



NEO Exchange: **NETZ**  
OTCQB: **OFSTF** | FSE: **M2Q**

## **NEWS RELEASE**

# **CARBON STREAMING ANNOUNCES FINANCIAL RESULTS FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2022**

*Rimba Raya Project Progressing Under New Indonesian Carbon Regulations*

*Company Receives First Carbon Credits from Stream and Royalty Portfolio*

TORONTO, ON, March 29, 2023, Carbon Streaming Corporation (NEO: **NETZ**) (OTCQB: **OFSTF**) (FSE: **M2Q**) (“**Carbon Streaming**” or the “**Company**”) today reported its financial results for the six month period ended December 31, 2022. All figures are expressed in United States dollars, unless otherwise indicated. The Company will host a live audio call at 10:00 a.m. ET on Thursday, March 30, 2023.

Carbon Streaming Founder and CEO Justin Cochrane stated: “As we build our high-quality, diverse portfolio, we are also excited to see several of our projects contributing positive sustainable impacts and advancing toward delivering carbon credits in 2023. We are particularly encouraged by Rimba Raya’s validation on the SRN under Reg 21 in December 2022 and look forward to the project meeting the milestones required to achieve verification. We expect 2023 to be a transformative year for Carbon Streaming as we anticipate receiving carbon credits or royalties from 10 or more projects with cash flow growth potential to follow.”

Mr. Cochrane added: “This year is also expected to bring improved transparency to the voluntary carbon markets through several key industry initiatives, such as the publication of the Core Carbon Principles and the ISSB’s Climate-related Disclosures standards. Finally, we expect the number of companies with climate commitments to continue to rise. With these developing catalysts in the voluntary carbon market as our backdrop, we believe that demand for the carbon credits in our portfolio will only strengthen.”

## **Company Highlights**

### **Three months ended December 31, 2022**

- Ended the quarter with \$70.3 million in cash and no corporate debt.

- Revenue of \$1.1 million from the sale of 122,995 carbon credits, for an average realized price per carbon credit sold of \$8.61 for the three months ended December 31, 2022 (three months ended June 30, 2022 – 162 carbon credits sold for an average realized price per carbon credit sold of \$12.35). Please see the “Non-IFRS Measures and Performance Measures” section of this news release for further information.
- Recognized net income of \$4.8 million for the three months ended December 31, 2022 (three months ended June 30, 2022 – net income of \$29.2 million). After adjusting for the revaluation of warrant liabilities, the revaluation of carbon credit streaming and royalty agreements, and the revaluation of derivative liabilities, adjusted net loss was \$5.7 million for the three months ended December 31, 2022 (three months ended June 30, 2022 – adjusted net loss of \$3.5 million). Please see the “Non-IFRS Measures and Performance Measures” section of this news release.
- Paid \$0.5 million and committed to pay \$0.8 million in upfront deposits for one new carbon credit streaming and royalty agreement, early deposit interests and other assets during the quarter.
- Announced the validation of the Rimba Raya project under the new Indonesian carbon regulation, Regulation No. 21 of 2022 (“**Reg 21**”) and with the carbon registry, Sistem Registri Nasional Pengendalian Perubahan Iklim (“**SRN**”). Emission reductions from the initial validation area are expected to average approximately 2.7 million tonnes of carbon dioxide equivalent (“**tCO<sub>2</sub>e**”) per year and generate an equivalent number of carbon credits over the remaining 50-year life of the project which is now expected to run until 2073.
- Announced a carbon credit stream and associated royalty (collectively, the “**Enfield Biochar Stream**”) with Standard Biocarbon Corporation to support the construction of a pilot biochar production facility in Enfield, Maine, USA. This project is expected to remove approximately 90,000 tCO<sub>2</sub>e of emissions and generate an equivalent number of CO<sub>2</sub> Removal Certificates (“**CORCs**”) over the 30-year project life. The project is also expected to produce approximately 250,000 cubic yards of biochar over the project life, on which the Company will receive a royalty on volume sold.
- Published the Company’s inaugural Sustainability Report, which describes Carbon Streaming’s business model, approach to climate action and impact investing, due diligence and governance practices, guiding principles as well as the Company’s environmental and social impacts.
- Offset five times the Company’s calendar year 2021 emissions through the retirement of 125 carbon credits from our portfolio.

