



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

## NEWS RELEASE

# CARBON STREAMING ANNOUNCES INNOVATIVE REMOVALS STREAMING AGREEMENT AND CONVERTIBLE NOTE WITH MAST REFORESTATION

*Up to US\$15 Million Streaming Agreement for Pipeline of US-Based Reforestation Removals Projects, including Initial Stream for the Sheep Creek Reforestation Project in Montana, USA*

*US\$2 Million Convertible Debenture Investment Alongside Mast's Key Existing Shareholders*

TORONTO, ON, May 10, 2023, Carbon Streaming Corporation (NEO: **NETZ**) (OTCQB: **OFSTF**) (FSE: **M2Q**) ("**Carbon Streaming**" or the "**Company**") is pleased to announce that it has entered into a project pipeline streaming agreement (the "**Pipeline Agreement**") for up to US\$15 million with Mast Reforestation SPV I, LLC ("**Mast**"), and its parent company, Mast Reforestation, to advance its pipeline of post-wildfire reforestation projects in the Western USA and signed its first carbon streaming agreement (the "**Sheep Creek Reforestation Stream**") under the Pipeline Agreement for the Sheep Creek Ranch project (the "**Sheep Creek Reforestation Project**") in Montana, USA. Concurrently, the Company is investing US\$2 million into the parent company of Mast, through a convertible note, joining Mast's existing investors, including Social Capital, Alexis Ohanian's Seven Seven Six, DBL Partners, Marc Benioff's TIME Ventures, and Elemental Excelsior, among others.

### Agreement Highlights:

- Under the Pipeline Agreement, Carbon Streaming will fund up to US\$15 million into a pipeline of post-wildfire reforestation projects in the Western USA (the "**Mast Reforestation Projects**"), by entering into separate stream agreements for each project.
- The Mast Reforestation Projects are expected to be registered under the Climate Action Reserve's ("**CAR**") Climate Forward program and to be issued Forecasted Mitigation Units (referred to herein as carbon credits).
- Carbon credits generated by the Mast Reforestation Projects are expected to be sold at a premium price to typical Afforestation, Reforestation and Revegetation ("**ARR**") credits due to the projects'

desirable geographical location and biodiversity benefits. Previous buyers of Mast's carbon removal credits include Shopify and Time CO<sub>2</sub>.

- Under each stream agreement, Carbon Streaming will make an upfront deposit in exchange for receiving up to 100% of the carbon credits generated from Mast Reforestation Projects and will make ongoing payments to Mast for each carbon credit sold.
- The Sheep Creek Reforestation Stream is the first stream under the Pipeline Agreement and is expected to remove approximately 225,000 tonnes of carbon dioxide equivalent (“tCO<sub>2</sub>e”), with carbon credits expected to be issued in 2025 and 2026.
- Carbon Streaming expects financial payback for the Sheep Creek Reforestation Stream following first issuance.

### **Mast Reforestation Projects Impact Highlights:**

- With increasing frequency and severity of wildfires in the Western USA, post-wildfire restoration is a critical piece of climate change mitigation. Mast's reforestation methods center around growing healthy, climate-adapted, fire-resilient forests.
- The Mast Reforestation Projects are expected to have positive impacts for wildlife and terrestrial and aquatic ecosystems, which will persist for more than 100 years of funded monitoring by an accredited land trust due to perpetual conservation easements.
- The Mast Reforestation Projects will also support rural livelihoods, providing jobs in seed collection, nursery operation, site preparation, and seedling planting.

Carbon Streaming Founder and CEO Justin Cochrane stated: “We are excited to partner with Mast for our first ARR stream, adding more North American carbon removal credits to our diversifying portfolio. Our innovative financing structure aligns our interests with those of Mast's.” Mr. Cochrane continued, “Mast is uniquely positioned as a leader in the North American ARR industry with its vertical integration strategy. We look forward to a long-term partnership, supporting Grant and his team as they advance their critical work reforesting lands devastated by wildfire.”

Mast Founder and CEO Grant Canary said: “We are excited to collaborate with Carbon Streaming in this new partnership as it shares our unique vision for scaling reforestation and carbon removal solutions. This Pipeline Agreement is a scalable model that will help us get more trees in the ground, accelerating reforestation efforts in areas devastated by the rise in forest fires amplified by climate change.”

### **Mast Reforestation**

Mast is the first and only vertically-integrated reforestation company, combining proven reforestation practices with new technology to regrow healthy, resilient, climate-adapted forests. Through the acquisition of Silvaseed, Cal Forest Nurseries and Siskiyou Seed, Mast is able to cultivate, plant, manage and scale its portfolio of post-wildfire reforestation projects in the U.S. With the sourcing of seed and space to grow it often being the bottleneck in the North American forestry industry, Mast is well positioned as the largest private seedbank in Western USA, growing the majority of seedlings used for reforestation in California. In addition, Mast provides services ranging from seed collection and cultivation to traditional hand planting and ongoing site monitoring.

Mast works with landholders to develop high-quality, North American post-wildfire reforestation projects with positive biodiversity impacts on lands that would not otherwise naturally regenerate due to the severity of today's wildfires. It has invested heavily in biology-, software-, and hardware-based technologies to reduce costs and timelines required to reforest post-wildfire land. Mast supports those investments and technologies with innovative financing options that allow the company to take on and initiate reforestation projects at no upfront cost to landowners.

