) days after the filing with the SEC, a copy of its Annual Report on Form 10-K its Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K; (ii) within one (1) day after release, copies of all press releases issued by the Company or any of its Subsidiaries; and (iii) contemporaneously with the making available or giving to the shareholders of the Company, copies of any notices or other information the Company makes available or gives to such shareholders. For the avoidance of doubt, filing the documents required in (i) above via EDGAR or releasing any documents set forth in (ii) above via a recognized wire service shall satisfy the delivery requirements of this Section 4(e).

f. Listing. The Company shall promptly secure the listing of the Conversion Shares upon each national securities exchange or automated quotation system, if any, upon which shares of Common Stock are then listed (subject to official notice of issuance) and, so long as the Buyer owns any of the Securities, shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of all Conversion Shares from time to time issuable upon conversion of the Note. The Company will obtain and, so long as the Buyer owns any of the Securities, maintain the listing and trading of its Common Stock on the OTCBB, OTCQB, OTC Pink or any equivalent replacement exchange, the Nasdaq National Market ("Nasdaq"), the Nasdaq SmallCap Market ("Nasdaq SmallCap"), the New York Stock Exchange ("NYSE"), or the NYSE MKT and will comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Financial Industry Regulatory Authority ("FINRA") and such exchanges, as applicable. The Company shall promptly provide to the Buyer copies of any material notices it receives from the OTCBB, OTCQB and any other exchanges or quotation systems on which the Common Stock is then listed regarding the continued eligibility of the Common Stock for listing on such exchanges and quotation systems. The Company shall pay any and all fees and expenses in connection with satisfying its obligation under this Section 4(f).

g. Corporate Existence. So long as the Buyer beneficially owns any Note, the Company shall maintain its corporate existence and shall not sell all or substantially all of the Company's assets, except in the event of a merger or consolidation or sale of all or substantially all of the Company's assets, where the surviving or successor entity in such transaction (i) assumes the Company's obligations hereunder and under the agreements and instruments entered into in connection herewith and (ii) is a publicly traded corporation whose Common Stock is listed for trading on the OTCBB, OTCQB, OTC Pink, Nasdaq, NasdaqSmallCap, NYSE or AMEX.

h. No Integration. The Company shall not make any offers or sales of any security (other than the Securities) under circumstances that would require registration of the Securities being offered or sold hereunder under the 1933 Act or cause the offering of the Securities to be integrated with any other offering of securities by the Company for the purpose of any stockholder approval provision applicable to the Company or its securities.

i. Failure to Comply with the 1934 Act. So long as the Buyer beneficially owns the Note, the Company shall comply with the quarterly and annual reporting requirements of the 1934 Act; and the Company shall continue to be subject to the reporting requirements of the 1934 Act.

j. Trading Activities. Neither the Buyer nor its affiliates has an open short position (or other hedging or similar transactions) in the Common Stock of the Company and the Buyer agree that it shall not, and that it will cause its affiliates not to, engage in any short sales of or hedging transactions with respect to the Common Stock of the Company.

k. Removed and Reserved.

l. Legal Counsel Opinions. Upon the request of the Buyer from to time to time, the Company shall be responsible (at its cost) for promptly (within two (2) business days from the Buyer's request) supplying to the Company's transfer agent and the Buyer a customary legal opinion letter of its counsel (the "Legal Counsel Opinion") to the effect that the sale of Conversion Shares by the Buyer or its affiliates, successors and assigns is exempt from the registration requirements of the 1933 Act pursuant to Rule 144 (provided the requirements of Rule 144 are satisfied and provided the Conversion Shares are not then registered under the 1933 Act for resale pursuant to an effective registration statement). Should the Company's legal counsel fail for any reason to issue the Legal Counsel Opinion, the Buyer may (at the Company's cost) secure another legal counsel to issue the Legal Counsel Opinion, and the Company will instruct its transfer agent to accept such opinion.

m. Par Value. If the closing bid price at any time the Note is outstanding falls below \$0.0001 for five (5) consecutive days, the Company shall cause the par value of its Common Stock to be reduced to \$0.00001 or less.