#### **Six month period ended December 31, 2022**

- Revenue of \$1.1 million from the sale of 125,159 carbon credits for an average realized price per carbon credit sold of \$8.68 for the six month period ended December 31, 2022 (year ended June 30, 2022 – 25,162 carbon credits sold at an average realized price per carbon credit sold of \$5.84). Please see “Non-IFRS Measures and Performance Measures” section of this news release for further information.
- Recognized net income of \$2.4 million for the six month period ended December 31, 2022 (year ended June 30, 2022 – net loss of \$12.9 million). After adjusting for the revaluation of warrant liabilities, the revaluation of carbon credit streaming and royalty agreements and the revaluation of derivative liabilities, adjusted net loss was \$11.1 million for the six month period ended December 31, 2022 (year ended June 30, 2022 – adjusted net loss of \$17.6 million). Please see “Non-IFRS Measures and Performance Measures” section of this news release for further information.
- Paid \$13.8 million and committed to pay \$2.6 million in upfront deposits for new carbon credit streaming and royalty agreements, early deposit interests and other assets during the period.
- Grew the Company’s portfolio to 10 streams and royalties covering 21 carbon credit projects in 12 countries.

## Subsequent to December 31, 2022

- Received first issuance of carbon credits from the Company's portfolio of streams and royalties. The Company received 316,781 carbon credits from vintage years 2017 to 2021 under the Cerrado Biome Stream.
- Received International Carbon Reduction & Offset Alliance ("ICROA") accreditation. ICROA's Accreditation Programme defines and promotes best practice in the financing of high-quality emissions reductions and use of carbon credits as an effective carbon management tool.

## Highlights Summary

<i>(in \$ millions)</i>	Three months ended	Three months ended	Six month period ended	Year ended	Year ended
	December 31, 2022	June 30, 2022	December 31, 2022	June 30, 2022	June 30, 2021
Revenue from sale of carbon credits	\$ 1.1	\$ 0.0	\$ 1.1	\$ 0.1	\$ -
Number of carbon credits sold (carbon credits)	122,995	162	125,159	25,162	-
Average realized price per carbon credit sold (\$/carbon credit)	\$ 8.61	\$ 12.35	\$ 8.68	\$ 5.84	\$ -
Cash cost per carbon credit sold (\$/carbon credit)	5.00	5.00	5.00	5.00	-
Gross profit	\$ 0.4	\$ 0.0	\$ 0.5	\$ 0.0	\$ -
Other operating expenses	6.3	3.5	11.7	17.6	4.6
Net income (loss)	\$ 4.8	\$ 29.2	\$ 2.4	\$ (12.9)	\$ (4.6)
Earnings (loss) per share (Basic) (\$/share)	0.10	0.77	0.05	(0.34)	(0.57)
Earnings (loss) per share (Diluted) (\$/share)	0.10	0.77	0.05	(0.34)	(0.57)
Adjusted net loss <sup>1</sup>	\$ (5.7)	\$ (3.5)	\$ (11.1)	\$ (17.6)	\$ (4.6)
Adjusted net loss per share (Basic) (\$/share) <sup>1</sup>	(0.12)	(0.09)	(0.24)	(0.46)	(0.57)
Adjusted net loss per share (Diluted) (\$/share) <sup>1</sup>	(0.12)	(0.09)	(0.24)	(0.46)	(0.57)
Cash <sup>2</sup>	\$ 70.3	\$ 93.2	\$ 70.3	\$ 93.2	\$ 108.4

1. "Adjusted net loss", including per share amounts, is a non-IFRS financial performance measure that is used in this news release and associated management's discussion and analysis ("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 and Performance Measures" section of this news release and associated MD&A.

2. Cash as at the relevant tabular reporting date.

## **Stream and Royalty Portfolio Updates: Three months ended December 31, 2022**

The Company is increasingly focused on supporting 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:

**Rimba Raya Stream:** The Rimba Raya project achieved registration and validation on a portion of the project area under Reg 21 and with the SRN in December 2022. The original Verra project was made up of four parcels; initial validation of the project under the SRN was comprised of one of the four parcels, comprising 36,331 hectares ("ha"), of which approximately 28,000 ha is the carbon accounting area, generally consistent with the project area under the Verra methodology.

The verification of the project under the SRN is expected to cover a period from July 1, 2019 to December 31, 2022 for an expected total of approximately 9.8 million carbon credits before any buffer deductions.

**Community Carbon Stream:** Distribution of cookstoves or water purification devices commenced at four of the seven projects within the stream, in line with expectations. The Company expects initial credit issuance from several projects under the stream in 2023.

