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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

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## INTRODUCTION

This management's discussion and analysis ("**MD&A**") is management's assessment of the significant activities of Carbon Streaming Corporation ("**Carbon Streaming**" or the "**Company**") and analyzes the financial results for the year ended December 31, 2024. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024 and the related notes thereto (the "**Financial Statements**"), which are available for viewing on [www.sedarplus.ca](http://www.sedarplus.ca). The effective date of this MD&A is March 31, 2025.

Financial information in this document is expressed in United States dollars ("**\$**" or "**US\$**"), unless otherwise indicated, and is prepared in accordance with the IFRS<sup>®</sup> Accounting Standards as issued by the International Accounting Standards Board (the "**IFRS Accounting Standards**"). Tabular amounts are expressed in thousands of US\$, unless otherwise indicated.

The Company's common shares ("**Common Shares**") are listed on Cboe Canada (formerly the Neo Exchange) under the symbol "NETZ", common share purchase warrants, exercisable at Canadian dollars ("**C\$**")7.50 until March 2, 2026 are listed on Cboe Canada under the symbol "NETZ.WT", and the warrants that expire in September 2026 are listed on Cboe Canada under the symbol "NETZ.WT.B". The Common Shares are also listed on the Frankfurt Stock Exchange under the symbol "M2Q" and trade on the OTCQB Markets under the symbol "OFSTF".

Management is responsible for the preparation and integrity of the Company's Financial Statements, including the maintenance of appropriate information systems, procedures, and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the Company's Financial Statements and MD&A, is complete and reliable.

This MD&A contains forward-looking statements that involve risks and uncertainties. Although such information is considered to be accurate, actual results may differ materially from those anticipated in the statements made. See the "Advisories" section of this MD&A for further information. Additional information on the Company is available for viewing on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

CARBON STREAMING CORPORATION  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

---

INDEX

INTRODUCTION .....	2
INDEX .....	3
DESCRIPTION OF BUSINESS.....	4
COMPANY HIGHLIGHTS.....	5
CARBON CREDIT STREAMING AND ROYALTY AGREEMENTS .....	7
ACQUISITION OF BLUE DOT .....	17
INVESTMENT IN ASSOCIATE.....	17
PREFERRED SHARES .....	17
CARBON MARKETS AND PRICING .....	18
STRATEGY AND OUTLOOK.....	18
LEGAL PROCEEDINGS .....	19
SUMMARY OF FINANCIAL RESULTS .....	22
LIQUIDITY AND CASH FLOW .....	27
KEY MANAGEMENT PERSONNEL .....	28
SHARE CAPITAL .....	29
COMMITMENTS .....	29
OFF-BALANCE SHEET ARRANGEMENTS .....	30
FINANCIAL INSTRUMENT FAIR VALUE AND RISK FACTORS .....	30
KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS.....	32
NON-IFRS ACCOUNTING STANDARDS MEASURES.....	32
RISKS AND UNCERTAINTIES .....	33
DISCLOSURE OF INTERNAL CONTROLS .....	34
ADVISORIES.....	36
ADDITIONAL INFORMATION .....	36

## DESCRIPTION OF BUSINESS

Carbon Streaming is a carbon credit streaming and royalty company focused on providing capital to carbon projects globally, primarily by entering into or acquiring streaming, royalty or other similar arrangements to purchase carbon credits from the underlying project and then generate cash flow from the sale of carbon credits.

Historically, the Company's strategy has been to: (i) enter into or acquire streaming, royalty or royalty-like arrangements with project developers/operators, non-governmental organizations (NGOs), non-profit organizations, companies, individuals or governments (generally referred to as a project partner) to purchase carbon credits generated by their project(s) or asset(s); (ii) acquire or invest, in the form of equity, debt or other forms of investment, in carbon credits or entities, assets or properties involved in the origination, generation, monitoring, or management of carbon credits or related businesses; and (iii) market and sell carbon credits to maximize value for all of our stakeholders and deliver long-term cash flow to project partners, the projects and local communities.

The Company is currently focussed on maximizing value from the existing portfolio of investments and is pursuing all options to achieve that goal.

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

## COMPANY HIGHLIGHTS

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
<i>Carbon credit streaming and royalty agreements</i>				
Revaluation of carbon credit streaming and royalty agreements	\$ (13,190)	\$ (23,952)	\$ (58,155)	\$ (32,897)
Settlements from carbon credit streaming and royalty agreements <sup>1</sup>	513	-	1,550	55
<i>Other financial highlights</i>				
Other operating expenses	1,760	2,691	10,340	12,035
Operating loss	(14,923)	(26,784)	(68,335)	(45,002)
Net loss	(16,932)	(26,092)	(67,369)	(35,501)
Loss per share (Basis and Diluted) (\$/share)	(0.32)	(0.55)	(1.34)	(0.75)
Adjusted net loss <sup>2</sup>	(884)	(2,225)	(5,214)	(7,586)
Adjusted net loss per share (Basic and Diluted) (\$/share) <sup>2</sup>	(0.02)	(0.05)	(0.10)	(0.16)
<i>Statement of financial position</i>				
Cash <sup>3</sup>	37,350	51,416	37,350	51,416
Carbon credit streaming and royalty agreements <sup>3</sup>	9,081	60,122	9,081	60,122
Total assets <sup>3</sup>	48,683	117,111	48,683	117,111
Non-current liabilities <sup>3</sup>	112	1,083	112	1,083

(1) Relates to the net cash proceeds generated from the Company's carbon credit streaming and royalty agreements.

(2) "Adjusted net loss", including per share amounts, is a non-IFRS Accounting Standards financial performance measure that is used in this MD&A. This measure does not have any standardized meaning under the IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other issuers. For more information about this measure, why it is used by the Company, and a reconciliation to the most directly comparable measure under the IFRS Accounting Standards, see the "Non-IFRS Accounting Standards Measures" section of this MD&A.

(3) Cash, carbon credit streaming and royalty agreements, total assets and non-current liabilities are presented as at the relevant tabular reporting date.

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

---

Three months and year ended December 31, 2024

- Ended the quarter with \$37.4 million in cash and no corporate debt.
- Reduced the number of individuals receiving full-time salaries at the Company - including employees, consultants, and directors - from 24 at the start of 2024 to 8 by year-end, with a further decrease to 4 full time employees by January 2025. The Chief Executive Officer is not collecting a salary, the Chief Financial Officer is receiving a part-time salary, and the Company has eliminated cash-settled director's fees to its board of directors ("**Board**").
- Continued the previously-announced ongoing corporate restructuring plan, including reducing operating expenses and reviewing existing streams and royalties, and changes to the Company's senior leadership team, which resulted in a non-recurring restructuring charge of \$0.4 million and \$2.6 million for the three months and year ended December 31, 2024, respectively (recovery of \$6 thousand and expense of \$1.7 million for the three months and year ended December 31, 2023, respectively). The Company will continue to evaluate strategic alternatives to maximize shareholder value in the coming quarters.
- Recognized a loss on revaluation of carbon credit streaming and royalty agreements of \$13.2 million and \$58.2 million for the three months and year ended December 31, 2024, respectively (loss of \$24.0 million and \$32.9 million for the three months and year ended December 31, 2023, respectively). For the three months and year ended December 31, 2024, the loss on revaluation was primarily driven by the decrease in the fair values of various carbon credit streaming and royalty agreements to \$nil. Additionally, the loss on revaluation was affected by reductions in the carbon credit production and sales profiles, declines in carbon credit pricing assumptions, and an increase in the risk-adjusted discount rate applied to the Company's portfolio of carbon credit streaming and royalty agreements. Refer to the "Carbon Credit Streaming and Royalty Agreements", "Summary of Financial Results" and the "Legal Proceedings" sections of this MD&A.
- Generated \$0.5 million and \$1.6 million in cash settlements from carbon credit streaming and royalty agreements for the three months and year ended December 31, 2024, respectively (three months and year ended December 31, 2023 – \$nil and \$55 thousand, respectively).
- Recognized net loss of \$16.9 million and \$67.4 million for the three months and year ended December 31, 2024, respectively (three months and year ended December 31, 2023 – net loss of \$26.1 million and \$35.5 million, respectively).
- Adjusted net loss was \$0.9 million and \$5.2 million for the three months and year ended December 31, 2024, respectively (three months and year ended December 31, 2023 – adjusted net loss of \$2.2 million and \$7.6 million, respectively). See the "Non-IFRS Accounting Standards Measures" section of this MD&A for further information.
- During the three months and year ended December 31, 2024, paid \$2.2 million and \$8.1 million respectively in upfront deposits for carbon credit streaming and royalty agreements (three months and year ended December 31, 2023 – \$2.1 million and \$9.1 million, respectively).
- On July 3, 2024, the Company completed its previously announced acquisition of Blue Dot Carbon Corp. ("**Blue Dot**"), a private company with an equity investment in a carbon project developer and certain option rights to invest in future carbon projects of its partners.

