MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2024

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 three months ended March 31, 2024. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2024, the related notes thereto (the "**Interim Financial Statements**") and the Company's audited consolidated financial statements for the year ended December 31, 2023 and the related notes thereto (the "**Annual Financial Statements**"), which are available for viewing on www.sedarplus.ca. The effective date of this MD&A is May 15, 2024.

Financial information in this document is expressed in United States dollars ("**$**" or "**US$**"), unless otherwise indicated, and is prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"). 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 (the "**March 2026 Warrants**") 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 Interim 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 Interim 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.

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DESCRIPTION OF BUSINESS

Carbon Streaming Corporation is a carbon credit streaming and royalty company focused on creating shareholder value primarily through the acquisition and sale of carbon credits. We provide capital to carbon projects globally, primarily by entering into or acquiring streaming, royalty or other similar arrangements for the purchase of carbon credits from the underlying project and then generating cash flow from the sale of these carbon credits. Through these financing arrangements, our strategic interests are aligned with our project partners, so we are able to source high-integrity projects that advance global climate action and additional United Nations Sustainable Development Goals. This helps position us as a trusted source for buyers seeking high-quality carbon credits. Our aim is to accelerate a net-zero future by making an impact with our capital and facilitating immediate climate action.

The Company currently has carbon credit streams and royalties related to over 20 projects around the world, including high-integrity removal and avoidance projects from nature-based, agricultural, engineered and community-based methodologies. See the “Overview of Carbon Credit Streaming and Royalty Agreements" section of this MD&A for details of the Company’s streams / royalties in each project. The Company focuses on projects that have a positive impact on the environment, local communities, and biodiversity (“**Co-Benefits**”), in addition to their carbon reduction or removal potential.

The Company executes on its strategy by:

(i) entering into or acquiring streaming, royalty or royalty-like arrangements with project developers/operators, non-governmental organizations, non-profit organizations, companies, individuals or governments to purchase carbon credits generated by their project(s) or asset(s);

(ii) acquiring or investing, 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) marketing and selling carbon credits to maximize value for all of our stakeholders and deliver long-term cash flow to project partners, the projects and local communities.

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

COMPANY HIGHLIGHTS

	Three months ended March 31, 2024	Three months ended March 31, 2023
Carbon credit streaming agreements		
Revaluation of carbon credit streaming and royalty agreements	**$ (33,136)**	$ 711
Settlements from carbon credit streaming and royalty agreements[1]	**406**	4
Purchased carbon credits		
Revenue from sale of purchased carbon credits	**$ 488**	$ 21
Number of purchased carbon credits sold (carbon credits)[2]	**93,772**	2,496
Average realized price per purchased carbon credit sold ($/carbon credit)	**5.20**	8.46
Cost per purchased carbon credit sold ($/carbon credit)	**4.26**	5.00
Other financial highlights		
Other operating expenses	**3,709**	3,405
Operating loss	**(36,756)**	(2,685)
Net loss	**(35,771)**	(972)
Loss per share (Basic and Diluted) ($/share)	**(0.75)**	(0.02)
Adjusted net loss[3]	**(1,596)**	(2,864)
Adjusted net loss per share (Basic and Diluted) ($/share)[3]	**(0.03)**	(0.06)
Statement of financial position		
Cash[4]	**49,008**	65,756
Carbon credit streaming and royalty agreements[4]	**26,980**	86,246
Total assets[4]	**81,596**	155,927
Non-current liabilities[4]	**1,059**	2,380

(1) Relates to the net cash proceeds generated from the Company's carbon credit streaming and royalty agreements.
(2) The Company holds an inventory of carbon credits, which were acquired separate and apart from carbon credits delivered under the Company's carbon credit streaming agreements.
(3) "Adjusted net loss", including per share amounts, is a non-IFRS financial performance measure that is used in this MD&A. This measure does not have any standardized meaning under IFRS 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 IFRS, see the "Non-IFRS Measures" section of this MD&A.
(4) Cash, carbon credit streaming and royalty agreements, total assets and non-current liabilities are presented as at the relevant tabular reporting date.

Three months ended March 31, 2024

- Ended the quarter with $49.0 million in cash and no corporate debt.
- Continued the previously-announced ongoing corporate restructuring plan focused on cash flow optimization, including reducing operating expenses and reviewing existing streams and royalties, which resulted in a non-recurring restructuring charge of $1.4 million for the three months ended March 31, 2024. As a result of ongoing restructuring activities, including personnel reductions, ongoing operating expenses have continued to decrease when compared to the prior-year period.

The Company will continue to target opportunities for cash flow optimization in the coming quarters.

- Continued the ongoing review of the Company's existing assets in order to optimize portfolio economics in light of evolving voluntary carbon market conditions, resulting in amendments to the terms of the Community Carbon Stream subsequent to quarter end (See "Portfolio Highlights" below).
- Recognized a loss on revaluation of carbon credit streaming and royalty agreements of $33.1 million for the three months ended March 31, 2024, respectively (gain of $0.7 million for the three months ended March 31, 2023). The current period loss on revaluation was primarily related to the write-down of the value of the Rimba Raya Stream to $nil. Please refer to the "Summary of Financial Results", "Portfolio Highlights" and the "Indonesia Update" section of this MD&A.
- Revenue from the sale of purchased carbon credits was $488 thousand for the three months ended March 31, 2024 (three months ended March 31, 2023 – $21 thousand). Revenue from the sale of purchased carbon credits relates to the sale of the Company's carbon credits that were acquired separately and apart from the Company's carbon credit streaming and royalty agreements.
- Sold 93,772 purchased carbon credits for the three months ended March 31, 2024 (three months ended March 31, 2023 – sold 2,496 purchased carbon credits).
- Generated $406 thousand in settlements from carbon credit streaming and royalty agreements for the three months ended March 31, 2024 (three months ended March 31, 2023 - $4 thousand).
- Recognized net loss of $35.8 million for the three months ended March 31, 2024 (three months ended March 31, 2023 – net loss of $1 million).
- Adjusted net loss was $1.6 million for the three months ended March 31, 2024 (three months ended March 31, 2023 – adjusted net loss of $2.9 million). Please see the "Non-IFRS Measures" section of this MD&A for further information.
- During the three months ended March 31, 2024, paid $400 thousand in upfront deposits for carbon credit streaming and royalty agreements (three months ended March 31, 2023 – $1.5 million).

PORTFOLIO HIGHLIGHTS

The Company continues to support its existing streams and royalties through project development, and the marketing and selling of carbon credits. Key developments in the projects under the Company's stream and royalty agreements include:

New investments, portfolio restructuring and other significant updates

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 ("**Rimba Raya**"), had its Forest Utilization Business License (the "**Concession License**") revoked by the Indonesian Government's Ministry of Environment and Forestry (the "**MOEF**"). The Company has confirmed that PT Rimba filed a claim challenging the revocation, and a ruling from the State Administrative Court of Jakarta is currently anticipated during June 2024 (which ruling is subject to potential appeal by the parties). Carbon Streaming is currently assessing the ongoing situation and is engaged with our partners and local advisors. At the present time, the Company is evaluating all legal avenues to protect its investment in Rimba Raya and to strictly enforce its legal and contractual rights under the Rimba Raya Stream. Please refer to the "Indonesia Update" section of this MD&A for more information.

Baccala Ranch Reforestation Stream: On February 9, 2024, the Company entered into a carbon credit streaming agreement with Mast Reforestation SPV I, LLC ("**Mast**") for a post-wildfire reforestation project in Tehama and Plumas Counties, California, USA (the "**Baccala Ranch Reforestation Stream**"). Under the terms of the Baccala Ranch Reforestation Stream, Mast will deliver 100% of the forecast mitigation units ("**FMUs**") (referred to herein as carbon credits) created by the project to the Company, which are expected to be issued in 2026. The Company will make additional upfront deposit payments of up to $1.6 million as the Baccala Ranch Reforestation project achieves site preparation, planting, and issuance milestones.