**Sustainable Community Stream:** The verification report for the Quebec Sustainable Community project is advancing. Will Solutions, the project operator, remains on track to make its first delivery of carbon credits under the stream in the second half of 2023.

**Magdalena Bay Blue Carbon Stream:** In December, Osisko Gold Royalties Ltd ("**Osisko**") exercised its right to acquire 20% of the stream which entitles Osisko to 20% of the net cash flow generated by the stream. Osisko paid the Company \$0.6 million (representing 20% of the portion of the upfront deposit paid by the Company to MarVivo Corporation, the project partner, to date), and is obligated to fund 20% of the remaining upfront deposit as such amounts are due. MarVivo Corporation expects first issuance of carbon credits from the Magdalena Bay Blue Carbon project in 2024.

**Nalgonda Rice Farming Stream:** Project validation activities, landholder enrollment and project scale-up continued during the quarter with approximately 28,000 landholders, comprising approximately 30,000 ha of farmland, enrolled in the project. In March 2023, Verra announced that it is considering developing a revised rice-specific methodology, which would replace the methodology currently used by the project. The project is proceeding with validation under the existing methodology and is anticipated to transition to the revised methodology once it is finalized and released.

**Waverly Biochar Stream:** Biochar production facility assembly and testing advanced during the quarter. First biochar production and project registration are on track for mid 2023, with initial CORC issuance expected in the second half of 2023.

**Enfield Biochar Stream:** Construction and installation of the biochar production facility progressed during the quarter. Biochar production is expected to commence in the second half of 2023 with CORC issuance to follow shortly thereafter.

**Cerrado Biome Stream:** Verra's final approval of the project was confirmed in December 2022, and the Company received its first issuance of 316,781 carbon credits subsequent to the end of the quarter. The Company expects to sell these carbon credits within the next 12 months.

**FCG Amazon Portfolio Royalty:** Carbon credits were issued to one of the four projects covered by the royalty, with carbon credits issued for a second project subsequent to quarter-end. The Company is entitled to receive a 5% royalty from revenue generated from the sale of carbon credits and expects cash flow from the royalty beginning in the second half of 2023.

## Strategy and Outlook

Carbon Streaming's strategy continues to be focused on acquiring additional streams and royalties to diversify and grow its portfolio of projects, and supporting existing streams and royalties through project development and the marketing and selling of carbon credits. For the six month period ended December 31, 2022, the Company announced several new carbon credit streaming and royalty agreements, increasing the size of the Company's portfolio. Additionally, during the period the Rimba Raya project achieved validation under the new Indonesian carbon regulation, Reg 21, and with the government-operated carbon registry, SRN.

The Company also continues to operationalize its sales strategy. Carbon Streaming believes that the development and execution of a strong sales strategy will attract buyers of high-quality carbon credits, also benefiting project partners and other stakeholders. The Company's sales infrastructure continues to develop as the Company expects to receive carbon credits or payments from royalties from 10 or more projects in 2023. Subsequent to the end of the reporting period, Carbon Streaming received 316,781 carbon credits under the Cerrado Biome stream and the Company expects to sell these credits over the next approximately 12 months through several channels.

### Indonesia update

In October 2022, the Indonesian Ministry of Environment & Forestry ("**MOEF**") issued Reg 21 regarding Implementation Procedures of Carbon Economic Value, 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 buffers amount will be determined by MOEF and may 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.

In December 2022, the Rimba Raya project was the first REDD+ project to receive validation under Reg 21 and with the SRN. The verification process commenced in the first quarter of 2023 and is expected to cover a period from July 1, 2019 to December 31, 2022 for an expected total of approximately 9.8 million carbon credits before any buffer deductions, including requirements for the NDC buffers and domestic market use pursuant to Reg 21. Once the project is verified, Rimba Raya carbon credits are expected to be issued and tracked by the SRN.

The Company and InfiniteEARTH Limited, the project partner, view the development of a national carbon policy as an important and positive step for Indonesia, carbon markets, and global climate action. Reg 21 represents progress in setting out the framework for domestic and international carbon trading in Indonesia and the Company awaits the release of further NDC regulations and implementation regulations to fully understand their impact on the Rimba Raya stream, including timing of international sales of carbon credits.