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

## CARBON CREDIT STREAMING AND ROYALTY AGREEMENTS

### Key Terms of Carbon Credit Streaming and Royalty Agreements

A summary of the key terms of the Company's streams and royalties as at December 31, 2024 are set forth below. For a full summary of the various projects associated with the Company and its carbon credit sales, investors are urged to review the section of the Company's Annual Information Form ("AIF") entitled "Overview of the Company's Carbon Credit Projects" a copy of which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Stream / Royalty Partner	Project Information					Stream/ Royalty Information				
	Location	Activity Type	Registry / Credit Type	Expected Credit Issuance Over Project Life <sup>(1)</sup>	Project Start Year <sup>(2)</sup>	Total Upfront Deposit <sup>(3)</sup>	Stream Funding Status (Upfront Deposit amount paid) (%)	Expected Initial Crediting Period of Stream or Royalty <sup>(4)</sup>	Year of First Credit Delivery to the Company <sup>(5)</sup>	Stream / Royalty Status <sup>(6)</sup>
<b>Streams</b>										
<b>Rimba Raya</b> InfiniteEARTH Limited and PT InfiniteEARTH Nusantara	Central Kalimantan, Borneo, Indonesia	Avoidance/ Reduction REDD+ (AFOLU)	SRN (SPE – GRK)	–	2009	\$26.3 million <sup>(7)</sup>	100%	50 years	–	Expired <sup>(8)</sup>
<b>Magdalena Bay Blue Carbon</b> Fundación MarVivo Mexico, MarVivo Corporation	Magdalena Bay, Baja California Sur, México	Avoidance/ Reduction To be developed as REDD+ (AFOLU/ Blue Carbon)	Verra (VCU) (Planned)	–	2020	\$7.8 million	30.8%	30 years	–	Expired <sup>(9)</sup>
<b>Cerrado Biome</b> ERA Cerrado Assessoria e Projectos Ambientais Ltd.	Cerrado, Brazil	Avoidance/ Reduction REDD+ (AFOLU / ACoGS)	Verra (VCU)	1.2 million <sup>(10)</sup>	2017	\$0.5 million	100%	30 years	2023	Delivering
<b>Waverly Biochar</b> Waverly RB SPE LLC <sup>(11)</sup>	Virginia, United States	Removal/ Sequestration Biochar	Puro.earth (CORC)	0.263 million	2023	\$2.95 million	100%	25 years	–	Development
<b>Community Carbon (5 Projects)</b> <sup>(12)</sup> Community Carbon and UpEnergy Group	Uganda Mozambique Tanzania Malawi	Avoidance/ Reduction Cookstove/ Water purification <sup>(12)</sup>	Gold Standard (VER) / Verra (VCU) <sup>(13)</sup>	14.7 million <sup>(14)</sup>	2020	\$20 million	81.5%	15 years <sup>(15)</sup>	2023	Delivering
<b>Nalgonda Rice Farming</b> Core CarbonX Pte. Ltd. and Core CarbonX Solutions Private Limited	Telangana State, India	Avoidance/ Reduction Agriculture Land Management (AFOLU)	Verra (VCU)	2.4 million	2022	\$2.44 million	79.9%	7 years	–	Development
<b>Enfield Biochar</b> Standard Biocarbon <sup>(11)</sup>	Maine, United States	Removal/ Sequestration Biochar	Puro.earth (CORC)	0.9 million	2023	\$1.3 million	76.9%	30 years	–	Development
<b>Azuero Reforestation Stream</b> Azuero Reforestación Colectiva, S.A.	Azuero Peninsula, Panama	Removal/ Sequestration Reforestation	Verra (VCU)	3.21 million	2025	\$7.1 million	15.1%	26 years	–	Development

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

Stream / Royalty Partner	Project Information					Stream/ Royalty Information				
	Location	Activity Type	Registry / Credit Type	Expected Credit Issuance Over Project Life <sup>(1)</sup>	Project Start Year <sup>(2)</sup>	Total Upfront Deposit <sup>(3)</sup>	Stream Funding Status (Upfront Deposit amount paid) (%)	Expected Initial Crediting Period of Stream or Royalty <sup>(4)</sup>	Year of First Credit Delivery to the Company <sup>(5)</sup>	Stream / Royalty Status <sup>(6)</sup>
<b>Sheep Creek Reforestation</b> Mast Reforestation SPV I, LLC <sup>(16)</sup>	Montana, United States	Removal/ Sequestration Reforestation	CAR (FMUs) <sup>(17)</sup>	–	2022	\$3.53 million	62.4%	2 years	–	Suspended
<b>Feather River Reforestation</b> Mast Reforestation SPV I, LLC	California, United States	Removal/ Sequestration Reforestation	CAR (FMUs) <sup>(17)</sup>	0.05 million	2022	\$0.7 million	90.3%	1 year	–	Development
<b>Baccala Ranch Reforestation</b> Mast Reforestation SPV I, LLC <sup>(18)</sup>	–	–	–	–	–	–	–	–	–	–
<b>Royalties</b>										
<b>Bonobo Peace Forest (2 Projects)</b> Bonobo Conservation Initiative	The Democratic Republic of Congo	Avoidance/ Reduction REDD+ (AFOLU)	Verra (VCU)	N/A	N/A	\$2.5 million	100%	30 years	N/A	Suspended
<b>Amazon Portfolio (4 Projects)</b> Future Carbon International LLC	Brazil	Avoidance/ Reduction REDD (AFOLU)	Verra (VCU)	N/A	N/A	\$3.0 million	100%	30 years	N/A	Delivering

**Notes:**

- Expected Credit Issuance Over Project Life refers to the number of expected carbon credits to be issued from projects in the "Development" or "Delivering" category as specified in the project documents submitted to the relevant standard body or as updated based on updated issuance information provided by the project partner. The share of carbon credits from each project to be delivered to the Company under each stream/ royalty agreement varies based on the specific contractual terms. The Company receives royalty payments and not carbon credits under its royalty agreements.
- Project Start Year refers to the year in which project activities that generate emission reductions or removals begin or are expected to begin. In most cases, the Project Start Year occurs before the year in which credits are first delivered to the Company.
- Total upfront deposit amounts assume all milestones will be realized and all installments paid in full. Management's assumptions and actual payments made under any streaming/ royalty agreement may differ, as payments are subject to conditions which may or may not be met. See the "Commitments" section of this MD&A for further information.
- The term of a streaming / royalty agreement commences on the effective date of the agreement. The initial crediting period of the stream/ royalty typically commences upon delivery of first credits to the Company and can be extended should the project(s) continue to issue carbon credits beyond the current or expected crediting period of the project.
- The Year of First Credit Delivery to the Company refers to the year in which the Company received First Credit Delivery under the terms of each carbon credit streaming agreement. Given the significant uncertainties under the Company's carbon credit streaming agreements, the Company no longer has sufficient support to provide expected year of first credit delivery. See the "Portfolio Updates" section of this MD&A.
- The Company classifies its streams and royalties in five categories with reference to the stage of each project ranging from development of projects to delivery of carbon credits to the Company. See the "Project Streaming Agreement Classification Criteria" section of this MD&A.
- Only includes cash amounts paid under the Rimba Raya Stream. Excludes the dollar value of share consideration granted under the SAA.
- Given that the Rimba Raya project has had its Concession License revoked by the MOEF (as defined herein) and the Company has initiated arbitration proceedings against InfiniteEARTH, the Rimba Raya Stream status has been classified as "Expired". Under the SRN registry, the Rimba Raya project is expected to have a project lifetime until 2073. In October 2024, InfiniteEARTH delivered the RR Notice of Abandonment (as defined herein). The Company has notified InfiniteEARTH that it rejects the assertion that the prohibition resulting from Regulation No. 7 2023 (as defined herein) constitutes an event of force majeure. See the "Portfolio Updates" section of this MD&A.
- In the third quarter of 2024, MarVivo delivered the MarVivo Notice of Abandonment. The Company's position is that the attempt to abandon the project constitutes a breach of the terms of the Magdalena Bay Blue Carbon Stream and has rejected the assertion that the



CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

- failure to transfer the concession license constitutes an event of force majeure. As a result, the Company has classified the Magdalena Bay Blue Carbon Stream as "Expired". See the "Portfolio Updates" section of this MD&A.
- (10) Slower-than-expected land enrollment, driven by declining demand and lower prices for REDD+ carbon credits, has reduced the project's forecasted carbon credits. See the "Portfolio Updates" section of this MD&A.
  - (11) The Company will also receive a revenue royalty based on the value of biochar sold by the project partner.
  - (12) Three of the projects are cookstove projects and two of the projects are water purification projects. In addition, the safe water project in Zambia was discontinued but is still issuing credits from previous deployments.
  - (13) One of the cookstove projects is registered under Verra. The remaining four projects are registered under Gold Standard.
  - (14) The forecasted carbon credits for the project have decreased due to lower forecasted creditable unit deployments over the term of the project and methodological changes driven by concerns over emission reduction estimates, additionality, and verification challenges. See the "Portfolio Updates" section of this MD&A.
  - (15) As a result of the amendment to the Community Carbon Stream, the term of the stream will end December 31, 2040, unless the project is able to deploy cookstoves and water purification devices ahead of the projected schedule.
  - (16) In January 2025, Mast informed the Company that the Sheep Creek project has faced higher-than-expected mortality rates and slower growth in surviving seedlings, rendering the project plan not viable. As a result, the Company no longer expects to generate FMUs from the Sheep Creek Reforestation Stream. See the "Portfolio Updates" section of this MD&A.
  - (17) The methodology applied under Climate Action Reserve's ("CAR") Climate Forward program is specifically intended for forward financing. Forecast Mitigation Units ("FMUs") for each project or project area are issued in one tranche following 'confirmation', which occurs approximately one year after planting to ensure seedling survival beyond the highest mortality period. FMUs can be retired to mitigate future anticipated emissions and may also be converted to standard Climate Action Reserve tonnes with ex-post monitoring and verification.
  - (18) On March 27, 2025, Mast delivered the Company a notice of termination of the Baccala Ranch Reforestation Stream and the Baccala Ranch project, thereby confirming it will forego any plantings. As at December 31, 2024, the Company has not advanced any funds for the Baccala project and the closing of the Baccala Ranch Reforestation Stream remained subject to customary closing conditions.