Community Carbon Stream: On May 8, 2024, the Company amended the terms of the Community Carbon Stream, as defined herein, 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, adjusting the portfolio composition and milestone payments to focus on the five strongest projects, three cookstove and two water purification projects. Pursuant to this amendment, 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. Additionally, Community Carbon announced that it secured a historic letter of authorization from the Government of Tanzania for its Tanzania cookstove project (VCS 2676), representing Tanzania's first-ever carbon credits authorized for corresponding adjustments under Article 6 of the Paris Agreement.

Key portfolio milestones

Nalgonda Rice Farming Stream: In April 2024, CoreCarbonX, as defined herein, has engaged CarbonFarming Technology SAS ("**CarbonFarm**") to conduct a pilot program applying satellite and artificial intelligence-backed monitoring, reporting, and verification technology ("**MRV Solution**") for the two crop seasons in 2024. The MRV Solution is expected to: detect a large range of farming practices and quantify emissions with high accuracy; simplify operations providing an efficient and cost-effective means of collecting 'near-real-time' data at scale, enabling close monitoring of project progress; and increase the marketability and the value of carbon credits issued.

Enfield Biochar Stream: In early April 2024, Standard Biocarbon, as defined herein, reached a critical project milestone with the first biochar production from their newly constructed biochar facility in Enfield, Maine. The Enfield Biochar project continues to scale toward full operating capacity while collecting operating data that will form the basis for a facility audit and official registration with the Puro.earth carbon credit standard.

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

CARBON CREDIT STREAMING AND ROYALTY AGREEMENTS

A summary of the key terms of the Company's streams and royalties as at March 31, 2024 are set forth below. See "Overview of Carbon Credit Streaming and Royalty Agreements" section of this MD&A for additional information on the Company's carbon credit streaming or royalty agreement for each project.

Stream / Royalty Partner	Project Information					Stream/ Royalty Information				
	Location	Activity Type	Registry / Credit Type	Expected Credit Issuance Over Project Life [1]	Project Start Year[2]	Total Upfront Deposit [3]	Stream Funding Status (Upfront Deposit amount paid) (%)	Expected Initial Crediting Period of Stream or Royalty [4]	Expected Year of First Credit Delivery to the Company [5]	Stream / Royalty Status [6]
Streams										
Rimba Raya InfiniteEARTH Limited and PT Infinite Earth Nusantara	Central Kalimantan, Borneo, Indonesia	Avoidance / Reduction REDD+ (AFOLU)	SRN (SPE – GRK)	174 million	2009	$26.3 million[7]	100%	50 years[8]	_[9]	Suspended[9]
Magdalena Bay Blue Carbon Fundación MarVivo Mexico, MarVivo Corporation	Magdalena Bay, Baja California Sur, México	Avoidance / Reduction To be developed as REDD+ (AFOLU / Blue Carbon)	Verra (VCU) (Planned)	25 million	2020	$7.8 million	30.7%	30 years	2025	Development
Cerrado Biome ERA Cerrado Assessoria e Proyectos Ambientais Ltd.	Cerrado, Brazil	Avoidance / Reduction REDD+ (AFOLU / ACoGS)	Verra (VCU)	13 million	2017	$0.5 million	74.4%	30 years	2023	Delivering
Waverly Biochar Waverly RB SPE LLC[10]	Virginia, United States	Removal / Sequestration Biochar	Puro.earth (CORC)	0.262 million	2023	$2.95 million	74.6%	25 years	2024	Development
Sustainable Community (2 Projects) Will Solutions Inc.	Quebec, Canada Ontario, Canada	Avoidance / Reduction Energy Efficiency / Waste Diversion / Transport	Verra (VCU)	100 million	2010	$20 million	20%	10 years[11]	2024	Pre-Delivery
Community Carbon (5 Projects) [12] Community Carbon and UpEnergy Group	Uganda Mozambique Tanzania Malawi	Avoidance / Reduction Cookstove / Water purification[12]	Gold Standard (VER) / Verra (VCU)[13]	50 million	2020	$20 million	55.9%	15 years [14]	2023	Delivering
Nalgonda Rice Farming Core CarbonX Pte. Ltd. and Core CarbonX Solutions Private Limited	Telangana State, India	Avoidance / Reduction Agriculture Land Management (AFOLU)	Verra (VCU)	2.7 million	2022	$2.44 million	79.9%	7 years	_[15]	Development
Enfield Biochar Standard Biocarbon[10]	Maine, United States	Removal / Sequestration Biochar	Puro.earth (CORC)	0.9 million	2023	$1.3 million	76.9%	30 years	2024	Development
Sheep Creek Reforestation Mast Reforestation SPV I, LLC	Montana, United States	Removal / Sequestration Reforestation	CAR (FMUs)	0.285 million	2022	$3.53 million	39.1%	2 years	2025[16]	Development
Feather River Reforestation Mast Reforestation SPV I, LLC	California, United States	Removal / Sequestration Reforestation	CAR (FMUs)	0.05 million	2022	$0.7 million	38.9%	1 year	2025[16]	Development
Baccala Ranch Reforestation Mast Reforestation SPV I, LLC[17]	California, United States	Removal / Sequestration Reforestation	CAR (FMUs)	0.09 million	2024	$1.6 million	0.0%	1 year	2026[16]	Development
Royalties										
Bonobo Peace Forest **(2 Projects)**	The Democratic Republic of Congo	Avoidance / Reduction	Verra (VCU)	N/A	N/A	$2.3 million	100%	30 years	N/A	Development

(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 (1)	Project Start Year(2)	Total Upfront Deposit (3)	Stream Funding Status (Upfront Deposit amount paid) (%)	Expected Initial Crediting Period of Stream or Royalty (4)	Expected Year of First Credit Delivery to the Company (5)	Stream / Royalty Status (6)
Bonobo Conservation Initiative		REDD+ (AFOLU)								
Amazon Portfolio **(4 Projects)** Future Carbon International LLC	Brazil	Avoidance / Reduction REDD (AFOLU)	Verra (VCU)	N/A	N/A	$3.0 million	100%	30 years	N/A	Pre-Delivery

