



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

NEWS RELEASE

CARBON STREAMING ANNOUNCES FINANCIAL RESULTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

First Carbon Credits Received from Stream and Royalty Portfolio

Company Publishes 2022 Sustainability Report updated for the Six Months Ended December 31, 2022

TORONTO, ON, May 15, 2023, Carbon Streaming Corporation (NEO: **NETZ**) (OTCQB: **OFSTF**) (FSE: **M2Q**) (“**Carbon Streaming**” or the “**Company**”) today reported its financial results for the three month period ended March 31, 2023. All figures are expressed in United States dollars, unless otherwise indicated. The Company will host a live audio call at 11:00 a.m. ET on Tuesday, May 16, 2023.

Carbon Streaming Founder and CEO Justin Cochrane stated: “We had a solid start to 2023, receiving first carbon credits from our portfolio of streams and royalties. To date, five of the projects in our portfolio have had credits issued and we remain on track to receive carbon credits or royalties from 10 or more projects this year. Sales of these credits have commenced and are anticipated to continue over the next approximately 12 months, with cash flow expected to follow.”

Mr. Cochrane added: “In 2022, we transformed our portfolio by adding carbon credit streams and royalties covering 18 additional projects while investing in internal systems and capabilities. Building this foundation positions us today as a differentiated partner of choice for project developers, and corporate buyers and end-users of carbon credits. We remain conscientious about protecting our robust, debt-free balance sheet, while selectively continuing to grow and diversify our portfolio.”

Company Highlights

Three months ended March 31, 2023

- Ended the quarter with \$65.8 million in cash and no corporate debt.

- Received first delivery of carbon credits from three projects from two of the Company's carbon credit streaming agreements. Additionally, a second project for which the Company holds a carbon credit royalty agreement was issued carbon credits.
- Revenue from sale of purchased carbon credits of \$21.2 thousand for the three months ended March 31, 2023 (three months ended March 31, 2022 – revenue of \$nil).
- Sold a total of 8,696 carbon credits, including 2,496 purchased carbon credits and 6,200 carbon credits that were delivered under the Company's carbon credit streaming agreements.
- Recognized net loss of \$1.0 million for the three months ended March 31, 2023 (three months ended March 31, 2022 – net income of \$49.1 million). After adjusting for the revaluation of warrant liabilities and the revaluation of carbon credit streaming and royalty agreements, adjusted net loss was \$2.9 million for the three months ended March 31, 2023 (three months ended March 31, 2022 – adjusted net loss of \$4.4 million). Please see the “Non-IFRS Measures and Performance Measures” section of this news release and associated MD&A for further information.
- Paid \$1.5 million in upfront deposits and milestone payments for carbon credit streaming and royalty agreements during the quarter.
- The Company received International Carbon Reduction & Offset Alliance (“**ICROA**”) accreditation. The ICROA Accreditation Programme defines and promotes best practice in the financing of high-quality emission reductions and use of carbon credits as an effective carbon management tool.

Subsequent to March 31, 2023

- Announced a pipeline streaming agreement with Mast Reforestation SPV I, LLC (“**Mast**”) to develop a pipeline of post-wildfire reforestation carbon removal projects in the Western USA, which are expected to generate approximately 1 million carbon removal credits.
- The first project to be funded under the pipeline streaming agreement with Mast is the Sheep Creek Ranch project (the “**Sheep Creek Reforestation Project**”), which is expected to generate approximately 225,000 carbon removal credits.
- The Company invested \$2.0 million into the parent company of Mast through a convertible note.
- Published the Company's 2022 Sustainability Report updated for the six months ended December 31, 2022, 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 2022 emissions through the retirement of 245 carbon credits from the Company's portfolio.

Highlights Summary

<i>(in thousands of United States dollars)</i>	Three months ended March 31, 2023	Three months ended March 31, 2022
Revenue from sale of purchased carbon credits	\$ 21	\$ -
Gross profit	9	-
Average realized price per carbon credit sold (\$/carbon credit)	8.46	-
Cash cost per carbon credit sold (\$/carbon credit)	5.00	-
Number of purchased carbon credits sold (carbon credits)	2,496	-
Number of carbon credits sold under carbon credit streaming agreements (carbon credits)	6,200	-
Other operating expenses	\$ 3,526	\$ 4,429
Net (loss) income	(972)	49,070
(Loss) earnings per share (Basic) (\$/share)	(0.02)	1.05
(Loss) earnings per share (Diluted) (\$/share)	(0.02)	0.87
Adjusted net loss ¹	(2,864)	(4,429)
Adjusted net loss per share (Basic and Diluted) (\$/share) ¹	(0.06)	(0.09)
Cash ²	65,756	102,525

1. "Adjusted net loss", including per share amounts, is a non-IFRS financial performance measure that is used in this news release and associated 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 is presented as at the relevant tabular reporting date.