## Portfolio Updates

Key developments in the projects under the Company's carbon credit stream and royalty agreements include:

***Rimba Raya Stream:*** On April 26, 2024, the Company announced that it was informed that PT Rimba Raya Conservation ("PT Rimba"), the local concession holder for the Rimba Raya project, had its Forest Utilization Business License (the "Concession License") revoked by the Indonesian Government's Ministry of Environment and Forestry (the "MOEF"). PT Rimba challenged the MOEF's revocation of the Concession License, and in July 2024, the State Administrative Court of Jakarta (the "Court of Jakarta") reached a decision on PT Rimba's claim and declared that the revocation by the MOEF of the Concession License is void. The MOEF appealed the decision of the Court of Jakarta and in September 2024, the State Administrative High Court of Jakarta (the "High Court of Jakarta") upheld the Court of Jakarta's decision declaring that the revocation by the MOEF of the Concession License is void. The MOEF submitted an appeal of the decision of the High Court of Jakarta and as such, the decision of the High Court of Jakarta upholding that the revocation by the MOEF of the Concession License is void does not yet have permanent legal force. While the appeal process is underway, the interlocutory decision issued by the Court of Jakarta on May 16, 2024, requiring the MOEF to suspend the implementation of its decree in respect of the revocation of the Concession License, will remain in place.

In October 2024, InfiniteEARTH Limited and its Indonesian subsidiary PT InfiniteEARTH Nusantara, the project operators of the Rimba Raya project (collectively "InfiniteEARTH") delivered a notice of intent to abandon the project (the "RR Notice of Abandonment"). Pursuant to the RR Notice of Abandonment, InfiniteEARTH claims that a Regulation entitled *Regulation of the Ministry of Environment and Forestry*

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

---

*Number 7 Year of 2023* issued on June 14, 2023 by the Indonesian Government ("**Regulation No. 7 2023**"), prohibits the issuance and transfer of carbon rights from PT Rimba to InfiniteEARTH. InfiniteEARTH claims that as a result of Regulation No. 7 2023, it has been unable to economically develop or continue to operate the Rimba Raya project and that this is a force majeure event under the Rimba Raya Stream. The Company has notified InfiniteEARTH that it rejects the assertion that Regulation No. 7 2023 is an event of force majeure and has commenced an arbitration seeking, among other things, an order that the RR Notice of Abandonment is invalid or void.

In October 2024, the Company commenced an arbitration administered by the International Centre of Dispute Resolution against InfiniteEARTH in accordance with the Rimba Raya Stream; and against the shareholders of InfiniteEARTH Limited in accordance with the Strategic Alliance Agreement (the "**SAA**"). The arbitration has since been bifurcated into two arbitration proceedings, dealing with (i) the Rimba Raya Stream; and (ii) the SAA.

In October 2024, the Company also issued a Notice of Action in the Ontario Superior Court of Justice seeking declaratory relief against the principals of InfiniteEARTH Limited and their related entities, seeking to enforce its rights in relation to guarantees and non-competition agreements related to the Rimba Raya Stream and the SAA. Some of the defendants have counterclaimed. The dispute between the Company and InfiniteEARTH arises out of acts and omissions that the Company alleges are improper and in breach of the Rimba Raya Stream, the SAA and related agreements. Management of the Company believes that delivering the Notice of Arbitration and issuing the Notice of Action in the Ontario Superior Court of Justice were important steps in preserving the Company's legal and contractual rights.

As a result of the uncertainty of the duration and outcome of the appeal process in respect of the Concession License and the ongoing legal dispute between the Company, InfiniteEARTH and the founders of InfiniteEARTH, the Company has reclassified the status of the Rimba Raya Stream to "Expired". As at December 31, 2024, the Company has determined the fair value of the Rimba Raya Stream to be \$nil.

*Magdalena Bay Blue Carbon Stream:* In the third quarter of 2024, Fundación MarVivo Mexico, A.C. and MarVivo Corporation (collectively, "**MarVivo**") delivered a notice of intent to abandon the project (the "**MarVivo Notice of Abandonment**"). Pursuant to the MarVivo Notice of Abandonment, MarVivo claims that the failure to transfer the concession rights from the Secretariat of Environment and Natural Resources ("**SEMARNAT**"), Mexico's environment ministry, to the jurisdiction of Mexico's National Commission for Protected Natural Areas ("**CONANP**"), constitutes an event of force majeure and that it is no longer economical to develop or continue to operate the project. The Company's position is that the attempt to abandon the project constitutes a breach of the terms of the Magdalena Bay Blue Carbon Stream. The Company has notified MarVivo that it rejects the assertion that the failure to transfer the concession rights constitutes an event of force majeure and that if MarVivo abandons the project or takes steps to wind-down, this will amount to a breach of the terms of the Magdalena Bay Blue Carbon Stream. As a result of the MarVivo Notice of Abandonment and the assertions of MarVivo, the Company has determined the fair value of the Magdalena Bay Blue Carbon Stream to be \$nil as at December 31, 2024.

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

---

The Company reserves all rights with respect to the agreements between the parties and intends to strictly enforce its legal and contractual rights under the Magdalena Bay Blue Carbon Stream.

*Sustainable Community Stream:* In the third quarter of 2024, the Company exercised its contractual rights to terminate the Sustainable Community Stream as a result of, among other things, the failure of Will Solutions Inc. ("**Will Solutions**") to meet its milestone related to the registration of its Ontario project and its failure to develop and implement the project in accordance with the project plan (including continued delays in project development activities and lower-than-expected project enrollments). As a result of the Sustainable Community Stream being terminated, the fair value of the Sustainable Community Stream was determined to be \$nil as at December 31, 2024. The Company intends to strictly enforce its legal and contractual rights under the Sustainable Community Stream.

*Cerrado Biome Stream:* At the time of project registration, the project planned to expand the project to 80,000 hectares by incorporating more land parcels, and to generate approximately 13 million carbon credits over a 30-year project life. Enrollment of additional land parcels has been slower than anticipated, primarily due to declining demand and lower pricing for REDD+ carbon credits. As a result, the expected revenue from carbon credit sales has decreased, reducing the financial incentive for landholders to transition from agricultural production to REDD+ project enrollment. Currently, the project consists of two land parcels covering approximately 11,000 hectares, expected to generate 1.2 million carbon credits over 30 years; however, the actual number of carbon credits issued will depend on the project's ability to attract additional landholders. Revenue shortfalls have been driven by delays in the Verra verification process and price volatility for credits issued by REDD+ projects.

*Waverly Biochar Stream and Royalty:* Following the accelerated payment of the final milestone payments in the second quarter of 2024, the project reached mechanical completion and first biochar production in the third quarter of 2024. However, additional technical challenges prevented continuous operation of the facility and have continued to delay full production capacity. The project is currently focused on securing additional funding to support commissioning, the initial facility audit, and the first output audit with Puro.earth. Verification was anticipated in the third quarter of 2025, with first issuance of carbon credits to follow immediately thereafter, but is now expected to be delayed.

In 2023, the Company announced an agreement to provide Microsoft with carbon credits from the Waverly Biochar Stream of up to 10,000 carbon credits per year. Under this agreement, the Company is committed to delivering a minimum quantity of credits on specified future dates. If the Company is unable to fulfill this commitment, Microsoft may request that credits be sourced from an alternative project of their choosing.

*Community Carbon Stream:* In 2024, the projects under the Community Carbon Stream issued over 1,600,000 carbon credits from the Mozambique cookstove project, the Uganda cookstove project, the Tanzania cookstove project, and the Uganda household safe water project. Additionally, the Community Carbon Stream generated \$1.1 million in cash settlements for the year ended December 31, 2024.

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

---

On May 8, 2024, the Company amended the terms of the Community Carbon Stream resulting in, among other things, revising the Company's economic interest to provide for a tiered streaming structure which is adjusted as certain return on invested capital thresholds are achieved, and adjusting the portfolio composition and milestone payments to focus on the five strongest projects, three cookstove projects in Mozambique, Tanzania and Uganda and two water purification projects in Malawi and Uganda.

Following the May 2024 amendment, the Company anticipates that the project's actual emission reductions will be materially lower than previously expected due to methodological changes and declining prices, which have reduced forecasted creditable unit deployments. Concerns over emissions reduction overestimation, additionality, and verification challenges have raised questions about cookstove credit quality, prompting methodological revisions as the market adapts to evolving buyer expectations. While these changes aim to enhance credibility, they have also reduced demand and driven down prices.

*Nalgonda Rice Farming Stream:* In December 2024, the Company delivered a notice to Core CarbonX Pte. Ltd. and its services provider, Core CarbonX Solutions Private Limited (collectively, "**Core CarbonX**") that an event of default occurred and is continuing due to the failure of Core CarbonX to reach development completion prior to June 30, 2024. While no further action has been taken at this time, the Company reserves all rights under its agreements with Core CarbonX.

The project was registered with Verra on February 10, 2025, using the UNFCCC Clean Development Mechanism Methodology AMS-III.AU: Methane emission reduction by adjusted water management practice in rice cultivation in the VCS program ("**AMS-III.AU**"). Core CarbonX initially submitted the project for registration and first validation with Verra in September 2023; however, registration was delayed when Verra temporarily inactivated AMS-III.AU as part of a broader review of validation and verification quality and began developing a revised rice-specific methodology to replace AMS-III.AU. During this review, Verra determined that certain projects identified as having quality issues with validations and/or verifications would remain on hold, but Core CarbonX's projects, including the Nalgonda Rice Farming project, were approved for registration under AMS-III.AU.

Verra released the new VCS Methodology VM0051 (Improved Management in Rice Production Systems v1.0) on February 27, 2025, which the project plans to transition to for the second monitoring period. However, the project has already applied the guidelines required under the VCS Methodology VM0051. At this time, it is not known how the transition to the new methodology will impact the project, if at all.

As of December 31, 2024, approximately 32,000 landholders were enrolled in the project, covering 36,548 hectares of farmland. Enrollment remains ongoing, with a target of expanding to approximately 62,000 hectares. However, progress has been slower than expected due to registration delays, which have also postponed farmer compensation and, in turn, affected enrollment. The project was registered with Verra on February 10, 2025.