Notes:
(1) Expected Credit Issuance Over Project Life refers to the number of expected carbon credits to be issued as specified in the project documents submitted to the relevant standard body. 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.
(2) 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.
(3) 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. Please refer to the *"Commitments"* section of this MD&A for further information.
(4) 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.
(5) The Expected Year of First Credit Delivery to the Company refers to the year in which the Company expects to receive its first delivery of carbon credits under the terms of each carbon credit streaming agreement. See the "*Overview of Carbon Credit Streaming and Royalty Agreements*" section of this MD&A.
(6) 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.
(7) Only includes cash amounts paid under the Rimba Raya Stream. Excludes the dollar value of share consideration granted under the SAA (as defined herein).
(8) Under the SRN (as defined herein) registry, the Rimba Raya project is expected to have a project lifetime until 2073.
(9) Given that the Rimba Raya project has had its Forest Utilization Business License (the "**Concession License**") revoked by the Indonesian Government's Ministry of Environment and Forestry (the "**MOEF**"), the Rimba Raya Stream status has been classified as "Suspended". Please refer to the *"Overview of Carbon Credit Streaming and Royalty Agreements*" and the "*Strategy and Outlook*" sections of this MD&A for further information.
(10) The Company will also receive a revenue royalty based on the value of biochar sold by the project partner. See the "*Overview of Carbon Streaming and Royalty Agreements"* section of this MD&A.
(11) The Company has the option to extend the stream for additional consideration of $0.45 per VCU delivered adjusted for inflation based on the Canadian Consumer Price Index.
(12) On May 8, 2024, the Community Carbon Stream was amended which included an adjustment to the portfolio resulting in five projects, three of which are cookstove projects and two of which are water purification projects. Please refer to the *"Overview of Carbon Credit Streaming and Royalty Agreements*" section of this MD&A for further information.
(13) One of the cookstove projects is registered under Verra. The remaining four projects are registered under Gold Standard [NTD: update for discontinued].
(14) 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.
(15) First issuance of carbon credits is currently expected in 2024 but may be delayed due to Verra's review of the current project methodology. See the "*Overview of Carbon Streaming and Royalty Agreements"* section of this MD&A.
(16) The methodology applied under Climate Action Reserve's ("**CAR**") Climate Forward program is specifically intended for forward financing. 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.
(17) Completion of the Baccala Ranch Reforestation Stream transaction remains subject to the satisfaction of certain outstanding customary conditions of closing, and such closing is currently anticipated to occur in mid-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 has received carbon credits under the stream (or royalty payments under the royalty) and must remain actively receiving such credits/ payments through the customary cycle of the agreement. This also means that the underlying project(s) has been fully registered by 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

This category is intended to identify the streams / royalties that have not yet delivered any 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

This category is intended for streams / royalties that have not yet delivered any 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. A stream / royalty on a project that has not yet completed the milestones listed in the above category will be classified as "Development". The ability for these streams / royalties to ultimately deliver carbon credits or royalty payments is contingent on project execution, regulatory approval and completion of the initial third-party audit in accordance with the standard body, resulting in a higher risk asset.

Suspended

This category is intended for streams / royalties that were previously in other categories but are no longer delivering or expected to deliver carbon credits (or royalty payments) to the Company due to the underlying project being no longer validated, having been deregistered or otherwise based on management's assessment. Under a "Suspended" classification, the project is still expected to restart its delivery of credits.

Expired

This category is intended for streams / royalties that were previously in the "Delivering" 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. The fair value of streams / royalties in this category is $nil.

As at March 31, 2024, the Company's portfolio contained carbon credit streaming and royalty arrangements in the Delivering, Pre-Delivery, Development and Suspended phases.

OVERVIEW OF CARBON CREDIT STREAMING AND ROYALTY AGREEMENTS

The following is a summary of the Company's carbon credit streaming and royalty agreements. 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 most recently filed 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.

Rimba Raya Stream

On July 30, 2021, the Company entered into a carbon credit streaming agreement with InfiniteEARTH Limited, covering the Rimba Raya project, a REDD+ (Reducing Emissions from Deforestation and Forest Degradation) project that has been conserving tropical lowland peat swamp forests in Central Kalimantan, Indonesia for over a decade (the "**Rimba Raya Stream**").

Under the terms of the Rimba Raya Stream, InfiniteEARTH Limited and its Indonesian subsidiary PT InfiniteEARTH Nusantara, the project operators of the Rimba Raya project (collectively "**InfiniteEARTH**") are contracted to deliver 100% of the carbon credits generated by the Rimba Raya project over the remaining 50 year life of the project (which is expected to run until 2073) for sale by the Company, less up to 635,000 carbon credits per annum that are already committed to previous buyers. Carbon Streaming is responsible for marketing and selling the carbon credits delivered to it under the stream and will make ongoing delivery payments to InfiniteEARTH for each carbon credit that is sold by the Company.

Concurrent with the Rimba Raya Stream, the Company and the founders of InfiniteEARTH (the "**Founders**") also entered into a strategic alliance agreement (the "**SAA**"). Under the SAA, the Founders have agreed to provide consulting services to the Company, which will consist of carbon project advisory services, carbon credit marketing and sales services, as well as assisting the Company with due diligence initiatives on new potential carbon investment opportunities. In addition, the SAA provides Carbon Streaming with a right of first refusal on any carbon credit streaming or royalty financing transaction for projects that are planned in the future, which includes a portfolio of blue carbon credit projects throughout the Americas.

In December 2022, the Rimba Raya project received validation under the new Indonesian carbon regulations, Presidential Regulation No. 98 of 2021 on the Implementation of Carbon Economic Value to Achieve the Nationally Determined Contribution and the Management of Greenhouse Gas Emission in respect of National Development ("**PR 98**") and its implementing regulation, namely, MOEF Regulation No. 21 of 2022 on the Implementation Procedures of Carbon Economic Value ("**Reg 21**") and with the government-operated carbon registry, *Sistem Registri Nasional Pengendalian Perubahan Iklim* ("**SRN**"). Under PR 98 and Reg 21, all carbon projects in Indonesia must be registered, validated, and verified on the SRN carbon registry. See the "Strategy and Outlook – Indonesia Update" section of this MD&A for further information.

On April 26, 2024, Carbon Streaming announced that it was informed that PT Rimba, the local concession holder for the Rimba Raya project, had its Concession License revoked by the MOEF. The Company has confirmed that PT Rimba filed a claim challenging the revocation, and a ruling from the State Administrative Court of Jakarta is currently anticipated during June 2024 (which ruling is subject to potential appeal by the parties). Carbon Streaming is assessing the ongoing situation and is engaged with our partners and local advisors. At the present time, the Company is evaluating all legal avenues to protect its investment in the Rimba Raya project and to strictly enforce its legal and contractual rights under the Rimba Raya Stream. Please refer to the "Indonesia Update" section of this MD&A for more information.

Previously, Osisko Gold Royalties Ltd ("**Osisko**"), which has certain Stream Participation Rights (as defined herein) in respect of the Company's streaming agreements, had provided notice to the Company that it had elected in principle to exercise its Stream Participation Right in respect of the Rimba Raya Stream and the SAA. However, in November 2023, Osisko provided notice to the Company that it will not proceed with exercising its Rimba Raya Stream Participation Right. This resulted in the Rimba Raya Stream Participation Right expiring in November 2023. See the "Commitments" section of this MD&A and Notes 15 and 17 of the Interim Financial Statements.

Magdalena Bay Blue Carbon Stream

On May 13, 2021, the Company entered into a carbon credit streaming agreement with Fundación MarVivo Mexico, A.C. and MarVivo Corporation ("**MarVivo**") to implement the proposed Magdalena Bay Blue Carbon Conservation Project in Magdalena Bay in Baja California Sur, Mexico which is focused on the conservation of mangrove forests and their associated marine habitat (the "**Original Magdalena Bay Blue Carbon Stream**").

Under the Original Magdalena Bay Blue Carbon Stream, MarVivo was to deliver the greater of 200,000 carbon credits or 20% of verified credits generated by the project on an annual basis, for a term of 30 years starting on the date of the first delivery of carbon credits.

On December 7, 2022, Osisko exercised its Stream Participation Right and entered into a royalty agreement with the Company (the "**Magdalena Bay Blue Carbon Stream Participation Royalty**") to participate in 20% of the Original Magdalena Bay Blue Carbon Stream. Under the Magdalena Bay Blue Carbon Stream Participation Royalty, Osisko paid $0.6 million of the upfront deposit, and is obligated to fund a portion of the remaining upfront deposit of the Original Magdalena Bay Blue Carbon Stream as such amounts are due.