n. Breach of Covenants. The Company agrees that if the Company breaches any of the covenants set forth in this Section 4, and in addition to any other remedies available to the Buyer pursuant to this Agreement, it will be considered an Event of Default under Section 3.4 of the Note, the Company shall pay to the Buyer the Standard Liquidated Damages Amount in cash or in shares of Common Stock at the option of the Buyer, until such breach is cured, or with respect to Section 4(d) above, the Company shall pay to the Buyer the Standard Liquidated Damages Amount in cash or shares of Common Stock, at the option of the Buyer, upon each violation of such provision. If the Company elects to pay the Standard Liquidated Damages Amounts in shares of Common Stock, such shares shall be issued at the Conversion Price at the time of payment.

o. Transfer Agent Instructions. The Company shall issue irrevocable instructions to its transfer agent to issue certificates, registered in the name of the Buyer or its nominee, for the Conversion Shares in such amounts as specified from time to time by the Buyer to the Company upon conversion of the Note in accordance with the terms thereof (the "Irrevocable Transfer Agent Instructions"). In the event that the Borrower proposes to replace its transfer agent, the Borrower shall provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to the Purchase Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount) signed by the successor transfer agent to Borrower and the Borrower. Prior to registration of the Conversion Shares under the 1933 Act or the date on which the Conversion Shares may be sold pursuant to Rule 144 without any restriction as to the number of Securities as of a particular date that can then be immediately sold, all such certificates shall bear the restrictive legend specified in Section 2(g) of this Agreement. The Company warrants that: (i) no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section, and stop transfer instructions to give effect to Section 2(f) hereof (in the case of the Conversion Shares, prior to registration of the Conversion Shares under the 1933 Act or the date on which the Conversion Shares may be sold pursuant to Rule 144 without any restriction as to the number of Securities as of a particular date that can then be immediately sold), will be given by the Company to its transfer agent and that the Securities shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the Note; (ii) it will not direct its transfer agent not to transfer or delay, impair, and/or hinder its transfer agent in transferring (or issuing) (electronically or in certificated form) any certificate for Conversion Shares to be issued to the Buyer upon conversion of or otherwise pursuant to the Note as and when required by the Note and this Agreement; and (iii) it will not fail to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any certificate for any Conversion Shares issued to the Buyer upon conversion of or otherwise pursuant to the Note as and when required by the Note and this Agreement. Nothing in this Section shall affect in any way the Buyer's obligations and agreement set forth in Section 2(g) hereof to comply with all applicable prospectus delivery requirements, if any, upon re-sale of the Securities. If the Buyer provides the Company, at the cost of the Company not to exceed \$300, with (i) an opinion of counsel in form, substance and scope customary for opinions in comparable transactions, to the effect that a public sale or transfer of such Securities may be made without registration under the 1933 Act and such sale or transfer is effected or (ii) the Buyer provides reasonable assurances that the Securities can be sold pursuant to Rule 144, the Company shall permit the transfer, and, in the case of the Conversion Shares, promptly instruct its transfer agent to issue one or more certificates, free from restrictive legend, in such name and in such denominations as specified by the Buyer. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer, by vitiating the intent and purpose of the transactions contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section may be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section, that the Buyer shall be entitled, in addition to all other available remedies, to an injunction restraining any breach and requiring immediate transfer, without the necessity of showing economic loss and without any bond or other security being required.

p. Registered Broker Dealer Fee. The Company shall pay Moody Capital Solutions, Inc., a registered broker dealer, a fee in the amount of \$5,000.00 in connection with the diligence and compliance review for this transaction (the "Registered Broker Dealer Fee"). The Registered Broker Dealer Fee shall be paid from the proceeds funded by the Buyer at closing as set forth in the related Disbursement Authorization.

q. Common Stock Issuance As additional consideration for the Buyer loaning the Purchase Price to the Company under the terms herein, the Company shall issue the Buyer 200,000 shares of Common Stock delivered on the Closing Date (the "Share Issuance").