*Enfield Biochar Stream:* In April 2024, Standard Biocarbon Corporation ("**Standard Biocarbon**") achieved its first biochar production. However, technical challenges have delayed the commissioning process. Standard Biocarbon is working with PYREG GmbH, the engineer and builder of the PYREG Machines, to

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

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resolve these issues as it scales toward full operating capacity. The project continues to collect operational data required for a facility audit and official registration with the Puro.earth carbon credit standard. Currently, the project is on care and maintenance while seeking additional funding to support commissioning, the initial facility audit, and the first output audit.

***Azuero Reforestation Stream:*** On May 21, 2024, the Company, Microsoft Corporation ("**Microsoft**") and Rubicon Carbon Capital LLC ("**Rubicon**") entered into a carbon credit streaming agreement, as amended on November 23, 2024 (the "**Azuero Reforestation Stream**") with Azuero Reforestation Colectiva, S.A. ("**ARC**"), a wholly owned subsidiary of Ponterra Ltd. ("**Ponterra**"), for a reforestation project located on Azuero Province, Los Santos Province, Republic of Panama. Under the terms of the Azuero Reforestation Stream, ARC will deliver 13.5% of the carbon credits created by the project to the Company. Additionally, Microsoft has entered into an offtake agreement to purchase 100% of the Company's carbon credits delivered under the terms of the Azuero Reforestation Stream through to 2040. Carbon Streaming will also act as the sole marketer of ARC's carbon credits not already committed to the co-investors under the Azuero Reforestation Stream.

Under the terms of the Azuero Reforestation Stream, Carbon Streaming, alongside Rubicon and Microsoft, will fund 100% of project costs over seven years. The Company agreed to make an upfront deposit of up to \$7.1 million with \$0.3 million paid on closing, and additional milestone payments made as the project achieves planting and sapling survival milestones, and will receive 13.5% of total credits, which is expected to be approximately 438,000 carbon credits through 2052.

***Sheep Creek Reforestation Stream:*** In January 2025, the Company received a Notice of Adverse Impact from Mast Reforestation SPV I, LLC ("**Mast**") and the parent company of Mast, Droneseed Co. d/b/a Mast Reforestation under the Sheep Creek Reforestation Stream pursuant to which, among other things, Mast advised the Company that the Sheep Creek project has experienced significantly higher than expected mortality rates and that the surviving seedlings had exhibited slower than expected growth rates. As a result, Mast indicated to the Company that it no longer expects to deliver the agreed-upon 286,229 forecast mitigation units to the Company under the Sheep Creek Reforestation Stream, as Mast no longer considers the existing Sheep Creek project plan and budget to be viable. The Company has formally responded to the Notice of Adverse Impact and requested that Mast respond to the Company's significant concerns regarding, among other things, the timing of the delivery of the Notice of Adverse Impact, and the characterization of the cause of the adverse impact. The Company is continuing to evaluate all legal avenues available under the Sheep Creek Reforestation Stream. As a result, the Company no longer anticipates generating cash flow from the Sheep Creek Reforestation Stream and has determined its fair value to be \$nil as of December 31, 2024.

***Feather River Reforestation Stream:*** In 2024, carbon credit market demand has generally shifted towards lower risk carbon credits. FMUs, which are designed to facilitate forward financing, inherently carry higher risk, leading to supply that has exceeded demand. FMU issuance is expected in 2025. However, given the uncertainties surrounding FMU sales, the Company has determined the fair value of the Feather River Reforestation Stream to be \$nil as of December 31, 2024.

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

---

*Baccala Ranch Reforestation Stream:* In March 2025, Mast delivered the Company a notice of termination of the Baccala Ranch Reforestation Stream and the Baccala Ranch project, thereby confirming it will forego any plantings. The Company had not advanced any funds for the Baccala project and the closing of the Baccala Ranch Reforestation Stream remained subject to customary closing conditions.

*Amazon Portfolio Royalty:* Following a corporate reorganization, Future Carbon assigned its interests in the Yellow Ipe, ABC Norte and Gairova projects (collectively the "**Ecologica Portfolio**") to Ecological Assessoria Ltda. and its affiliates (collectively "**Ecologica**"), and retained the Rio Madeira Project, (the "**Future Carbon Portfolio**"). To reflect this restructuring, the Original Amazon Royalty was replaced on April 17, 2024, by two new royalty agreements: one between the Company and Future Carbon for the Future Carbon Portfolio (the "**FC Amazon Royalty**"), and another between the Company and Ecologica on the Ecologica Portfolio (the "**Ecologica Amazon Royalty**"). Each agreement carried a purchase price of \$1.5 million, maintaining the original \$3.0 million investment. No additional funds were advanced by the Company as part of Future Carbon's reorganization.

*Bonobo Peace Forest Royalty:* The royalty agreement was originally intended to convert into a stream agreement upon successful validation and verification of the project. However, due to political instability in the DRC, weakened market sentiment for REDD+ projects, and a significant decline in demand for REDD+ carbon credits, Carbon Streaming decided to halt further investment. The Company currently has no plans to proceed with a stream agreement.

The project has been seeking additional investment to support a renewed technical effort for registration under the new Verra VM0048 methodology. Given the material uncertainty surrounding fundraising for REDD+ project development, the early-stage nature of the project's technical development, and persistent weakness in demand for REDD+ carbon credits, the Company has determined the fair value of the Bonobo Peace Forest Royalty to be \$nil as at December 31, 2024.

### Project Streaming Agreement Classification Criteria

Management has developed five distinct categories corresponding to the status of each of its stream/royalty agreements for additional context to better evaluate the Company's portfolio. In classifying each of its streams/royalties, management considers, among other things, the following criteria: (i) whether the project is actively delivering carbon credits to the Company under the stream; (ii) the significance of any outstanding milestones, regulatory or otherwise, that need to be met prior to carbon credits being delivered to the Company under the stream; (iii) the status of the underlying project under its applicable standard body (for example, for the projects under Verra (Verified Carbon Standard ("VCS")), whether the project is under development or fully registered); and (iv) management's internal projections and judgement regarding project viability, proximity to completion, and overall risk profile of delivery. The classification for each stream/royalty within these categories is a matter of professional judgment and each classification for each stream/royalty is revisited at the end of each reporting period.

#### *Delivering*

For a stream/royalty to be categorized as "Delivering", the Company must have received carbon credits under the stream (or royalty payments under the royalty) and expects to continue actively receiving such credits/payments through the customary cycle of the agreement. This classification also means that the underlying project(s) has been fully registered with the applicable standard and has produced carbon credits and delivered them to the Company under the terms of the agreement. As a result, a stream/royalty categorized as "Delivering" is expected to generate revenue and operating cash flow to the Company in the near-term.

#### *Pre-Delivery*

For a stream/royalty to be categorized as "Pre-Delivery", the stream/royalty has not yet delivered carbon credits (or royalty payments) to the Company, but all development activities for the underlying project are substantially complete and the third-party audit has been scheduled or the third-party audit is in progress or is complete. In most cases, management views the delivery of carbon credits for streams (or royalty payments for royalties) categorized as "Pre-Delivery" to be probable given the progress of the underlying project and is only further subject to standard body timelines to realize carbon credit issuance. Management views first delivery of carbon credits to be probable within the next 12 months as of the reporting date.

#### *Development*

For a stream/royalty to be categorized as "Development", the stream/royalty has not yet delivered carbon credits (or royalty payments) to the Company and are at an earlier stage of project development than the projects in the "Pre-Delivery" category and has not yet completed the milestones for a third-party audit. The ability for these streams/royalties to ultimately deliver carbon credits or royalty payments is contingent on project execution, regulatory approval and the successful completion of the initial third-party audit in accordance with the standard body. Given these uncertainties, projects in this category are considered higher risk assets.

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

---

*Suspended*

For a stream/ royalty to be categorized as "Suspended", the stream/ royalty was previously in other categories but is currently not delivering, and/ or is not expected to deliver, carbon credits (or royalty payments) to the Company due to issues affecting the underlying project. These issues may include project deregistration, loss of validation, significant operational, regulatory, or financial challenges, or other material uncertainties that must be resolved before carbon credit delivery or royalty payments can resume. A stream/ royalty classified as may deliver carbon credits or royalty payments in the future if the underlying issues are successfully addressed; however, both the timing and outcome remain uncertain.

*Expired*

For a stream/ royalty to be categorized as "Expired", the stream/ royalty must have previously been in the "Pre-Delivery", "Delivering" or "Development" category, but the term of the stream or royalty has expired, the agreement has been terminated, or the Company believes that no further credits will be delivered under the stream or payments made under the royalty or at all. The fair value of streams/ royalties in this category is \$nil.

As at December 31, 2024, the Company's portfolio contained carbon credit streaming and royalty arrangements in the Delivering, Pre-Delivery, Development, Suspended, and Expired phases. For the year ended December 31, 2024, the Company classified the Rimba Raya Stream, the Magdalena Bay Blue Carbon Stream and the Sustainable Community Stream as "Expired". See the "Overview of Carbon Credit Streaming and Royalty Agreements" section of this MD&A for further information.

## Marketing and Sales

Sales of carbon credits are and will be generated through multiple distribution channels in the voluntary market using a combination of spot and forward contracts. including to end-users (such as corporate purchasers who would retire (or use) the credits) or intermediaries, such as voluntary carbon market specialist organizations which transact on behalf of end-user organizations or trade carbon credits. The Company may also have credits listed on various exchanges and other sales channels where the Company retires carbon credits on behalf of purchasers following receipt of payment. Carbon credit prices fluctuate continually and are affected by many factors. The Company works closely with the project partners when making decisions about the allocation of sales channels and contract structure.