In July 2023, the Company amended and restated the terms of the Original Magdalena Bay Blue Carbon Stream (the "**Magdalena Bay Blue Carbon Stream**"). Under the revised terms of the Magdalena Bay Blue Carbon Stream, MarVivo will deliver the greater of 300,000 carbon credits or 30% of verified credits generated by the project on an annual basis, for a term of 30 years starting on the date of the first delivery of carbon credits. The Company is responsible for marketing and selling the carbon credits delivered to it under the stream and will make ongoing delivery payments to MarVivo for each carbon credit that is sold by the Company.

In the third quarter of 2023, Osisko did not elect to participate in the amendment to the Magdalena Bay Blue Carbon Stream and as a result, the Magdalena Bay Blue Carbon Stream Participation Royalty will be settled in cash based on a portion of the net cash flows calculated using the terms of the Original Magdalena Bay Blue Carbon Stream.

Cerrado Biome Stream

On September 13, 2021, the Company announced that it had entered into a carbon credit streaming agreement with ERA Cerrado Assessoria e Projectos Ambientais Ltd. ("**ERA**") to implement and scale the Cerrado Biome project, which is aimed at protecting native forests and grasslands in the Cerrado Biome, Brazil (the "**Cerrado Biome Stream**"). Under the terms of the Cerrado Biome Stream, ERA will deliver 100% of the carbon credits created by the project to the Company, less any pre-existing delivery obligations, for a term of 30 years. The Company is responsible for marketing and selling the carbon credits delivered to it under the stream and makes ongoing delivery payments to ERA for each carbon credit that is sold by the Company.

Waverly Biochar Stream and Waverly Biochar Royalty

On May 11, 2022, the Company entered into a carbon credit streaming agreement with Waverly RB SPE LLC ("**Waverly RB**"), a subsidiary of Restoration Bioproducts LLC, to support the construction of a biochar production facility in Waverly, Virginia, United States (the "**Waverly Biochar Stream**"). Under the terms of the Waverly Biochar Stream, Waverly RB will deliver 100% of the CO_2 Removal Certificates ("**CORCs**") (referred to herein as carbon credits) generated by the project to the Company, for a term of 25 years starting on the date of the first delivery of carbon credits. The Company is responsible for marketing and selling the carbon credits delivered to it under the stream and will make ongoing delivery payments to Waverly RB for each carbon credit that is sold by the Company. In July 2023, the Company amended the terms of the Waverly Biochar Stream, resulting in an increase in the upfront deposit amount and a lower ongoing delivery payment.

Additionally, the Company also entered into a royalty agreement with Waverly RB (the "**Waverly Biochar Royalty**"). Under the terms of the Waverly Biochar Royalty, Carbon Streaming will receive a revenue royalty on volume of biochar sold by Waverly RB. The Waverly Biochar Royalty will be settled in cash.

Sustainable Community Stream

On June 20, 2022, the Company entered into a carbon credit streaming agreement with Will Solutions Inc. ("**Will Solutions**") to scale its Sustainable Community project in Quebec, Canada and develop and scale its Sustainable Community project in Ontario, Canada (the "**Sustainable Community Stream**"). Under the terms of the Sustainable Community Stream, Will Solutions will deliver 50% of the carbon credits created by the projects to the Company, of up to a maximum of 44.1 million credits. The Company is responsible for marketing and selling the carbon credits delivered to it under the stream and will make ongoing delivery payments to Will Solutions for each carbon credit that is sold by the Company.

Community Carbon Stream

On August 16, 2022, the Company closed a carbon credit streaming agreement with Community Carbon and UpEnergy Group to bring fuel-efficient cookstoves and water purification devices to millions of households in eastern and southern Africa under a grouped project model (the "C**ommunity Carbon Stream**"). Under the terms of the Community Carbon Stream, Community Carbon will deliver a portion of the carbon credits created by the projects to the Company. 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, 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. Pursuant to this amendment, 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. In addition, the project will direct funding to digital monitoring, reporting and verification and other project quality improvement measures.

Nalgonda Rice Farming Stream

On September 28, 2022, the Company entered into a carbon credit streaming agreement with Core CarbonX Pte Ltd. and its services provider, Core CarbonX Solutions Private Limited (collectively, "**Core CarbonX**"), to develop its Nalgonda Rice Farming methane avoidance grouped project located in the Nalgonda District, Telangana State, India (the "**Nalgonda Rice Farming Stream**"). Under the terms of the Nalgonda Rice Farming Stream, Core CarbonX will deliver 100% of the carbon credits generated by the project for a term of seven (7) years. The Company is responsible for marketing and selling the carbon credits delivered to it under the stream and will make ongoing delivery payments to Core CarbonX for each carbon credit that is sold by the Company. In July 2023, the Company amended the terms of the Nalgonda Rice Farming Stream, resulting in a reduction in the upfront deposit amount and a higher ongoing delivery payment.

Enfield Biochar Stream and Enfield Biochar Royalty

On November 1, 2022, the Company entered into a carbon credit streaming agreement and an associated royalty agreement with Standard Biocarbon Corporation ("**Standard Biocarbon**") to support the construction of a biochar pyrolysis pilot facility in Enfield, Maine, United States (the "**Enfield Biochar Stream**"). Under the terms of the Enfield Biochar Stream, Standard Biocarbon will deliver 100% of the CORCs (referred to herein as carbon credits) generated by the project to the Company, for a term of 30 years starting on the date of the first delivery of carbon credits. The Company is responsible for marketing and selling the carbon credits delivered to it under the stream and will make ongoing delivery payments to Standard Biocarbon for each carbon credit that is sold by the Company.

Concurrent with entering into the Enfield Biochar Stream, the Company also entered into a royalty agreement with Standard Biocarbon (the "**Enfield Biochar Royalty**"). Under the Enfield Biochar Royalty, Carbon Streaming will receive a revenue royalty on volume of biochar sold by Standard Biocarbon. The Enfield Biochar Royalty will be settled in cash.

Sheep Creek Reforestation Stream

On May 10, 2023, the Company entered into a carbon credit streaming agreement with Mast Reforestation SPV I, LLC ("**Mast**") for a post-wildfire reforestation project at the Sheep Creek Ranch in Montana, United States (the "**Sheep Creek Reforestation Stream**"). The Sheep Creek Reforestation Stream is the first stream under a pipeline agreement with Mast. Under the terms of the Sheep Creek Reforestation Stream, Mast will deliver 100% of the FMUs (referred to herein as carbon credits) created by the project to the Company, which are expected to be issued in 2025 and 2026. The Company is responsible for marketing and selling the carbon credits delivered to it under the stream and will make ongoing delivery payments to Mast for each carbon credit that is sold by the Company.

Feather River Reforestation Stream

On September 14, 2023, the Company entered into a carbon credit streaming agreement with Mast for a post-wildfire restoration project located in Butte County, California, USA (the "**Feather River Reforestation Stream**"). Under the terms of the Feather River Reforestation Stream, Mast will deliver 100% of the FMUs (referred to herein as carbon credits) created by the project to the Company, which are expected to be issued in 2025. The Company is responsible for marketing and selling the carbon credits delivered to it under the stream and will make ongoing delivery payments to Mast for each carbon credit that is sold by the Company.

Baccala Ranch Reforestation Stream

On February 9, 2024, the Company entered into a carbon credit streaming agreement with Mast for a post-wildfire reforestation project in Tehama and Plumas Counties, California, USA. Under the terms of the Baccala Ranch Reforestation Stream, Mast will deliver 100% of the FMUs (referred to herein as carbon credits) created by the project to the Company, which are expected to be issued in 2026. The Company is responsible for marketing and selling the carbon credits delivered to it under the stream and will make ongoing delivery payments to Mast for each carbon credit that is sold by the Company.