Stream and Royalty Portfolio Updates: Three months ended March 31, 2023

Community Carbon Stream: Distribution of cookstoves or water purification devices commenced at two more projects with distribution now ongoing at six of the seven projects within the stream, in line with expectations. Carbon Streaming made a milestone payment of \$0.6 million to the project developer upon reaching a device deployment target for its Uganda cookstoves project. In the first quarter, the Company received first carbon credits from two projects under the stream, the Ugandan cookstoves and water purification projects. Milestone payments of \$2.0 million related to these issuances were made subsequent to the end of the first quarter. The Company expects initial credit issuance from several additional projects under the stream in 2023.

Sheep Creek Reforestation Stream: In May 2023, the Company and Mast signed a pipeline agreement and a stream agreement for the Sheep Creek Reforestation Project, the first stream under the pipeline agreement. This project is expected to remove a total of approximately 225,000 tonnes of carbon dioxide equivalent ("tCO₂e") and generate an equivalent number of carbon removal credits referred to as Forecasted Mitigation Units ("FMUs") under the Climate Action Reserve's Climate Forward program based on two planting phases, with FMU issuance anticipated in approximately 2025 and 2026. The Company made an initial upfront deposit of US\$0.5 million and will make additional milestone payments of up to

US\$3.2 million as the Sheep Creek Reforestation Project achieves site preparation, planting, and issuance milestones.

Nalgonda Rice Farming Stream: Project validation activities and landholder enrollment continued, with approximately 35,000 ha of farmland now 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.

Enfield Biochar Stream: Carbon Streaming made a milestone payment of \$0.5 million to the project partner upon the project securing grant funding and receiving confirmation that the project will be eligible to issue carbon removal credits in accordance with the Puro.earth standard.

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 in early 2023. With the first issuance, the Company made a milestone payment of \$66.0 thousand to the project partner. Sales of the carbon credits are underway.

FCG Amazon Portfolio Royalty: Carbon credits were issued in January 2023 to Future Carbon Group ("Future Carbon") for the second of the four REDD+ projects covered by the FCG Amazon Portfolio Royalty. Future Carbon received carbon credits from the first project in September 2022. The Company expects to receive cash flow from the royalty beginning in the second half of 2023.

Bonobo Peace Forest Royalty: The Company advanced \$0.4 million and amended the Bonobo Peace Forest Royalty for the right to receive a 5.99% royalty, an increase from 5.00%. Proceeds will further advance development of the two projects subject to the royalty.

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. The Company is also increasingly focused on 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 carbon credit revenue (with stream-specific retention ranging between 5% and 50% of net revenue) generated from the sale of the carbon credits, 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 revenue from the sale of carbon credits (i.e. on average 75% to 85%).

Outlook

The Company expects 2023 to be transformational as it begins to sell carbon credits and generate cash flow from its portfolio of streams and royalties. The strong foundation and systems that Carbon Streaming has been building since its 2021 public listing positions the Company well to receive carbon credits or royalty payments from 10 or more projects in 2023. To date, five of the projects in the Company's portfolio of streams and royalties have been issued carbon credits. The Company's sales infrastructure aims to optimize the sale of carbon credits from our streams over the 12 months following issuance, with cash flow expected to follow.

As the Company commences selling carbon credits, 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.

First Quarter 2023 Results Conference Call Details

The Company's management team will host an interactive audio call on Tuesday, May 16, 2023 at 11:00 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 June 16, 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 high-integrity removal, reduction and avoidance projects from nature-based, agricultural, engineered and community-based methodologies.

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 and associated 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. 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 overall performance.

Average realized price per carbon credit sold

Management uses the “average realized price per carbon credit sold” performance 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 purchased carbon credits by the quantity of carbon credits sold. Average realized price per 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	Three months ended
<i>(in thousands of United States dollars)</i>	March 31, 2023	March 31, 2022
Revenue from sale of purchased carbon credits	\$ 21	\$ -
Number of purchased carbon credits sold (carbon credits)	2,496	-
Average realized price per carbon credit sold (\$/carbon credit)	\$ 8.46	\$ -

Cash cost per carbon credit sold

Management uses the “cash cost per carbon credit sold” performance 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. Cash cost per 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.

<i>(in thousands of United States dollars)</i>	Three months ended	Three months ended
	March 31, 2023	March 31, 2022
Cost of purchased carbon credits sold	\$ 12	\$ -
Number of purchased carbon credits sold (carbon credits)	2,496	-
Cash cost per carbon credit sold (\$/carbon credit)	\$ 5.00	\$ -

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

Given the impact of the revaluation of warrant liabilities and the revaluation of carbon credit streaming and royalty agreements, both 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 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):

<i>(in thousands of United States dollars)</i>	Three months ended	Three months ended
	March 31, 2023	March 31, 2022
Net income (loss)	\$ (972)	\$ 48,499
Adjustment for non-cash settled items:		
Revaluation of warrant liabilities	(1,181)	(53,499)
Revaluation of carbon credit streaming and royalty agreements	(711)	-
Adjusted net loss	\$ (2,864)	\$ (5,000)
Earnings (loss) per share (Basic) (\$/share)	\$ (0.02)	\$ 1.04
Earnings (loss) per share (Diluted) (\$/share)	(0.02)	0.86
Adjusted net loss per share (Basic) (\$/share)	(0.06)	(0.11)
Adjusted net loss per share (Diluted) (\$/share)	(0.06)	(0.11)

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; 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; 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.

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.