For a full summary of risks, assumptions and uncertainties associated with the Company and its carbon credit sales, investors are urged to review the section of the Company's AIF entitled "Risk Factors" a copy of which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).



## ACQUISITION OF BLUE DOT

On July 3, 2024, the Company completed its previously announced acquisition of Blue Dot, a private company with an equity investment in a carbon project developer and certain option rights to invest in future carbon projects of Blue Dot's partners. On closing, the Company issued to the shareholders of Blue Dot an aggregate of 4,559,333 Common Shares of the Company.

The acquisition was accounted for as an asset acquisition, as Blue Dot did not meet the criteria for a business under IFRS 3, *Business Combinations* as the significant inputs and processes that constitute a business were not identified. As a result, the Common Shares issued as consideration were valued at \$503 thousand based on the fair value of the assets acquired and liabilities assumed based on available information at the time of the acquisition. See Note 5 of the Financial Statements for further information.

## INVESTMENT IN ASSOCIATE

Until the second quarter of 2024, the Company held a 50% equity interest in Carbon Fund Advisors Inc. ("**Carbon Fund Advisors**"). Carbon Fund Advisors was the fund sponsor of the Carbon Strategy ETF (formerly listed on the NYSE: KARB) and the investment supported Carbon Fund Advisors' launch and ongoing management of the Carbon Strategy ETF, an exchange traded fund that aimed to provide investors exposure to the growing compliance carbon markets. In the fourth quarter of 2023, as a result of continued operating losses and deteriorating outlook pertaining to future sources of income, Carbon Fund Advisors initiated activities for dissolution. In May 2024, Carbon Fund Advisors dissolved, and the Company received \$0.3 million in proceeds from the dissolution. As a result, the Company recognized a gain on dissolution of \$0.1 million for the year ended December 31, 2024.

## PREFERRED SHARES

In May 2023, the Company invested \$2.0 million into the parent company of Mast, Droneseed Co. d/b/a Mast Reforestation ("**Droneseed**") through a convertible note (the "**Convertible Note**"). The Convertible Note had a face value of \$2.0 million and bore an annual compound interest at 6%, with a maturity date of December 31, 2024. In October 2023, the Convertible Note converted into preferred shares of Droneseed upon the execution of a qualifying financing event, resulting in 1.3 million preferred shares of Droneseed being issued to the Company at a fair value of \$2.6 million.

Holders of preferred shares of Droneseed vote as a single class together with other equity holders of Droneseed. In the event of any voluntary or involuntary liquidation, dissolution or winding up of Droneseed or a deemed liquidation event, the holders of preferred shares of Droneseed then outstanding, together with all other equity holders shall be entitled to be paid out of the assets of Droneseed available for distribution.

For the year ended December 31, 2024, management evaluated both investee-specific and market-based factors to determine whether a significant change in the fair value of the preferred shares of Droneseed has occurred. The challenges experienced by the Sheep Creek Reforestation Stream, as described above,

has materially impacted the viability of Droneseed's business model. As a result, the Company has determined that the fair value of its preferred shares of Droneseed is \$nil as of December 31, 2024.

In July 2024, the Company acquired 0.2 million preferred shares in Imperative Global Group Inc. ("**Imperative**") through the acquisition of Blue Dot described in Note 5 of the Financial Statements. Holders of preferred shares of Imperative vote as a single class together with other equity holders of Imperative. In the event of any voluntary or involuntary liquidation, dissolution or winding up of Imperative or a deemed liquidation event, the holders of preferred shares of Imperative then outstanding shall be entitled to be paid out the assets of Imperative available for distribution prior to the other equity holders.

As there are no observable quoted prices for the preferred shares of Imperative, management evaluated both investee-specific and market-based factors to determine whether a significant change in the fair value of the preferred shares of Imperative may have occurred. Factors that were considered include changes in the performance of the investee, changes in the market price for carbon credits, changes in interest rates, changes in the valuation of comparable publicly-traded entities, and evidence from other transactions in the investee's equity. Changes to these variables could result in an increase or decrease in the fair value of the preferred shares of Imperative. There was no change to the fair value of the preferred shares of Imperative as at December 31, 2024.

## CARBON MARKETS AND PRICING

Carbon credits are traded in both the compliance (regulated) market and the voluntary market. The prices of carbon credits are primarily driven by the levels of supply and demand in the markets. Several factors that can also influence the price paid for a particular voluntary carbon credit include project activity (such as forestry, renewable energy, waste disposal, carbon capture, etc.), location, vintage, the standards body and associated co-benefits (such as job creation, water conservation or preservation of biodiversity).

## STRATEGY AND OUTLOOK

Carbon Streaming is currently focused on maximizing value from the existing portfolio of investments and pursuing all options to achieve that goal. During 2024, the Company has undergone changes to the Board and management, including the termination of certain consulting contracts, which reduced ongoing cash expenditure and streamlined decision-making. The Company continues to focus on its previously announced evaluation of strategic alternatives with a focus on maximizing value for all shareholders. These alternatives could include acquisitions, divestments, corporate transactions, financings, other strategic partnership opportunities or continuing to operate as a public company.

The Company's carbon credit streaming agreements are structured to retain a portion of the cash flows from carbon credit sales, with stream-specific retention varying. Project partners typically receive the balance through ongoing delivery payments under the terms of each agreement. Cash flows are subject to fluctuations based on realized carbon credit prices and agreement terms. As the Company continues

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

---

to evaluate its strategic direction, it remains focused on optimizing portfolio economics and managing exposure to market volatility.

## Outlook

Carbon Streaming continues to reposition itself for success and for maximizing shareholder value amid ongoing challenges. In May 2024, as part of its ongoing corporate restructuring first initiated in 2023, the Company announced changes to its senior management and Board after constructive discussions with certain shareholders. The Company continues to evaluate strategic alternatives for the business and remains focused on cash flow optimization through the reduction of operating expenses and a reassessment of its existing streams and royalties. Building on the previous measures implemented by the Company to reduce ongoing operating expenses, further steps have been taken in recent months, including significantly reducing employee headcount, renegotiating and amending vendor agreements to lower costs, eliminating cash-settled director's fees to the Board and terminating certain consulting contracts. As the Company's broader strategy continues to evolve, these recent steps are expected to result in significant reductions to annualized ongoing operating expenses when compared to 2024.

While the Company aims to increase cash flow generation through the sale of carbon credits from several streaming agreements over the next year, there remains ongoing uncertainty regarding the evolving nature of carbon markets, including potential registry delays, project-specific issues, and methodology-related risks, in addition to impacts the industry may face as a result of general economic, political and regulatory conditions. In 2024, the Company has recognized a decrease in the fair values of the Rimba Raya Stream, the Magdalena Bay Blue Carbon Stream, the Sustainable Community Stream, and the Sheep Creek Reforestation Stream to \$nil as a result of the failure of the respective projects to meet their obligations under the stream agreements and ongoing legal disputes. The Company is actively pursuing all available legal remedies to protect its investments and enforce its contractual rights. Given the multiple ongoing litigation matters, the outcomes remain uncertain and could materially impact the Company's financial position and strategic direction. Please refer to the "Legal Proceedings" section of this MD&A for further information.

Given the evolving nature of carbon markets and ongoing legal considerations, Carbon Streaming is focussed on maximizing value from the existing portfolio of investments and pursuing all options to achieve that goal.

For a comprehensive discussion of the risks, assumptions and uncertainties that could impact the Company's strategy and outlook, including without limitation, changes in demand for carbon credits and Indonesian developments described herein, investors are urged to review the section of the Company's AIF entitled "Risk Factors" a copy of which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## LEGAL PROCEEDINGS

From time to time, the Company may be involved in litigation arising out of the Company's operations. Damages claimed under such litigation may be material or may be indeterminate, and the outcome of

such litigation may materially impact the Company's financial condition or results of operations. While the Company assesses the merits of each lawsuit and asserts its interests or defends itself accordingly, the Company may be required to incur significant expenses or devote significant resources to pursue or defend itself against such litigation. Except as disclosed herein or elsewhere in this MD&A, there are no legal proceedings or regulatory actions pending or known by the Company to which it is a party or in respect of which any of the properties of the Company are subject that are anticipated to be material to the Company and its subsidiaries taken as a whole. In the summary provided below, the Company has provided the estimates with respect to each claim where such an estimate is available; however, the estimates provided are not indicative of the probability of the final outcome.

#### InfiniteEARTH and Shareholders of InfiniteEARTH Dispute

In October 2024, the Company commenced an arbitration administered by the International Centre of Dispute Resolution against InfiniteEARTH in accordance with the Rimba Raya Stream; and against the shareholders of InfiniteEARTH Limited in accordance with the SAA. The arbitration has since been bifurcated into two arbitration proceedings, dealing with (i) the Rimba Raya Stream; and (ii) the SAA.

In October 2024, the Company also issued a Notice of Action in the Ontario Superior Court of Justice seeking declaratory relief against the principals of InfiniteEARTH Limited and their related entities, seeking to enforce its rights in relation to guarantees and non-competition agreements related to the Rimba Raya Stream and the SAA. Some of the defendants have counterclaimed. The dispute between the Company and InfiniteEARTH arises out of acts and omissions that the Company alleges are improper and in breach of the Rimba Raya Stream, the SAA and related agreements. Delivering the Notice of Arbitration and issuing the Notice of Action in the Ontario Superior Court of Justice are important steps in preserving the Company's legal and contractual rights.

#### Termination of Sustainable Community Stream

The Company entered into a purchase and sale agreement dated June 20, 2022 with Will Solutions Inc. to scale its Sustainable Community project in Quebec, Canada and to develop and scale its Sustainable Community project in Ontario, Canada. As at December 31, 2024, \$4.0 million of the upfront deposit had been paid.