Bonobo Peace Forest Royalty

On September 8, 2022, Bonobo Conservation Initiative ("**BCI**") and the Company entered into a royalty agreement (the "**Bonobo Peace Forest Royalty**"), covering carbon credit revenues generated from the two projects within the Bonobo Peace Forest located in the Democratic Republic of the Congo. The Bonobo Peace Forest Royalty will be settled in cash.

Amazon Portfolio Royalty

On September 8, 2022, the Company entered into a royalty agreement (the "**Amazon Portfolio Royalty**") with Future Carbon International LLC ("**Future Carbon**") covering carbon credit revenues generated by Future Carbon from its interest in four REDD projects in the Amazon, Brazil (the "**Amazon Portfolio**"). The Amazon Portfolio Royalty will be settled in cash.

INVESTMENT IN ASSOCIATE AND EARLY DEPOSIT INTEREST

The Company holds a 50% equity interest in Carbon Fund Advisors Inc. ("**Carbon Fund Advisors**"). Carbon Fund Advisors was the fund sponsor of the Carbon Strategy ETF (NYSE: KARB) and the investment supported Carbon Fund Advisors' launch and ongoing management of the Carbon Strategy ETF, an exchange traded fund that aims 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.

On July 12, 2022, the Company executed a term sheet with Citadelle Maple Syrup Producers' Cooperative ("**Citadelle**") pursuant to which the Company provided $0.3 million of upfront funding for a grouped sugar maple afforestation, reforestation, revegetation and ecosystem restoration project in Quebec, Canada. The initial funding from the Company enabled Citadelle to achieve initial planting in the Fall 2022 and was intended to support additional plantings. In the third quarter of 2023, the Company decided not to move forward with Citadelle's restoration project and is seeking repayment of the upfront funding.

PREFERRED SHARES

In May 2023, the Company invested $2.0 million into the parent company of Mast ("**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 ("**Preferred Shares**") upon the execution of a qualifying financing event, resulting in 1.3 million Preferred Shares being issued to the Company. The Company recognized a gain on revaluation of the Convertible Note of $558 thousand for the year ended December 31, 2023, prior to the conversion to Preferred Shares in the fourth quarter of 2023. No gain or loss on revaluation of the Preferred Shares has been recognized by the Company for the three months ended March 31, 2024.

Holders of Preferred Shares of DroneSeed are voted 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 shares of Preferred Shares then outstanding, together with all other equity holders shall be entitled to be paid out of the assets of DroneSeed available for distribution.

CARBON MARKETS AND PRICING

The Kyoto Protocol, which went into force on February 16, 2005, operationalized the United Nations Framework Convention on Climate Change by having countries commit to limit and reduce their greenhouse gas ("**GHG**") emissions in accordance with agreed individual targets. The protocol set binding emission reduction targets for 37 industrialized countries and economies in transition and the European Union which added up to an average of 5% below 1990 levels over the five-year period 2008 to 2012 (the first commitment period). The Kyoto Protocol served to pioneer new approaches for fighting climate change and two broad types of carbon markets emerged: compliance (regulated) market and the voluntary market.

The global compliance market has grown significantly in recent years, with the transaction value increasing from €288 billion (US$329 billion) in 2020 to €881 billion (US$950 billion) in 2023, representing a compound annual growth rate of approximately 45% over three years[1]. The voluntary markets constitute a small portion of the total carbon market, with just under $1.9 billion traded in 2022, representing 254 million tonnes of carbon dioxide equivalent ("**tCO_2e**") in carbon credits.[2] The voluntary markets currently trade less than 1% of the value and less than 5% of the volume of the compliance carbon markets.

The general growth trend in the voluntary market is forecast to continue. Scenarios developed by the Network for Greening the Financial System ("**NGFS**") forecast that demand in the voluntary market for carbon credits could grow by approximately 6-8-fold to 1.5 to 2 billion tonnes of carbon dioxide (**"tCO_2"**)

[1] LSEG, Carbon Market Year in Review 2023.

[2] Forest Trends' Ecosystem Marketplace. 2023. State of the Voluntary Carbon Markets 2023. Washington DC: Forest Trends Association.

of carbon credits per year in 2030 from 2022, and by approximately 40-fold to 7 to 13 billion tCO_2 per year by 2050.[3]

Carbon credits are traded on both private and public markets. Some exchanges that specialize in the trading of compliance carbon credits include the European Climate Exchange, the NASDAQ OMX Commodities Europe Exchange, and the European Energy Exchange. A significant portion of voluntary carbon market trading is conducted over the counter, but some exchanges that specialize in the trading of voluntary carbon credits include CBL, CIX, and AirCarbon Exchange (ACX). The prices of carbon credits are primarily driven by the levels of supply and demand in the markets.

Several factors influence the price paid for a particular voluntary carbon credit including 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). For the three months ended March 31, 2024, the average realized price per purchased carbon credit sold was $5.20 (three months ended March 31, 2023 – $8.46).

STRATEGY AND OUTLOOK

Carbon Streaming is focused on executing its sales strategy through the marketing and selling of carbon credits and continuing to acquire select additional streams and royalties to diversify and compliment its portfolio of projects.

In executing its sales strategy, over the long term and on a company-wide basis, the Company continues to expect to retain on average 15% to 25% of cash flows (with stream-specific retention varying) generated from the sale of the carbon credits acquired from its carbon credit streaming agreements, subject to fluctuation based on the realized price from carbon credit sales and the specific terms of the stream agreements. Through an ongoing delivery payment under the terms of a stream agreement, a project partner is typically entitled to receive the balance of the net proceeds from the sale of carbon credits (i.e. on average 75% to 85%).

Indonesia Update

Indonesian Legal and Regulatory Developments

In April 2022, the Indonesian Government temporarily paused validation and verification of carbon credits from projects on the Verra Registry (and other international registries) as it sought to finalize its national carbon emission regulations and domestic registry. This pause has remained in place since April 2022, and as such, no carbon credits have been issued from the Rimba Raya project (or other voluntary carbon credit forestry projects in Indonesia) since such time.

[3] McKinsey & Company, A blueprint for scaling voluntary carbon markets to meet the climate challenge, January 2021. These amounts reflect demand based on CO2 removal and sequestration requirements under the NGFS's 1.5°C and 2.0°C scenarios. Both amounts reflect an assumption that all CO2 removal and sequestration results from carbon credits purchased on the voluntary market (whereas some removal and sequestration will result from carbon credits purchased in compliance markets and some will result from efforts other than carbon-offsetting projects).

In October 2022, the MOEF issued Reg 21, which sets out a framework for domestic and international carbon trading in Indonesia. Under Reg 21, all carbon projects in Indonesia must be registered, validated and verified on the SRN. In addition, between 10% and 20% of any carbon credit issuance for foreign GHG emission offsets may be withheld in Indonesia to meet Indonesia's Nationally Determined Contributions ("**NDCs**") as part of the country's Paris Agreement commitment, where such withheld carbon credits may be released upon the applicable sub-sector's NDC targets being met in two consecutive years. The buffer amount will be determined by MOEF and may be subject to a periodical change based on the evaluation of the results of the verified annual NDC target achievement report. A further 5% of carbon credits are also expected to be retained for domestic GHG emission offsets in Indonesia.

Following the issuance of Reg 98 and Reg 21, in 2023 the MOEF issued MOEF Regulation No. 7 of 2023 on Carbon Trading Procedure in Forestry Sector – which serves as a sectoral carbon trading regulation of forestry sector and MOEF Decree No. 1027 of 2023 on Carbon Trading Road Map for Forestry Sector. These new regulations set out a regulatory blueprint for carbon trading within Indonesia's forestry sector, outlining the specific types of forests eligible for carbon trading. The document also provides an overview of the carbon offset mechanisms and identifies potential participants for carbon trading activities. Although the regulations for domestic carbon trading have been issued, carbon trading activities in the forestry sector have yet to commence. While there have been carbon credits issued by SRN, none of them were issued to the forestry sector. Proposed final rules and regulations for international trading remain under ongoing review and development by the Indonesian Government. The Company and InfiniteEARTH have viewed the development of a national carbon policy as an important and positive step for Indonesia, carbon markets, and global climate action, and the release of further NDC regulations and implementation regulations will be required to determine the impact of the various regulations. It is still unknown when these regulations will be issued.