5. CONDITIONS PRECEDENT TO THE COMPANY'S OBLIGATIONS TO SELL The obligation of the Company hereunder to issue and sell the Note to the Buyer at the Closing is subject to the satisfaction, at or before the Closing Date of each of the following conditions thereto, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

a. The Buyer shall have executed this Agreement and delivered the same to the Company.

b. The Buyer shall have delivered the Purchase Price in accordance with Section 1(b) above.

c. The representations and warranties of the Buyer shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date), and the Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Buyer at or prior to the Closing Date.

d. No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

6. CONDITIONS PRECEDENT TO THE BUYER'S OBLIGATION TO PURCHASE The obligation of the Buyer hereunder to purchase the Note at the Closing is subject to the satisfaction, at or before the Closing Date of each of the following conditions, provided that these conditions are for the Buyer's sole benefit and may be waived by the Buyer at any time in its sole discretion:

a. The Company shall have executed this Agreement and delivered the same to the Buyer.

b. The Board of Directors of the Company shall have approved by Unanimous Written Consent (the "Consent") the Issuance and transactions contemplated by this Agreement and the Note and the Company shall have delivered such fully executed Consent to the Buyer.

c. The Company shall have delivered to the Buyer the duly executed Note (in such denominations as the Buyer shall request) and in accordance with Section 1(b) above.

d. The Irrevocable Transfer Agent Instructions, in form and substance satisfactory to a majority-in-interest of the Buyer, shall have been delivered to and acknowledged in writing by the Company's Transfer Agent and such fully executed Irrevocable Transfer Agent Instructions shall have been delivered to the Buyer.

e. The representations and warranties of the Company shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at such time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the Closing Date. The Buyer shall have received a certificate or certificates, executed by the chief executive officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by the Buyer including, but not limited to certificates with respect to the Company's Certificate of Incorporation, By-laws and Board of Directors' resolutions relating to the transactions contemplated hereby.

f. No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

g. No event shall have occurred which could reasonably be expected to have a Material Adverse Effect on the Company including but not limited to a change in the 1934 Act reporting status of the Company or the failure of the Company to be timely in its 1934 Act reporting obligations.

h. The Conversion Shares shall have been authorized for quotation on the OTCBB, OTCQB, OTC Pink or any similar quotation system and trading in the Common Stock on the OTCBB, OTCQB or any similar quotation system shall not have been suspended by the SEC or the OTCBB, OTCQB, OTC Pink or any similar quotation system.

i. The Buyer shall have received the Share Issuance, and officer's certificate described in Section 3(c) above.

7. GOVERNING LAW; MISCELLANEOUS.

a. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Agreement, the Note or any other agreement, certificate, instrument or document contemplated hereby shall be brought only in the state courts of New York or in the federal courts located in the Southern District of the State of New York. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR UNDER ANY OTHER TRANSACTION DOCUMENT OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY .** The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement or any other Transaction Document by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

b. Counterparts; Signatures by Facsimile. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

c. Construction; Headings. This Agreement shall be deemed to be jointly drafted by the Company and the Buyer and shall not be construed against any person as the drafter hereof. The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

d. Severability. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

e. Entire Agreement; Amendments. This Agreement, the Note and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by the majority in interest of the Buyer.

f. Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, email, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by email or facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Company, to:

SusGlobal Energy Corp.
200 Davenport Road
Toronto, ONT M5R 1J2
Canada

If to the Buyer:

Each party shall provide notice to the other party of any change in address.

g. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Neither the Company nor the Buyer shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other. Notwithstanding the foregoing, subject to Section 2(f), the Buyer may assign its rights hereunder to any person that purchases Securities in a private transaction from the Buyer or to any of its "affiliates," as that term is defined under the 1934 Act, without the consent of the Company.

h. Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

i. Survival. The representations and warranties of the Company and the agreements and covenants set forth in this Agreement shall survive the closing hereunder notwithstanding any due diligence investigation conducted by or on behalf of the Buyer. The Company agrees to indemnify and hold harmless the Buyer and all their officers, directors, employees and agents for loss or damage arising as a result of or related to any breach or alleged breach by the Company of any of its representations, warranties and covenants set forth in this Agreement or any of its covenants and obligations under this Agreement, including advancement of expenses as they are incurred.

j. Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

k. No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

l. Remedies. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Agreement will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Agreement, that the Buyer shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Agreement and to enforce specifically the terms and provisions hereof, without the necessity of showing economic loss and without any bond or other security being required.

m. Publicity. The Company, and the Buyer shall have the right to review a reasonable period of time before issuance of any press releases, SEC, OTCQB or FINRA filings, or any other public statements with respect to the transactions contemplated hereby; provided, however, that the Company shall be entitled, without the prior approval of the Buyer, to make any press release or SEC, OTCQB (or other applicable trading market) or FINRA filings with respect to such transactions as is required by applicable law and regulations (although the Buyer shall be consulted by the Company in connection with any such press release prior to its release and shall be provided with a copy thereof and be given an opportunity to comment thereon).

n. Indemnification. In consideration of the Buyer's execution and delivery of this Agreement and acquiring the Securities hereunder, and in addition to all of the Company's other obligations under this Agreement or the Note, the Company shall defend, protect, indemnify and hold harmless the Buyer and its stockholders, partners, members, officers, directors, employees and direct or indirect investors and any of the foregoing persons' agents or other representatives (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "Indemnitees") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "Indemnified Liabilities"), incurred by any Indemnitee as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Company in this Agreement or the Note or any other agreement, certificate, instrument or document contemplated hereby or thereby, (b) any breach of any covenant, agreement or obligation of the Company contained in this Agreement or the Note or any other agreement, certificate, instrument or document contemplated hereby or thereby or (c) any cause of action, suit or claim brought or made against such Indemnitee by a third party (including for these purposes a derivative action brought on behalf of the Company) and arising out of or resulting from (i) the execution, delivery, performance or enforcement of this Agreement or the Note or any other agreement, certificate, instrument or document contemplated hereby or thereby, (ii) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of the issuance of the Securities, or (iii) the status of the Buyer or holder of the Securities as an investor in the Company pursuant to the transactions contemplated by this Agreement. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities that is permissible under applicable law.

[signature page follows]

IN WITNESS WHEREOF, the undersigned Buyer and the Company have caused this Agreement to be duly executed as of the date first above written.

SUSGLOBAL ENERGY CORP.

By: _____

Name: Marc Hazout

Title: Chief Executive Officer

By: _____

Name:

Title:

AGGREGATE SUBSCRIPTION AMOUNT:

Aggregate Principal Amount of Note: US\$275,000.00

Aggregate Purchase Price: US\$250,000.00

CERTIFICATION

I, Marc Hazout certify that:

1. I have reviewed this report on Form 10-K of SusGlobal Energy Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2021

/s/ Marc Hazout

Marc Hazout

Executive Chairman, President and Chief Executive Officer

CERTIFICATION

I, Ike Makrimichalos certify that:

1. I have reviewed this report on Form 10-K of SusGlobal Energy Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2021

/s/ Ike Makrimichalos

Ike Makrimichalos

Chief Financial Officer (Principal Financial and Accounting Officer)

**CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Marc Hazout, the Chief Executive Officer of SusGlobal Energy Corp. (the "Registrant"), and Ike Makrimichalos, the Chief Financial Officer of the Registrant, each hereby certifies that, to the best of their knowledge:

1. The Registrant's Annual Report on Form 10-K for the period ended December 31, 2020, to which this Certification is attached as Exhibit 32.1 (the "Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition of the Registrant at the end of the period covered by the Report and results of operations of the Registrant for the periods covered by the Report.

Date: March 31, 2021

By: /s/ Marc Hazout

Marc Hazout
Executive Chairman, President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Ike Makrimichalos

Ike Makrimichalos
Chief Financial Officer
(Principal Financial and Accounting Officer)