In the third quarter of 2024, the Company exercised its contractual rights to terminate the Sustainable Community Stream as a result of, among other things, the failure of Will Solutions Inc. to meet its milestone related to the registration of its Ontario project and its failure to develop and implement the project in accordance with the project plan (including continued delays in project development activities and lower-than-expected project enrollments). The Company intends to strictly enforce its legal and contractual rights under the Sustainable Community Stream and seeks to recover its initial investment through mediation and arbitration proceedings.

#### Citadelle Maple Syrup Producers' Cooperative Dispute

On December 23, 2024, the Company filed a lawsuit against Citadelle Maple Syrup Producers' Cooperative ("**Citadelle**") in Ontario for the return of the upfront funding provided by the Company to Citadelle in connection with a planned grouped sugar maple afforestation, reforestation, revegetation and ecosystem restoration project in Quebec, Canada. Pursuant to the term sheet entered into with Citadelle on July 12, 2022, if a carbon streaming purchase and sale agreement relating to the project was not executed by December 31, 2022, then the defendant is required to repay the full amount of the upfront funding (approximately \$307,000) plus a 12% annualized return, compounded. The initial funding from Carbon Streaming enabled Citadelle to achieve initial planting in the Fall 2022 and was intended to support additional plantings.

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

## SUMMARY OF FINANCIAL RESULTS

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Revaluation of carbon credit streaming and royalty agreements	\$ (13,190)	\$ (23,952)	\$ (58,155)	\$ (32,897)
Revenue from sale of purchased carbon credits	45	841	640	1,166
Cost of purchased carbon credits sold	(18)	(982)	(480)	(1,236)
<b>Other operating expenses</b>				
Salaries and fees	(532)	(1,198)	(3,132)	(4,057)
Share-based compensation	(15)	(399)	(839)	(1,564)
Marketing	(97)	(278)	(435)	(859)
Professional & regulatory fees	(296)	(475)	(1,269)	(1,436)
Consulting fees	(69)	(241)	(434)	(1,113)
Insurance	(113)	(163)	(604)	(800)
Office and general	(220)	(105)	(761)	(461)
Foreign exchange (loss)/gain	(75)	172	(305)	100
Amortization of right-of-use asset	-	(10)	-	(97)
Corporate restructuring	(343)	6	(2,561)	(1,748)
<b>Other operating expenses</b>	<b>(1,760)</b>	<b>(2,691)</b>	<b>(10,340)</b>	<b>(12,035)</b>
<b>Operating loss</b>	<b>(14,923)</b>	<b>(26,784)</b>	<b>(68,335)</b>	<b>(45,002)</b>
<b>Other items</b>				
Loss from investment in associate	-	(126)	(25)	(376)
Impairment of investment in associate	-	-	-	(1,044)
Gain on dissolution of associate	-	-	104	-
Impairment of early deposit interest receivable	-	-	(307)	-
Revaluation of derivative liabilities	-	-	680	686
Revaluation of warrant liabilities	43	79	642	6,530
Revaluation of Convertible Note	-	-	-	558
Revaluation of preferred shares	(2,558)	-	(2,558)	-
Finance income	506	739	2,430	3,147
<b>Net loss and comprehensive loss</b>	<b>(16,932)</b>	<b>(26,092)</b>	<b>(67,369)</b>	<b>(35,501)</b>
Adjusted net loss <sup>1</sup>	(884)	(2,225)	(5,214)	(7,586)
Settlements from carbon credit streaming and royalty agreements	513	-	1,550	55

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

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1. *"Adjusted net loss", including per share amounts, is a non-IFRS Accounting Standards financial performance measure that is used in this MD&A. This measure does not have any standardized meaning under the IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other issuers. For more information about this measure, why it is used by the Company, and a reconciliation to the most directly comparable measure under the IFRS Accounting Standards, see the "Non-IFRS Accounting Standards Measures" section of this MD&A.*

*Revaluation of carbon credit streaming and royalty agreements*

For the three months ended December 31, 2024, the loss on revaluation was primarily related to the decrease in fair value of each of the Sheep Creek Reforestation Stream, the Feather River Reforestation Streams, and the Bonobo Peace Forest Royalty to \$nil. Additionally, the loss on revaluation was impacted by significant fair value decreases across the remaining portfolio, resulting from increases to the risk-adjusted discount rate, decreases to the carbon credit production and sales profile and decreases to the carbon credit pricing assumptions. For the year ended December 31, 2024, in addition to the above, the loss on revaluation was related to the decrease in the fair values of each of the Rimba Raya Stream, the Magdalena Bay Blue Carbon Stream, and the Sustainable Community Stream to \$nil. Refer to the "Carbon Credit Streaming and Royalty Agreements" section of this MD&A for further information, and see Note 8 of the Financial Statements for further information on the observable and non-observable inputs used to measure the fair value of the Company's carbon credit streaming and royalty agreements.

*Revenue from sale of purchased carbon credits and cost of purchased carbon credits sold*

Revenue from sale of purchased carbon credits relates to sales of the Company's carbon credit inventory. The Company holds an inventory of carbon credits, which were acquired separately and apart from carbon credits delivered under the Company's carbon credit streaming agreements.

*Salaries and fees*

For the three months and year ended December 31, 2024, the decrease in salaries and fees was primarily driven by the Company's lower headcount resulting from its ongoing restructuring plan first initiated in May 2023, described above.

*Share-based compensation*

For the three months and year ended December 31, 2024, the decrease in share-based compensation expense when compared to the prior-year period was driven by a decrease in the spot share price and an appreciation of the Canadian dollar when compared to the U.S. dollar in the current period.

*Marketing*

For the three months and year ended December 31, 2024, the decrease in marketing costs was due to the Company's ongoing cost-cutting initiatives.

*Professional & regulatory fees*

For the three months and year ended December 31, 2024, the decrease in professional and regulatory fees was due to the Company's ongoing cost-cutting initiatives.

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

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*Consulting fees*

For the three months and year ended December 31, 2024, the decrease in consulting fees was primarily driven by lower spending on technical consultants due to reduced volume of new investments and due to the Company's ongoing cost-cutting initiatives.

*Insurance costs*

For the three months and year ended December 31, 2024, insurance costs were largely consistent with the prior-year period.

*Office and general*

For the three months and year ended December 31, 2024, office and general costs were largely consistent with the prior-year period. Office and general costs relate to the Company's general administrative expenses.

*Foreign exchange loss*

Movements in foreign exchange are primarily due to the revaluation of monetary assets and liabilities as at the balance sheet date and the appreciation or depreciation of the Canadian dollar when compared to the U.S. dollar in the current period. See the "Currency Risk" section of Note 18 of the Financial Statements for further information.

*Amortization of right-of-use asset*

Amortization of right-of-use asset relates to the Company's office lease. The right-of-use asset was derecognized by the Company in the fourth quarter of 2023.

*Corporate restructuring*

For the three months and year ended December 31, 2024, the Company incurred a corporate restructuring charge related to severance and other termination benefits and professional fees. Refer to the "Outlook" section of this MD&A for further information on the Company's ongoing restructuring plan.

*Operating loss*

For the three months ended December 31, 2024, the decrease in operating loss was primarily related to a higher loss on revaluation of carbon credit streaming and royalty agreements and other expenses incurred in the prior-year period. For the year ended December 31, 2024, the increase in operating loss was primarily related to the decrease in the fair value of the Rimba Raya Stream to \$nil.

*Loss from investment in associate*

The loss from investment in associate relates to Carbon Streaming's investment in Carbon Fund Advisors. See Note 11 of the Financial Statements and the "Investment in Associate" section of this MD&A for further information.



CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

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*Impairment of investment in associate*

For the year ended December 31, 2024, the impairment loss related to the Company's investment in associate and resulted from indicators of impairment associated with continued operating losses and deteriorating outlook pertaining to future sources of income at the time. See the "Investment in Associate" section of this MD&A for further information.

*Gain on dissolution of associate*

For the year ended December 31, 2024, the Company recognized a gain on dissolution related to the dissolution of Carbon Fund Advisors. See Note 11 of the Financial Statements and the "Investment in Associate" section of this MD&A for further information.

*Impairment of early deposit interest receivable*

For the year ended December 31, 2024, the impairment loss related to the amount advanced to Citadelle and resulted from indicators of impairment associated with sustained uncertainty regarding the timing and collectability of the early deposit interest receivable. See the "Legal Proceedings" section of this MD&A for further information.

*Revaluation of derivative liabilities*

For the years ended December 31, 2024 and 2023, the gain on revaluation of derivative liabilities was driven by decreases in the fair value of derivative liabilities to \$nil. Refer to Note 17 of the Financial Statements for more information.

*Revaluation of warrant liabilities*

For the three months and year ended December 31, 2024, the gain on the revaluation of warrant liabilities was primarily driven by a lower spot share-price on the Company's publicly traded warrants and a decrease to the share price assumption applied to the Black-Scholes Option Pricing Model. In the prior-year periods, the Company experienced a gain on the revaluation of the warrant liabilities relating to a more significant decrease in the share price assumption applied to the Black-Scholes Option Pricing Model and a lower spot price on the Company's publicly traded warrants.

*Revaluation of Convertible Note*

The gain on the revaluation of the Convertible Note in the prior-year period was driven by the valuation of the counterparty's enterprise through the financing scenario completed by the counterparty at that time. Refer to Note 9 of the Financial Statements for further information.

*Revaluation of preferred shares*

For the three months and year ended December 31, 2024, the loss on revaluation of preferred shares was due to the decrease in the fair value of the preferred shares of Droneseed to \$nil. See the "Preferred Shares" section of this MD&A for further information.

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

*Finance income*

For the three months and year ended December 31, 2024, the decrease in finance income was primarily driven by lower interest rates and a lower cash balance. Finance income primarily relates to interest earned on the Company's cash.