In December 2022, the Rimba Raya project was also the first REDD+ project to receive validation under Reg 21 and with the SRN. The Verra project was made up of four parcels; initial validation of the project under the SRN is comprised of one of the four parcels, comprising 36,331 ha under a concession agreement with the MOEF, of which approximately 28,000 ha is the carbon accounting area, generally consistent with the project area under Verra. InfiniteEARTH previously indicated that it expected to add the three remaining parcels separately.

PT Rimba Concession License Revocation

On April 26, 2024, the Company announced that it was informed of two third-party media reports that claimed that PT Rimba, the local concession holder for the Rimba Raya project, had its Concession License revoked by the MOEF through an administrative decree. The MOEF decree in respect of the revocation of the Concession License was issued only to the addressee and is therefore not a publicly accessible document.

InfiniteEARTH, the project proponent of the Rimba Raya project with whom the Company had previously entered into the Rimba Raya Stream, has operated the Rimba Raya project through a series of agreements with PT Rimba, its local partner in Indonesia and the direct legal holder of the concession rights granted by the Indonesian Government pursuant to the Concession License.

The Company confirmed the revocation of the Concession License by the MOEF through details about the decree published on the MOEF website in March 2024. Based on MOEF documentation and records of the State Administrative Court of Jakarta, the Company has determined with its advisors that the Concession License was revoked by the MOEF on the basis that PT Rimba had transferred the Concession License to a third party without MOEF approval, that its carbon trading activity covered a land area greater than the area covered by the terms of the Concession License, and for non-payment of certain non-state revenue taxes payable to the MOEF under applicable Indonesian regulatory requirements. PT Rimba has publicly stated that it has complied with Indonesian regulations on carbon trading and otherwise disputed the basis of the revocation of the Concession License, and the Company has confirmed that the revocation of the Concession Licence by the MOEF has been challenged by PT Rimba before the State Administrative Court of Jakarta. In connection with such challenge, PT Rimba has also filed requests for the suspension of the implementation of the MOEF decree in respect of the revocation of the Concession License pending judicial determination of such appeal (which relief, to the knowledge of the Company, has not been granted to date). A final ruling from the State Administrative Court of Jakarta is currently anticipated during June 2024 (which ruling is subject to potential appeal by the parties).

Carbon Streaming is assessing the ongoing situation and is engaged with our partners and local advisors. Carbon Streaming has been advised by InfiniteEARTH that it is taking steps in respect of the revocation of the Concession License and is also seeking clarifications from the MOEF as to the current status of the Concession License and the ramifications of the revocation, including on the status of InfiniteEARTH as the project proponent of the Rimba Raya project under the SRN registry, and the impact on their rights to both historical and future credits as established through the collaboration agreement with PT Rimba.

At the present time, the Company is evaluating all legal avenues to protect its investment in the Rimba Raya project and to strictly enforce its legal and contractual rights under the Rimba Raya Stream. In addition, Carbon Streaming will also continue to work closely with InfiniteEARTH on its active engagement with its local partners, the MOEF and the Indonesian Government to attempt to preserve the continuity of the Rimba Raya project.

Ongoing Indonesian-Specific Uncertainties and Risks

In light of each of the foregoing matters, there is significant uncertainty concerning the legal status of the Concession License and the Company’s Rimba Raya Stream. Additionally, there also remains significant uncertainty within Indonesia concerning the timelines associated with the completion of project verifications, the resumption of the issuance of carbon credits and domestic and international trading of carbon credits from projects located in Indonesia (including the Rimba Raya project), as well as any requirements or conditions that the Indonesian Government may impose on any such resumption, particularly given that a final legal and regulatory framework has not yet emerged. Accordingly, the legal status of the Rimba Raya Stream remains unknown at this time.

With the Concession License revoked, the Company has determined the fair value of the Rimba Raya Stream as at March 31, 2024 to be nil. The Company will re-evaluate the fair value of the Rimba Raya Stream in the event there is a change in the facts and circumstances surrounding the Rimba Raya project, the revocation of the Concession License and the Indonesian national carbon emission regulations. For a more comprehensive discussion on the specific valuation assumptions and other considerations applied to the Company's carbon credit streaming and royalty agreements (including the Rimba Raya Stream), please see "Summary of Financial Results — Revaluation of carbon credit streaming and royalty agreements" below and Note 6 of the Interim Financial Statements.

For a comprehensive discussion of the risks, assumptions and uncertainties that could further impact the Indonesian developments described herein, investors are urged to review the section of the Company's most recently filed AIF entitled "Risk Factors" a copy of which is available on SEDAR+ at www.sedarplus.ca. See also "Risks and Uncertainties" below.

Outlook

In 2024, Carbon Streaming continues to reposition itself for long-term success. The Company expects to increase cash flow generation through the sale of carbon credits from several streaming agreements, including the Community Carbon Stream, Waverly Biochar Stream, the Sustainable Community Stream and the Nalgonda Rice Farming Stream. Additionally, the Company continues its ongoing corporate restructuring, first initiated in 2023, with a focus on cash flow optimization through the reduction of operating expenses and a reassessment of our existing streams and royalties. The steps taken by the Company to date, including a reduction in headcount and the termination of consulting contracts, have resulted in significant reductions to ongoing operating expenses. Moreover, the Company has amended several of its carbon credit streaming agreements to improve stream economics and protect against downside risk. In 2024, the Company amended the terms of the Sheep Creek Reforestation Stream and the Community Carbon Stream, and in 2023, amended the terms of the Nalgonda Rice Farming Stream, Waverly Biochar Stream and Magdalena Bay Blue Carbon Stream. In addition, the Company is continuing to evaluate all legal avenues to protect its investment in the Rimba Raya project and will strictly enforce its legal and contractual rights under the Rimba Raya Stream in response to recent developments in Indonesia.

Carbon Streaming also aims to continue growing and diversifying its portfolio with leading project developers and to be a partner of choice for buyers seeking to support high-integrity carbon projects. Voluntary carbon markets have the potential to mobilize finance to address the gaps in funding for climate projects and act as a complementary tool to other climate action activities. Carbon Streaming believes that its strategy will position the Company as an industry leader who will be a go-to source of carbon credits in the voluntary market.

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

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

Indonesian developments described herein, investors are urged to review the section of the Company's most recently filed AIF entitled "Risk Factors" a copy of which is available on SEDAR+ at www.sedarplus.ca.