## **Pipeline Agreement**

The Company has agreed to fund up to US\$15 million under the Pipeline Agreement, pursuant to which Carbon Streaming has the option to fund projects from Mast's pipeline of post-wildfire reforestation projects across the Western USA. The parties will enter into a separate streaming agreement for each project, under which Carbon Streaming will make an upfront deposit in exchange for receiving up to 100% of the carbon credits generated from the project and make ongoing payments to Mast for each carbon credit sold. The Company expects the Mast Reforestation Projects to cover more than 9,000 acres of land in the Western USA severely impacted by wildfires and are expected to remove approximately 1 million tCO<sub>2</sub>e and generate an equivalent number of carbon credits.

The Company expects carbon credits generated by the Mast Reforestation Projects to be sold at a premium to typical ARR credit pricing due to the desirable geographical location of the projects in the Western USA; the conservation and biodiversity benefits; and Mast's comprehensive approach to climate-resilient post-wildfire restoration using biodiverse, native species.

## **Sheep Creek Reforestation Stream**

Concurrent with entering into the Pipeline Agreement, the Company and Mast signed the first stream for the Sheep Creek Reforestation Project. This project, located in western Montana, USA, is expected to restore more than 2,700 acres at Sheep Creek Ranch that experienced a high-severity burn from the 2021 Harris Mountain Fire. The Company will receive 100% of the carbon credits generated by the Sheep Creek Reforestation Project, less any pre-committed credits, which are expected to be independently confirmed by a CAR-approved confirmation body.

The Sheep Creek Reforestation Project is expected to remove a total of approximately 225,000 tCO<sub>2</sub>e and generate an equivalent number of carbon credits based on two planting phases. Carbon credit issuance for the first planting area is expected in approximately 2025 and issuance for the second planting area is expected in approximately 2026. In 2022, Mast pre-sold all carbon credits from its Henry Creek project, a project similar to the Sheep Creek Reforestation Project, at premium pricing to corporate buyers, including Shopify and Time CO<sub>2</sub>.

Under the terms of the Sheep Creek Reforestation Stream, the Company will make an initial upfront deposit of US\$0.54 million upon closing. The Company will make additional milestone payments of up to US\$3.24 million as the Sheep Creek Reforestation Project achieves site preparation, planting and issuance milestones. Carbon Streaming will also make ongoing delivery payments to Mast for each carbon credit sold under the Sheep Creek Reforestation Stream, which will increase according to a tiered streaming structure dependent on return on invested capital thresholds. Proceeds from the Sheep Creek Reforestation Stream are expected to be used for planting activities. Closing of the Sheep Creek Reforestation Stream is subject to customary conditions of closing and is expected to occur within one week.

## **Convertible Note**

Carbon Streaming is also investing US\$2 million into Mast's parent company through a convertible note. The Company is making this investment alongside Mast's key existing investors. Proceeds from this investment will be used for adding key personnel, and continued investment into software, hardware, and field technology. Closing of the convertible note is subject to customary conditions of closing and is expected to occur within one week.

## **Climate Action Reserve's Climate Forward Program**

The Mast Reforestation Projects are expected to be registered under CAR's Climate Forward program. This program is designed to catalyze innovative, creative emissions reduction projects that require upfront investments by generating Forecasted Mitigation Units using a methodology specifically intended for forward financing. Each Forecasted Mitigation Unit is equal to one metric ton of carbon dioxide equivalent (CO<sub>2</sub>e) expected to be reduced or sequestered. Forecasted Mitigation Units for any given 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, and can be converted to Climate Reserve Tonnes with post monitoring and verification, or retired to mitigate future anticipated emissions.

## **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 high-integrity carbon removal and avoidance projects from nature-based, agricultural, engineered and community-based methodologies.

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

## **About Mast Reforestation**

As the leading end-to-end reforestation company in the U.S., Mast is on a mission to make reforestation scalable. As bigger and hotter fires destroy more forestland every year, Mast Reforestation provides faster and more resilient forest restoration at no cost to landowners. Mast provides everything from collecting native, diverse seed species to site prep, planting, and ongoing monitoring, using carbon financing to pay for it all. Mast Reforestation encompasses a portfolio of trusted companies: DroneSeed, Silvaseed, and Cal Forest, which bring a combined 150+ years of nursery experience and make Mast one of the largest suppliers of seed and seedlings in the U.S. Mast's investors include Alexis Ohanian's Seven Seven Six, Social Capital, DBL Partners, Marc Benioff's TIME Ventures, Elemental Excelsior, and more. To learn more, visit [www.mastreforest.com](http://www.mastreforest.com).

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The references to third party websites and sources contained in this news release (including information with regard to Mast Reforestation) are provided for informational purposes and are not to be considered statements of the Company.

**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, statements regarding the timing and the amount of future carbon credit generation and tCO<sub>2</sub>e removals from the Mast Reforestation Projects (including the Sheep Creek Reforestation Project); registration, timing and the amount of future carbon credit issuances from the Mast Reforestation Projects (including the Sheep Creek Reforestation Project); the impacts of the Mast Reforestation Projects on the surrounding ecosystem and other expected co-benefits; timing and nature of the sale of carbon credits; payback periods for the Sheep Creek Reforestation Stream; timing of closing of the Sheep Creek Reforestation Stream and the convertible note 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 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.