*Net loss*

For the three months ended December 31, 2024, the decrease in net loss was primarily related to a lower loss on revaluation of carbon credit streaming and royalty agreements and other expenses incurred in the prior-year period. For year ended December 31, 2024, the increase in net loss was primarily related to a higher net loss on revaluation of carbon credit streaming and royalty agreements and a higher loss on revaluation of warrant liabilities, as described above.

*Adjusted net loss*

For the three months and year ended December 31, 2024, the decrease in adjusted net loss was primarily driven by lower other operating expenses as described above. See the "Non-IFRS Accounting Standards Measures" section of this MD&A for further information on adjusted net loss.

Summary of Quarterly Results:

The following is a summary of certain financial information for each of the eight most recently completed quarters:

	<b>Dec 31, 2024</b>	<b>Sep 30, 2024</b>	<b>June 30, 2024</b>	<b>Mar 31, 2024</b>
Revenue from sale of carbon credits	\$ 45	\$ 53	\$ 54	\$ 488
Net loss	(16,932)	(11,894)	(2,772)	(35,771)
Basic loss per share (\$/share)	(0.32)	(0.23)	(0.06)	(0.75)
Diluted loss per share (\$/share)	(0.32)	(0.23)	(0.06)	(0.75)
Adjusted net loss <sup>1</sup>	(884)	(1,084)	(1,650)	(1,596)
Total assets	48,683	67,171	78,823	81,596

	<b>Dec 31, 2023</b>	<b>Sep 30, 2023</b>	<b>Jun 30, 2023</b>	<b>Mar 31, 2023</b>
Revenue from sale of carbon credits	\$ 841	\$ 260	\$ 44	\$ 21
Net (loss) income	(26,092)	718	(9,155)	(972)
Basic (loss) earnings per share (\$/share)	(0.55)	0.02	(0.19)	(0.02)
Diluted (loss) earnings per share (\$/share)	(0.55)	0.02	(0.19)	(0.02)
Adjusted net loss <sup>1</sup>	(2,225)	(1,699)	(798)	(2,864)
Total assets	117,111	142,043	143,516	155,216

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

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1. *"Adjusted net loss", including per share amounts, is a non-IFRS Accounting Standards financial performance measure that is used in this MD&A. This measure does not have any standardized meaning under the IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other issuers. For more information about this measure, why it is used by the Company, and a reconciliation to the most directly comparable measure under the IFRS Accounting Standards, see the "Non-IFRS Accounting Standards Measures" section of this MD&A.*

Over the past eight quarters, net (loss) income has been primarily impacted by the revaluation of carbon credit streaming and royalty agreements, other operating expenses and the revaluation of warrant liabilities. The revaluation of carbon credit streaming and royalty agreements has been primarily impacted by the decrease in the fair value of the Rimba Raya Stream to \$nil and changes to the relevant observable and non-observable inputs, including the carbon credit production and sales profiles, the carbon credit pricing assumptions and the risk-adjusted discount rate (See Note 8 of the Financial Statements for further information). The revaluation of warrant liabilities has been primarily impacted by the movements in the Company's share price, changes to the volatility assumption and the passage of time. Changes in total assets have been primarily impacted by changes in the carrying values of the Company's carbon credit streaming and royalty agreements.

## LIQUIDITY AND CASH FLOW

### Liquidity

As at December 31, 2024, the Company had working capital of \$36.6 million, which includes cash of \$37.4 million (as at December 31, 2023 – working capital of \$50.4 million including cash of \$70.3 million). The largest short-term liability relates to accounts payable and other accrued liabilities.

The Company's ability to meet its obligations and execute its business strategy depends on its ability to generate cash flow from the delivery and sale of carbon credits, as well as through the issuance of its securities, the exercise of stock options and warrants and short-term or long-term borrowings. Based on current cash balances, the Company believes it has access to sufficient resources to satisfy its commitments.

The capital structure of the Company consists of shareholders' equity of \$46.4 million as at December 31, 2024 (as at December 31, 2023 – \$112.7 million). The decrease in shareholder's equity was primarily driven by net loss, as described in the "Summary of Quarterly Results" section of this MD&A.

There is risk associated with the voluntary carbon credit market, as it faces ongoing regulatory developments, carbon price volatility, and fluctuating demand, which could impact the Company's ability to generate expected revenues from carbon credit sales.

For the three months and year ended December 31, 2024, cash decreased by \$4.4 million and \$13.8 million, respectively. This decrease in cash was primarily driven by cash used in investing activities, primarily related to upfront deposits for carbon credit streaming and royalty agreements and cash used in operating activities, primarily related to other operating expenses and partially offset by cash settlements from carbon credit streaming and royalty agreements and finance income.

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

## Cash Flows

### *Operating Activities*

Cash used in operating activities was \$2.3 million and \$5.6 million for the three months and year ended December 31, 2024, respectively (three months and year ended December 31, 2023 – \$0.9 million and \$7.6 million, respectively). Cash used in operating activities was primarily driven by other operating expenses incurred during the normal course of business, partially offset by finance income earned in the period.

### *Investing Activities*

Cash used in investing activities was \$2.1 million and \$8.0 million for the three months and year ended December 31, 2024, respectively (three months and year ended December 31, 2023 – cash used of \$2.2 million and \$11.3 million, respectively), relating primarily to upfront deposits for carbon credit streaming and royalty agreements. See the “Carbon Credit Streaming and Royalty Agreements” section of this MD&A for further information.

### *Financing Activities*

Cash used in financing activities was \$46 thousand and \$186 thousand for the three months and year ended December 31, 2024, respectively (three months and year ended December 31, 2023 – \$45 thousand and \$137 thousand, respectively). Cash used in financing activities related to lease payments.

## KEY MANAGEMENT PERSONNEL

Key management personnel are those people who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board.

Remuneration of key management personnel of the Company was as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Salaries and fees <sup>1</sup>	\$ 1,536	\$ 2,309
Consulting fees <sup>2</sup>	55	60
Share-based compensation	872	1,222
Restructuring <sup>3</sup>	1,333	1,505
<b>Total</b>	<b>\$ 3,796</b>	<b>\$ 5,096</b>

1. Salaries and fees paid to the executive officers and directors for their services.
2. Consulting fees relate to amounts paid to a director of the Company for consulting services.
3. Restructuring relates to severance and other termination benefits. Please refer to Note 6 of the Financial Statements.

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

## SHARE CAPITAL

As at March 31, 2025, the Company has the following items of share capital outstanding:

	<u>Share Capital</u>
Common Shares issued and outstanding	52,841,027
Warrants	33,230,789
Stock options <sup>1</sup>	1,123,000
RSUs and PSUs <sup>2</sup>	947,110

(1) Options are issued pursuant to and governed by the Company's Long Term Incentive Plan (the "LTIP").

(2) Restricted share units ("RSUs") and Performance share units ("PSUs") are issued pursuant to and governed by the LTIP and represent a right to receive Common Shares (or the cash equivalent) at a future date, as determined by the established vesting conditions. RSU and PSU settlements are determined at the sole discretion of the Board, and can be settled in Common Shares, cash or a combination thereof.

## COMMITMENTS

In connection with the acquisition of carbon credit streaming and royalty agreements, the Company pays an upfront deposit to the project partner for the stream or investment. In certain instances, the payment of the upfront deposit is paid in installments, subject to certain milestones and conditions being met. While the timing of such payments is event driven, the Company has made assumptions on the timing of such payments, based on the information currently available. As at December 31, 2024, such conditions had not been met.

As at December 31, 2024, the Company had the following commitments relating to its carbon credit streaming and royalty agreements:

<b>Less than 1 year</b>	\$ 5,754
<b>1 to 3 years</b>	2,768
<b>Over 3 years</b>	1,986
<b>Total</b>	<u>\$ 10,508</u>

Under its carbon credit streaming agreements, the Company pays an upfront deposit to its project partner as specified negotiated milestones are reached by the project and/or achieved by the project partners. The Company regularly assesses the likelihood of its project partners meeting various milestones and adjusts its estimates for commitments accordingly. Commitments are disclosed in the table above unless the possibility of them occurring is assessed to be remote.

Under its carbon credit streaming agreements, the Company is typically required to pay an ongoing delivery payment to the project partner for each carbon credit that is delivered to the Company and sold under the stream. The timing and amount of such payments is dependent on the timing of delivery and sale of carbon credits, the net realized price obtained on the sale of the carbon credits and the terms of the applicable carbon credit streaming agreement.

From time to time, the Company may enter into sales contracts with customers for the future sale of

carbon credits. Under these agreements, payment and delivery of the credits may occur at a future date, once credits are delivered to the Company.

Osisko Gold Royalties Ltd (“**Osisko**”) and the Company are currently parties to an investor rights agreement dated February 18, 2021 which governs various aspects of the relationship between Osisko and the Company (the “**Investor Rights Agreement**”). Under the Investor Rights Agreement, Osisko has the exclusive right to participate in, and acquire up to 20% of, any stream, forward sale, prepay, royalty, off-take or similar transaction between the Company, as purchaser and/or creditor, and one or more third party counterparties.

## OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company did not have any off-balance sheet arrangements.

## FINANCIAL INSTRUMENT FAIR VALUE AND RISK FACTORS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments include cash, other receivables, carbon credit streaming and royalty agreements, Preferred Shares, accounts payable and accrued liabilities, warrant liabilities and derivative liabilities. The carrying value of cash, other receivables, and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. Cash is measured at fair value based on Level 1 of the fair value hierarchy. Certain C\$ denominated warrant liabilities with a quoted trading price are valued based on Level 1 of the fair value hierarchy. Certain C\$ denominated warrant liabilities (Level 2) where no quoted prices exist have been valued using a Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, the spot market price of the Common Shares, volatility of the expected market price of the Common Shares and the expected life of the warrants. The Preferred Shares (Level 3) are valued by taking into consideration various observable and unobservable inputs, including changes in the performance of the investee, changes in the market price for carbon credits, changes in interest rates, changes in the valuation of comparable public-traded entities and evidence from other transactions in the investee's equity. Carbon credit streaming and royalty agreements and the derivative liabilities (Level 3) are valued by taking into consideration various observable and unobservable inputs, including the carbon credit production and sales profiles, the carbon credit pricing assumptions, an applicable risk-adjusted discount rate and other contractual terms of the agreements (see Note 8 of the Financial Statements).