SUMMARY OF FINANCIAL RESULTS

	Three months ended March 31, 2024	Three months ended March 31, 2023
Revaluation of carbon credit streaming and royalty agreements	**$ (33,136)**	$ 711
Revenue from sale of purchased carbon credits	**488**	21
Cost of purchased carbon credits sold	**(399)**	(12)
Other operating expenses		
Salaries and fees	**(933)**	(1,158)
Share-based compensation	**(611)**	(1,037)
Marketing	**(109)**	(120)
Professional and regulatory fees	**(79)**	(346)
Consulting fees	**(183)**	(323)
Insurance	**(184)**	(227)
Office and general	**(73)**	(127)
Foreign exchange loss	**(164)**	(41)
Amortization of right-of-use asset	**-**	(26)
Corporate restructuring	**(1,373)**	-
Other operating expenses	**(3,709)**	(3,405)
Operating loss	**(36,756)**	(2,685)
Other items		
Loss from investment in associate	**(25)**	(121)
Revaluation of warrant liabilities	**334**	1,181
Finance income	**676**	653
Net loss and comprehensive loss	**(35,771)**	(972)
Adjusted net loss[1]	**(1,596)**	(2,864)
Settlements from carbon credit streaming and royalty agreements	406	4

1. *"Adjusted net loss", including per share amounts, is a non-IFRS financial performance measure that is used in this MD&A. This measure does not have any standardized meaning under IFRS 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 IFRS, see the "Non-IFRS Measures" section of this MD&A.*

Revaluation of carbon credit streaming and royalty agreements

Revaluation of carbon credit streaming and royalty agreements was a net loss of $33.1 million for the three months ended March 31, 2024, respectively, when compared to a net gain of $0.7 million for the three months ended March 31, 2023. For the three months ended March 31, 2024, the net loss on revaluation of carbon credit streaming and royalty agreements was primarily related to the write-down of the value of the Rimba Raya Stream to $nil, partially offset by accretion due to the passage of time at the Company's other carbon credit streaming and royalty agreements. For the three months ended March 31, 2023, the net gain on the revaluation of carbon credit streaming and royalty agreements was primarily driven by an increase in fair value of the Sustainable Community Stream and Community Carbon Stream.

On April 26, 2024, the Company announced that it was informed that the local concession license holder at the Rimba Raya project had its Concession License revoked by the MOEF. The information regarding the revocation of the Concession License was first made publicly available in March 2024. With the Concession License revoked, the Company has determined the fair value of the Rimba Raya Stream to be nil as at March 31, 2024. Under the terms of the Rimba Raya Stream, the delivery of carbon credits requires the Concession License to be valid, in good standing and in compliance with Indonesian laws and regulations. The Company will re-evaluate the fair value of the Rimba Raya Stream in the event there is a change in the facts and circumstances surrounding the Rimba Raya project, the revocation of the Concession License and the Indonesian national carbon emission regulations. At the present time, the Company is evaluating all legal avenues to protect its investment in Rimba Raya and to strictly enforce its legal and contractual rights under the Rimba Raya Stream

Please see Note 6 of the Interim 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 was $0.5 million for the three months ended March 31, 2024, when compared to $21 thousand for the three months ended March 31, 2023. Cost of purchased carbon credits sold was $0.4 million for the three months ended March 31, 2024, when compared to $12 thousand for the three months ended March 31, 2023. 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. For the three months ended March 31, 2024, the average realized price per purchased carbon credit sold was $5.20, respectively (three months ended March 31, 2023 – $8.46).

Salaries and fees

Salaries and fees were $0.9 million for the three months ended March 31, 2024, when compared to $1.2 million for the three months ended March 31, 2023. For the three months ended March 31, 2024, the decrease in salaries and fees was primarily driven by the Company's lower headcount resulting from its ongoing restructuring plan initiated in 2023, described above.

Share-based compensation

Share-based compensation was $0.6 million for the three months ended March 31, 2024, when compared to $1.0 million for the three months ended March 31, 2023. For the three months ended March 31, 2024, the decrease in share-based compensation was primarily driven by a lower share price assumption applied to cash-settled share-unit liabilities.

Marketing

Marketing costs were $0.1 million for the three months ended March 31, 2024, when compared to $0.1 million for the three months ended March 31, 2023. For the three months ended March 31, 2024, marketing costs were consistent with the prior-year period.

Professional & regulatory fees

Professional & regulatory fees were $79 thousand for the three months ended March 31, 2024, when compared to $0.3 million for the three months ended March 31, 2023. For the three months ended March 31, 2024, the decrease in professional and regulatory fees was primarily driven by lower spending on professional services due to reduced volume of investments, and the success of cost-cutting initiatives in 2023.

Consulting fees

Consulting fees were $0.2 million for the three months ended March 31, 2024, when compared to $0.3 million for the three months ended March 31, 2023. For the three months ended March 31, 2024, the decrease in consulting fees was primarily driven by lower spending on technical consultants due to reduced volume of new investments, and the success of cost-cutting initiatives in 2023.

Insurance costs

Insurance costs were $0.2 million for the three months ended March 31, 2024, when compared to $0.2 million for the three months ended March 31, 2023. Insurance costs were consistent with the prior-year period.

Office and general

Office and general costs were $73 thousand for the three months ended March 31, 2024, when compared to $0.1 million for the three months ended March 31, 2023. For the three months ended March 31, 2024, the decrease in office and general costs was primarily driven by the success of cost-cutting initiatives in 2023. Office and general costs relate to the Company's general administrative expenses.

Foreign exchange loss

Foreign exchange loss was $164 thousand for the three months ended March 31, 2024, when compared to the loss of $41 thousand for the three months ended March 31, 2023. 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. Please see the "Currency Risk" section of Note 16 of the Interim Financial Statements for further information.

Corporate restructuring

In 2023, the Company initiated an ongoing restructuring plan that resulted in personnel reductions. For the three months ended March 31, 2024, the Company incurred a corporate restructuring charge of $1.4 million related to severance and other termination benefits.

Amortization of right-of-use asset

Amortization of right-of-use asset was $nil for the three months ended March 31, 2024, when compared to $26 thousand for the three months ended March 31, 2023. 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.

Operating loss

Operating loss was $36.8 million for the three months ended March 31, 2024, when compared to operating loss of $2.7 million for the three months ended March 31, 2023. For the three months ended March 31, 2024, the increase in operating loss when compared to the prior-year periods was primarily driven by the net loss on revaluation of carbon credit streaming and royalty agreements and the corporate restructuring charge, partially offset by lower other operating expenses, as described above.

Loss from investment in associate

Loss from investment in associate was $25 thousand for the three months ended March 31, 2024, when compared to a loss of $121 thousand for the three months ended March 31, 2023. The loss from investment in associate relates to Carbon Streaming's investment in Carbon Fund Advisors. Please see Note 9 of the Interim Financial Statements and the "Investment in Associate and Early Deposit Interest" section of this MD&A for further information.

Revaluation of warrant liabilities

Revaluation of warrant liabilities resulted in a gain of $334 thousand for the three months ended March 31, 2024, when compared to a gain of $1.2 million for the three months ended March 31, 2023. The gain on the revaluation of warrant liabilities in the current period 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 an increased 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 significantly lower spot share-price on the Company's publicly traded warrants.

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

Finance income

Finance income was $0.7 million for the three months ended March 31, 2024, when compared to $0.7 million for the three months ended March 31, 2023. Finance income primarily relates to interest earned on the Company's cash.

Net loss

Net loss was $35.8 million for the three months ended March 31, 2024, when compared to net loss of $1.0 million for the three months ended March 31, 2023. For the three months ended March 31, 2024, the increase in net loss was primarily driven by a net loss on revaluation of carbon credit streaming and royalty agreements and the corporate restructuring charge, partially offset by higher finance income and lower other operating expenses, as described above.

Adjusted net loss

Adjusted net loss was $1.6 million for the three months ended March 31, 2024, when compared to adjusted net loss of $2.9 million for the three months ended March 31, 2023. The decrease in adjusted net loss was primarily driven by higher finance income and lower other operating expenses as described above. See the "Non-IFRS 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:

	Mar 31, 2024	**Dec 31, 2023**	**Sep 30, 2023**	**Jun 30, 2023**
Revenue from sale of carbon credits	$ 488	$ 841	$ 260	$ 44
Net (loss) income	(35,771)	(26,092)	718	(9,155)
Basic (loss) earnings per share ($/share)	(0.75)	(0.55)	0.02	(0.19)
Diluted (loss) earnings per share ($/share)	(0.75)	(0.55)	0.02	(0.19)
Adjusted net loss[1]	(1,596)	(2,225)	(1,699)	(798)
Total assets	81,596	117,111	142,043	143,516

	Mar 31, 2023	**Sep 30, 2022**	**Jun 30, 2022**	**Dec 31, 2022**
Revenue from sale of carbon credits	$ 21	$ 27	$ 2	$ 1,059
Net (loss) income	(972)	(2,410)	29,201	4,765
Basic (loss) earnings per share ($/share)	(0.02)	(0.05)	0.77	0.10
Diluted (loss) earnings per share ($/share)	(0.02)	(0.05)	0.77	0.10
Adjusted net loss[1]	(2,864)	(5,327)	(3,460)	(5,727)
Total assets	155,216	156,939	163,467	158,489

1. *"Adjusted net loss", including per share amounts, is a non-IFRS financial performance measure that is used in this MD&A. This measure does not have any standardized meaning under IFRS 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 IFRS, see the "Non-IFRS 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 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 (please see Note 6 of the Interim 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. The revaluation of carbon credit streaming and royalty agreements has been primarily impacted by 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 (please see Note 6 of the Interim Financial Statements for further information). 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 March 31, 2024, the Company had working capital of $47.8 million, which includes cash of $49.0 million (as at March 31, 2023 – working capital of $59.9 million including cash of $65.8 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 Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of shareholders' equity of $77.2 million as at March 31, 2024 (as at March 31, 2023 – $146.0 million). There were no changes in the Company's approach to capital management during the period.

There is no assurance that the Company will be able to access debt, equity or alternative funding at the times and in the amounts required to meet the Company's obligations and to fund activities. The outlook for the world economy remains uncertain and vulnerable to various events that could adversely affect the Company's ability to raise additional funding going forward.

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

For the three months ended March 31, 2024, cash decreased by $2.3 million. 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.

Cash Flows

Operating Activities

Cash used in operating activities was $1.6 million for the three months ended March 31, 2024 (three months ended March 31, 2023 – $3.0 million). 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 $0.7 million for the three months ended March 31, 2024 (three months ended March 31, 2023 – cash used of $1.6 million), 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 $47 thousand for the three months ended March 31, 2024 (three months ended March 31, 2023 – $nil). Cash used in financing activities for the three months ended March 31, 2024 related to lease payments.

SHARE CAPITAL

As at May 15, 2024, the Company has the following items of share capital outstanding:

	Share Capital
Common Shares issued and outstanding	47,740,932
Warrants	33,230,789
Stock options[1]	1,171,000
RSUs and PSUs[2]	1,991,689

*(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 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 March 31, 2024, such conditions had not been met.

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

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

Less than 1 year	$ 18,101[1]
1 to 3 years	2,554
Over 3 years	56
Total	**$ 20,711**

1. *The payment of the upfront deposit installments is subject to certain milestones and conditions being met. In the case of the Magdalena Bay Blue Carbon Stream, the upfront deposit installment payments of $6.0 million related to validation and verification are contingent on the concession rights of federal mangroves being transferred from the Secretariat of Environment and Natural Resources ("**SEMARNAT**"), Mexico's environment ministry, to Mexico's National Commission for Protected Natural Areas. The timing of SEMARNAT's approval of this transfer remains unknown at this time.*

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 Carbon Streaming 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.

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 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 (the "**Stream Participation Right**"). As at March 31, 2024, Osisko has exercised its right to participate in and acquired a portion of the Original Magdalena Bay Blue Carbon Stream (See Note 15 of the Interim Financial Statements for further information).

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 (arising from the conversion of a convertible note), 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 2) are valued using the intrinsic method based on the valuation of the counterparty's enterprise determined using its latest round of financing which closed in the fourth quarter of 2023. 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 6 of the Interim Financial Statements).

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 6 of the Interim 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 March 31, 2024, the Company held cash of C$8.4 million in Canadian dollars and had accounts payable and other monetary liabilities of C$1.0 million in Canadian dollars.

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 $259 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 Interim Financial Statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about the 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 Annual Financial Statements.

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

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

PERFORMANCE MEASURES

Average realized price per purchased carbon credit sold

Management uses the "average realized price per purchased carbon credit sold" performance measure to better understand the price realized in each reporting period for carbon credit sales. Average realized price per purchased carbon credit sold is calculated by dividing the Company's revenue from sale of purchased carbon credits by the quantity of purchased carbon credits sold. Average realized price per purchased carbon credit sold does not incorporate proceeds from the sale of carbon credits delivered under the Company's carbon credit streaming agreements, and only incorporates revenue from sale of purchased carbon credits.

	Three months ended March 31, 2024	Three months ended March 31, 2023
Revenue from sale of purchased carbon credits	**$ 488**	$ 21
Number of purchased carbon credits sold (carbon credits)	**93,772**	2,496
Average realized price per purchased carbon credit sold ($/carbon credit)	**$ 5.20**	$ 8.46

Cost per purchased carbon credit sold

Management uses the "cost per purchased carbon credit sold" performance measure to assess the Company's profitability in relation to the average realized price per purchased carbon credit sold and believes that certain investors can use this information to evaluate the Company's performance in comparison to other carbon credit streaming companies. Cost per purchased carbon credit sold is calculated by dividing the Company's cost of purchased carbon credits sold, excluding inventory write-downs, by the quantity of purchased carbon credits sold. Cost per purchased carbon credit sold does not incorporate ongoing delivery payments from the sale of carbon credits delivered under the Company's carbon credit streaming agreements, and only incorporates the cost of purchased carbon credits sold.

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

	Three months ended March 31, 2024	**Three months ended March 31, 2023**
Cost of purchased carbon credits sold	**$ 399**	$ 12
Number of purchased carbon credits sold (carbon credits)	**93,772**	2,496
Cost per purchased carbon credit sold ($/carbon credit)	**$ 4.26**	$ 5.00

NON-IFRS 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 IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. These non-IFRS 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 IFRS. Management believes that these non-IFRS measures, together with performance measures and measures prepared in accordance with IFRS, 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 revaluation of derivative liabilities, the revaluation of the Convertible Note, impairment loss 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.

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

The following table reconciles net and comprehensive loss to adjusted net loss:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Net loss and comprehensive loss	**$ (35,771)**	$ (972)
Adjustment for non-continuing or non-cash settled items:		
Revaluation of carbon credit streaming and royalty agreements	**33,136**	(711)
Revaluation of warrant liabilities	**(334)**	(1,181)
Revaluation of derivative liabilities	-	-
Corporate restructuring	**1,373**	-
Adjusted net loss	**(1,596)**	(2,864)
Loss per share (Basic and Diluted) ($/share)	**(0.75)**	(0.02)
Adjusted net loss per share (Basic and Diluted) ($/share)	**(0.03)**	(0.06)

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 most recently filed AIF entitled "Risk Factors" and the Annual Financial Statements, copies of which are available on SEDAR+ at www.sedarplus.ca.

Significant Risk Factors

Commodity 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 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. Although management is optimistic about the Company's prospects, 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, please see the Company's most recently filed AIF and Annual Financial Statements which are available on SEDAR+ at 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 Interim 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 are 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 IFRS. The Company's ICFR may not prevent or detect all misstatements because of inherent limitations.

There have been no changes in the Company's ICFR during the quarter ended March 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 most recently filed 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 Annual Financial Statements and Company's most recently filed AIF, have been filed with Canadian securities regulatory authorities and is available on SEDAR+ at www.sedarplus.ca and on the Company's website at 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.