### Results for the Six Month Period Ended December 31, 2022 Conference Call Details

The Company's management team will host an interactive audio call on Thursday, March 30, 2023 at 10:00 a.m. ET to provide a brief company update. Participants may join by dialing +1 416-764-8658 or toll free

from North America at +1 888-886-7786, or via webcast on the [Company website](#) or through this [link](#). An audio replay of the conference call will be available on the [Company website](#) until 11:59 p.m. ET on April 13, 2023.

## **About Carbon Streaming**

[Carbon Streaming](#) aims to accelerate a net-zero future. We pioneered the use of streaming transactions, a proven and flexible funding model, to scale high-integrity carbon credit projects to advance global climate action and additional United Nations Sustainable Development Goals. This approach aligns our strategic interests with those of project partners to create long-term relationships built on a shared commitment to sustainability and accountability and positions us as a trusted source for buyers seeking high-quality carbon credits.

The Company's focus is on projects that have a positive impact on the environment, local communities, and biodiversity, in addition to their carbon reduction or removal potential. The Company has carbon credit streams and royalties related to over 20 projects around the world, including projects focused on nature-based solutions, the distribution of fuel-efficient cookstoves and water filtration devices, waste avoidance and energy efficiency, methane avoidance in agriculture and biochar carbon removal.

To receive corporate updates via e-mail, please subscribe [here](#).

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### **Advisories**

The references to third party websites and sources contained in this news release are provided for informational purposes and are not to be considered statements of the Company.

### **Non-IFRS Measures and Performance Measures**

The term "adjusted net income (loss)" in this news release is not a standardized financial measures under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. This non-IFRS measure should not be considered in isolation or as a substitute for measures of performance or cash flows as prepared in accordance with IFRS. Management believes that this non-IFRS measure, 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.

#### Average realized price per carbon credit sold

Management uses the "average realized price per carbon credit sold" measure to better understand the price realized in each reporting period for carbon credit sales. Average realized price per carbon credit sold is calculated by dividing the Company's revenue from sale of carbon credits by the quantity of carbon credits sold.

	Three months ended	Three months ended	Six month period ended	Year ended	Year ended
<i>(in \$ millions)</i>	December 31, 2022	June 30, 2022	December 31, 2022	June 30, 2022	June 30, 2021
Revenue from sale of carbon credits	\$ 1.1	\$ 0.0	\$ 1.1	\$ 0.1	\$ -
Number of carbon credits sold (carbon credits)	122,995	162	125,159	25,162	-
Average realized price per carbon credit sold (\$/carbon credit)	\$ 8.61	\$ 12.35	\$ 8.68	\$ 5.84	\$ -

#### Cash cost per carbon credit sold

Management uses the "cash cost per carbon credit sold" measure to assess the Company's profitability in relation to the average realized price per 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. Cash cost per carbon credit sold is calculated by dividing the Company's cost of purchased carbon credits sold by the quantity of carbon credits sold.

	Three months ended	Three months ended	Six month period ended	Year ended	Year ended
<i>(in \$ millions)</i>	December 31, 2022	June 30, 2022	December 31, 2022	June 30, 2022	June 30, 2021
Cost of purchased carbon credits sold	\$ 0.6	\$ 0.0	\$ 0.6	\$ 0.1	\$ -
Number of carbon credits sold (carbon credits)	122,995	162	125,159	25,162	-
Cash cost per carbon credit sold (\$/carbon credit)	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ -

## Adjusted Net Income (Loss) and Income (Loss) Per Share

Given the impact of the revaluation of warrant liabilities, the revaluation of carbon credit streaming and royalty agreements, and the revaluation of derivative liabilities, all of which are non-cash items on net and comprehensive income (loss) and earnings (loss) per share, the Company uses an ‘adjusted net income (loss)’ or ‘adjusted net loss’ and ‘adjusted income (loss) per share’ or ‘adjusted loss per share’ measures. Adjusted net income (loss) is calculated as net and comprehensive income (loss) and adjusted for the revaluation of warrant liabilities, the revaluation of derivative liabilities and the revaluation of carbon credit streaming and royalty agreements which the Company views as having a significant non-cash impact on the Company’s net and comprehensive income (loss) calculation and per share amounts. Adjusted net income (loss) is used by the Company to monitor its results from operations for the period. Adjusted net income (loss) is not a standardized financial measure under IFRS and therefore may not be comparable to similar financial measures presented by other companies.