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

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## Risk Factors

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### *Carbon Market Risk*

Carbon market risk is the risk that the fair value of a financial instrument will fluctuate from changes in market forces including, but not limited to, interest rates, voluntary carbon credit prices, and timing and number of anticipated carbon credit deliveries and sales (See Note 8 of the Financial Statements for additional information).

### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's cash balance is held in credit worthy financial institutions. Credit risk has been assessed as low.

### *Currency Risk*

Foreign currency risk is the risk that the fair value of financial instruments will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs certain expenditures that are denominated in Canadian dollars while its functional and presentation currency is the United States dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. As at December 31, 2024, the Company held cash of C\$2.8 million and had accounts payable and other monetary liabilities of C\$2.1 million.

Assuming all other variables remain constant, a 5% weakening or strengthening of the US dollar against the Canadian dollar would result in a change of approximately \$22 thousand to profit or loss.

### *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on the cash held in its bank accounts. The income earned on the bank account was subject to the movements in interest rates. The Company has no interest-bearing debt. Therefore, interest rate risk has been assessed as nominal.

### *Liquidity Risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash balances. Under current market conditions and available cash on hand, liquidity risk has been assessed as low.

## KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of the Company's Financial Statements in conformity with the IFRS Accounting Standards requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values are described in Note 4 of the Company's Financial Statements.

The Company's material accounting policies and future changes in material accounting policies are presented in the Financial Statements and have been consistently applied.

## NON-IFRS ACCOUNTING STANDARDS MEASURES

### Adjusted Net Loss and Adjusted Loss Per Share

The term "adjusted net loss" in this MD&A is not a standardized financial measure under the IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. These non-IFRS Accounting Standards measures should not be considered in isolation or as a substitute for measures of performance, cash flows and financial position as prepared in accordance with the IFRS Accounting Standards. Management believes that these non-IFRS Accounting Standards measures, together with performance measures and measures prepared in accordance with the IFRS Accounting Standards, provide useful information to investors and shareholders in assessing the Company's liquidity and overall performance.

Adjusted net loss is calculated as net and comprehensive loss and adjusted for the revaluation of carbon credit streaming and royalty agreements, the revaluation of warrant liabilities, the impairment loss on early deposit interest receivable, the revaluation of derivative liabilities, the revaluation of the convertible note, the impairment loss on investment in associate, the gain on dissolution of associate, and the corporate restructuring which the Company views as having a significant non-cash or non-continuing impact on the Company's net and comprehensive loss calculation and per share amounts. Adjusted net loss is used by the Company to monitor its results from operations for the period.



CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

The following table reconciles net and comprehensive (loss) income to adjusted net loss:

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
<b>Net loss and comprehensive loss</b>	<b>\$ (16,932)</b>	<b>\$ (26,092)</b>	<b>\$ (67,369)</b>	<b>\$ (35,501)</b>
Adjustment for non-continuing or non-cash settled items:				
Revaluation of carbon credit streaming and royalty agreements	<b>13,190</b>	23,952	<b>58,155</b>	32,897
Revaluation of warrant liabilities	<b>(43)</b>	(79)	<b>(642)</b>	(6,530)
Impairment of early deposit interest receivable	-	-	<b>307</b>	-
Revaluation of derivative liabilities	-	-	<b>(680)</b>	(686)
Revaluation of Convertible Note	-	-	-	(558)
Revaluation of preferred shares	<b>2,558</b>	-	<b>2,558</b>	-
Impairment of investment in associate	-	-	-	1,044
Gain on dissolution of associate	-	-	<b>(104)</b>	-
Corporate restructuring	<b>343</b>	(6)	<b>2,561</b>	1,748
Adjusted net loss	<b>(884)</b>	(2,225)	<b>(5,214)</b>	(7,586)
Loss per share (Basic and Diluted) (\$/share)	<b>(0.32)</b>	(0.55)	<b>(1.34)</b>	(0.75)
<b>Adjusted net loss per share (Basic and Diluted) (\$/share)</b>	<b>(0.02)</b>	(0.05)	<b>(0.10)</b>	(0.16)

## RISKS AND UNCERTAINTIES

The Company is exposed to a variety of known and unknown risks in the pursuit of its strategic objectives, including but not limited to commodity and currency risk, liquidity/financial risk and general business risk. The impact of any risk may adversely affect, among other things, the Company's business, financial condition and operating results, which may affect the market price of its securities. The Company monitors its risks on an ongoing basis and seeks to mitigate these risks as and when possible.

For a comprehensive discussion of the risks and uncertainties that could have an effect on the business and operations of the Company, investors are urged to review the section of the AIF entitled "Risk Factors" and the Financial Statements, copies of which are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

### Significant Risk Factors

#### *Pending or future litigation, arbitration or other proceedings*

The Company may from time to time be involved in various claims, legal proceedings and disputes arising in the ordinary course of business. If such disputes arise and the Company is unable to resolve these disputes favourably, it may have a material and adverse effect on the Company's profitability, results of

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

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operations and financial condition. Such litigation may be time consuming and costly, and as with all litigation, no guarantee of success can be made. Should any such court, tribunal or other decision be determined adversely to the Company, it may have a material adverse effect on the Company's profitability, results of operations and financial condition.

*Carbon Credit and Currency Risk*

The Company's financial performance is heavily dependent on the price of carbon credits and liquidity of the carbon markets. The Company's ability to generate cash flow and profitability is directly impacted by its ability to sell carbon credits and at favourable pricing. The price and market for carbon credits is subject to volatile price movements, which are based on numerous factors outside of the Company's control. The Company seeks to mitigate these risks by acquiring streams, royalties, and credits representing a diversified group of projects (by geography, project type and crediting standard). In addition, the Company seeks out projects that have significant social and economic co-benefits in addition to their carbon reduction or removal potential, which can command premium pricing.

*Liquidity/Financial Risks*

The Company is exposed to normal financial risks including liquidity risk, exchange rate risk, interest rate risk and credit risk. The Company's principal liquidity and capital resource requirements are the capital required to acquire streams and royalties and general operating expenses. The Company funds these requirements through current cash and working capital balances which are carefully managed to ensure that operational needs and other contractual and financial obligations are met. For further information on liquidity and capital risk mitigation see the "Financial Instrument Fair Value and Risk Factors" section of this MD&A.

*General Business Risks*

The nature of the Company's business is highly speculative. The success of the Company's activities will depend on management's ability to implement its strategy and on the availability of opportunities related to carbon credit streaming and royalty agreements and greenhouse gases ("GHG") emission avoidance, reduction, and removal/sequestration programs; government regulations; commitments to reduce or compensate for GHG emissions by corporations, organizations and individuals; actions by the Company's project partners or operators of a project; and general economic conditions and there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that the Company will successfully implement its current strategy.

The list above does not contain all the risks associated with an investment in the securities of the Company. For a more comprehensive discussion of the risks and uncertainties that could have an effect on the business and operations of the Company, see the Company's AIF and Financial Statements which are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## DISCLOSURE OF INTERNAL CONTROLS

In accordance with National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("**NI 52-109**") of the Canadian Securities Administrators, the Company issues a "Certification of

CARBON STREAMING CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024

(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

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Annual Filings". This Certification requires certifying officers to certify, among other things, that they are responsible for establishing and maintaining Disclosure Controls and Procedures ("**DC&P**") and Internal Controls over Financial Reporting ("**ICFR**") as those terms are defined in NI 52-109. The control framework used to design the Company's ICFR is based on the framework established in Internal Control - Integrated Framework (2013) by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company's ICFR is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with the IFRS Accounting Standards. The Company's ICFR may not prevent or detect all misstatements because of inherent limitations.

Management has evaluated the effectiveness of the Company's ICFR as at December 31, 2024. Based on this assessment, the Company's Chief Executive Officer and its Chief Financial Officer concluded that the Company's ICFR were effective as at December 31, 2024.

There have been no changes in the Company's ICFR during the quarter ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, its ICFR.

The Company's DC&P is designed to provide reasonable assurance that material information relating to the Company is made known to the Company's certifying officers by others, particularly during the period in which the interim filings are being prepared, and that information required to be disclosed by the Company in its annual filings, interim filings and other reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

## ADVISORIES

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated in such forward-looking statements.

The Company currently believes the expectations reflected in these forward-looking statements are reasonable but cannot assure that such expectations will prove to be correct, and thus, such statements should not be unduly relied upon. These forward-looking statements are made as of the date of this MD&A and the Company disclaims any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, unless required pursuant to applicable laws. Risk and assumptions that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the headings "Additional Information - Forward-Looking Information" and "Risk Factors" in the Company's AIF and under the heading "Risks and Uncertainties" in this MD&A. Although the Company has attempted to take into account important factors that could cause actual costs or operating results to differ materially, there may be other unforeseen factors and therefore results may not be as anticipated, estimated or intended.

## ADDITIONAL INFORMATION

Additional information with respect to the Company, including the Financial Statements and Company's AIF, have been filed with Canadian securities regulatory authorities and is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website at [www.carbonstreaming.com](http://www.carbonstreaming.com). Information contained in or otherwise accessible through the Company's website does not form a part of this MD&A and is not incorporated by reference into this MD&A.