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

	<b>Three months ended</b>	<b>Three months ended</b>	<b>Six month period ended</b>	<b>Year ended</b>	<b>Year ended</b>
<i>(in \$ millions)</i>	<b>December 31, 2022</b>	<b>June 30, 2022</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Net income (loss)	\$ 4.8	\$ 29.2	\$ 2.4	\$ (12.9)	\$ (4.6)
Adjustment for non-cash settled items:					
Revaluation of warrant liabilities	(6.5)	(32.7)	(9.4)	(4.7)	-
Revaluation of derivative liabilities	0.8	-	0.8	-	-
Revaluation of carbon credit streaming and royalty agreements	(4.8)	-	(4.8)	-	-
<b>Adjusted net loss</b>	<b>\$ (5.7)</b>	<b>\$ (3.5)</b>	<b>\$ (11.1)</b>	<b>\$ (17.6)</b>	<b>\$ (4.6)</b>
Earnings (loss) per share (Basic) (\$/share)	\$ 0.10	\$ 0.77	\$ 0.05	\$ (0.34)	\$ (0.57)
Earnings (loss) per share (Diluted) (\$/share)	0.10	0.77	0.05	(0.34)	(0.57)
<b>Adjusted net loss per share (Basic) (\$/share)</b>	<b>(0.12)</b>	<b>(0.09)</b>	<b>(0.24)</b>	<b>(0.46)</b>	<b>(0.57)</b>
<b>Adjusted net loss per share (Diluted) (\$/share)</b>	<b>(0.12)</b>	<b>(0.09)</b>	<b>(0.24)</b>	<b>(0.46)</b>	<b>(0.57)</b>

## Cautionary Statement Regarding Forward-Looking Information

This news release contains certain forward-looking statements and forward-looking information (collectively, “forward-looking information”) within the meaning of applicable securities laws. All statements, other than statements of historical fact, that address activities, events or developments that



the Company believes, expects or anticipates will or may occur in the future, are forward-looking information, including, without limitation, timing and the amount of future carbon credit generation and emission reductions and removals from the Company's existing streaming and royalty agreements; statements with respect to the impact that certain initiatives will have on the voluntary carbon markets and rising corporate climate commitments; future demand for carbon credits; statements with respect to the projects in which the Company has streaming and royalty agreements in place; statements with respect to the timing of carbon credit sales and cash flows; statements with respect to the Company's growth objectives; the impact of Indonesian regulatory developments on the Rimba Raya project and the Rimba Raya stream; and statements with respect to execution of the Company's portfolio and partnership strategy.

When used in this news release, words such as "estimates", "expects", "plans", "anticipates", "will", "believes", "intends" "should", "could", "may" and other similar terminology are intended to identify such forward-looking statements. This forward-looking information is based on the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. They should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. Factors that could cause actual results or events to differ materially from current expectations include, among other things: volatility in prices of carbon credits and demand for carbon credits; change in social or political views towards climate change and subsequent changes in corporate or government policies or regulations and associated changes in demand for carbon credits; limited operating history for the Company's current strategy; risks arising from competition and future acquisition activities; concentration risk; inaccurate estimates of growth strategy, including the ability of the Company to source appropriate opportunities and enter into stream, royalty or other agreements; dependence upon key management; reputational risk; general economic, market and business conditions and global financial conditions, including fluctuations in interest rates, foreign exchange rates and stock market volatility; uncertainties and ongoing market developments surrounding the validation and verification requirements of the voluntary and/or compliance markets; failure or timing delays for projects to be registered, validated and ultimately developed and for emission reductions or removals to be verified and carbon credits issued (and other risks associated with carbon credits standards and registries); foreign operations and political risks including actions by governmental authorities, including changes in or to government regulation, taxation and carbon pricing initiatives; due diligence risks, including failure of third parties' reviews, reports and projections to be accurate; dependence on project partners, operators and owners, including failure by such counterparties to make payments or perform their operational or other obligations to the Company in compliance with the terms of contractual arrangements between the Company and such counterparties; failure of projects to generate carbon credits, or natural disasters such as flood or fire which could have a material adverse effect on the ability of any project to generate carbon credits; volatility in the market price of the Company's common shares or warrants; the effect that the issuance of additional securities by the Company could have on the market price of the Company's common shares or warrants; global health crises, such as pandemics and epidemics, including the ongoing COVID-19 pandemic and the uncertainties surrounding the ongoing impact of the COVID-19 pandemic; and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's Annual Information Form dated as of March 28, 2023 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

Any forward-looking information speaks only as of the date of this news release. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-

looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein. Except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise.