MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

INTRODUCTION

This management's discussion and analysis ("**MD&A**") is management's assessment of the significant activities of Carbon Streaming Corporation ("**Carbon Streaming**" or the "**Company**") and analyzes the financial results for the year ended December 31, 2023. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023, the related notes thereto (the "**Financial Statements**"), which are available for viewing on www.sedarplus.ca. The effective date of this MD&A is March 27, 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.

To align the Company's financial reporting period with traditional financial, operational, and taxation cycles, the Company changed its year-end in 2022 from June 30th to December 31st, effective December 31, 2022. Accordingly, this MD&A reflects the six-month period from July 1, 2022 to December 31, 2022 and the twelve-month period from July 1, 2021 to June 30, 2022 as comparative reporting periods to the current period for the year ended December 31, 2023. The current period financial information may not be directly comparable to the prior-year comparative financial information contained in this MD&A.

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

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

INDEX

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 December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Six month period ended December 31, 2022	Year ended June 30, 2022
Carbon credit streaming agreements					
Revaluation of carbon credit streaming and royalty agreements	**$ (23,952)**	$ 4,800	**$ (32,897)**	$ 4,800	$ -
Settlements from carbon credit streaming and royalty agreements[1]	-	-	**55**	-	-
Purchased carbon credits					
Revenue from sale of purchased carbon credits	**$ 841**	$ 1,059	**$ 1,166**	$ 1,086	**$** 147
Number of purchased carbon credits sold (carbon credits)[2]	**205,723**	122,995	**256,458**	125,159	25,162
Average realized price per purchased carbon credit sold ($/carbon credit)	**4.09**	8.61	**4.55**	8.68	5.84
Cost per purchased carbon credit sold ($/carbon credit)	**4.53**	5.00	**4.62**	5.00	5.00
Other financial highlights					
Other operating expenses	**2,691**	6,221	**12,035**	11,539	17,638
Operating loss	**(26,784)**	(976)	**(45,002)**	(6,278)	(17,617)
Net (loss) income	**(26,092)**	4,765	**(35,501)**	2,355	(12,900)
(Loss) earnings per share (Basic) ($/share)	**(0.55)**	0.10	**(0.75)**	0.05	(0.34)
(Loss) earnings per share (Diluted) ($/share)	**(0.55)**	0.10	**(0.75)**	0.05	(0.34)
Adjusted net loss[3]	**(2,225)**	(5,727)	**(7,586)**	(11,055)	(17,617)
Adjusted net loss per share (Basic and Diluted) ($/share)[3]	**(0.05)**	(0.12)	**(0.16)**	(0.24)	(0.47)
Statement of financial position					
Cash[4]	**51,416**	70,345	**51,416**	70,345	93,238
Carbon credit streaming and royalty agreements[4]	**60,122**	83,998	**60,122**	83,998	65,681
Total assets[4]	**117,111**	158,489	**117,111**	158,489	163,467
Non-current liabilities[4]	**1,083**	2,068	**1,083**	2,068	399

(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 and year ended December 31, 2023

- Ended the quarter with $51.4 million in cash and no corporate debt.
- Received delivery of carbon credits from two of the Company's carbon credit streaming agreements. Additionally, a project for which the Company holds a carbon credit royalty agreement was issued carbon credits.
- Initiated an 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 $1.8 million for the year ended December 31, 2023. As a result of ongoing restructuring activities, including personnel reductions, other operating expenses have decreased by $7.5 million for the year ended December 31, 2023 when compared to the previous twelve-month period. The Company will continue to target opportunities for cash flow optimization in the coming quarters.
- Initiated a 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 Magdalena Bay Blue Carbon Stream, Waverly Biochar Stream and the Nalgonda Rice Farming Stream.
- Recognized a loss on revaluation of carbon credit streaming and royalty agreements of $24.0 million and $32.9 million for the three months and year ended December 31, 2023, respectively (gain of $4.8 million for the three months and six month period ended December 31, 2022). The current period loss on revaluation was primarily driven by changes to timing estimates for carbon credit issuance related to the Rimba Raya Stream, a reduced pricing assumption applied to the Community Carbon Stream, and reduced credit volume assumptions at the Sustainable Communities Stream. Please refer to the "Summary of Financial Results" section of this MD&A.
- Revenue from the sale of purchased carbon credits was $841 thousand and $1.2 million for the three months and year ended December 31, 2023, respectively (three months and six month period ended December 31, 2022 – $1.1 million). 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 205,723 and 256,458 purchased carbon credits for the three months and year ended December 31, 2023, respectively (three months and six month period ended December 31, 2022 – sold 122,995 and 125,159 purchased carbon credits, respectively).
- Generated $nil and $55 thousand in cash settlements from carbon credit streaming and royalty agreements for the three months and year ended December 31, 2023, respectively.
- Recognized net loss of $26.1 million and $35.5 million for the three months and year ended December 31, 2023, respectively (three months and six month period ended December 31, 2022 – net income of $4.8 million and $2.4 million, respectively).
- Adjusted net loss was $2.2 million and $7.6 million for the three months and year ended December 31, 2023, respectively (three months and six month period ended December 31, 2022 – adjusted net loss of $5.7 million and $11.1 million, respectively). Please see the "Non-IFRS Measures" section of this MD&A for further information.

- During the three months and year ended December 31, 2023, paid $2.1 million and $9.1 million in upfront deposits for carbon credit streaming and royalty agreements, respectively (three months and six month period ended December 31, 2022 - $0.5 million and $13.8 million, respectively).
- 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 Inc. initiated activities for dissolution. As a result, for the year ended December 31, 2023, the Company recognized an impairment loss on the investment in associate of $1.0 million. Please see the "Investment in Associate and Early Deposit Interest" section of this MD&A for further information.

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 for the year include:

New investments and portfolio restructuring

Magdalena Bay Blue Carbon Stream: In July 2023, the Company amended the terms of the Magdalena Bay Blue Carbon Stream. Under the amended terms of the stream, the Company will receive the greater of 300,000 carbon credits or 30% of carbon credits generated by the project on an annual basis, an increase from the previous terms (which were the greater of 200,000 carbon credits or 20% of the carbon credits generated by the project on an annual basis). This also resulted in a $3.0 million increase in upfront deposit payments.

Waverly Biochar Stream and Waverly Biochar Royalty: In July 2023, the Company amended the terms of the Waverly Biochar Stream, resulting in a $1.6 million increase in the upfront deposit amount and a lower ongoing delivery payment. Additionally, the Company also entered into the Waverly Biochar Royalty (as defined herein). Following the amendment, the Company announced an agreement to provide Microsoft with carbon credits from the Waverly Biochar Stream of up to 10,000 carbon credits per year.

Nalgonda Rice Farming Stream: In July 2023, the Company amended the terms of the Nalgonda Rice Farming Stream, resulting in a $0.8 million decrease in the upfront deposit amount and a higher ongoing delivery payment. In September 2023, Core CarbonX (as defined herein) completed its submission of the first validation report for the project to Verra.

Sheep Creek Reforestation Stream: In May 2023, the Company and Mast (as defined herein) signed a pipeline agreement and a stream agreement for the Sheep Creek Reforestation Project, the first stream under the pipeline agreement. During the year, the Company made total upfront deposit payments of $1.4 million. The Company will make additional upfront deposit payments of up to $2.4 million as the Sheep Creek Reforestation Project achieves site preparation, planting, and issuance milestones.

Feather River Reforestation Stream: In September 2023, the Company and Mast entered into a stream agreement for the Feather River Reforestation project, the second stream under the pipeline agreement. During the year, the Company made total upfront deposit payments of $0.3 million. The Company will make additional upfront deposit payments of up to $0.4 million as the Feather River Reforestation project achieves site preparation, planting, and issuance milestones.

Key portfolio milestones

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 an upfront deposit payment of $66.0 thousand to the project partner for reaching this milestone. Sales of carbon credits from the project continue, with the Company generating net cash flows from the stream during the year.

Community Carbon Stream: For the year ended December 31, 2023, Carbon Streaming made upfront deposit payments totaling $4.7 million to Community Carbon, as it reached various milestones for the portfolio of projects, including device deployment target for its Uganda cookstoves project. The Company received first carbon credits from the Ugandan cookstoves project, the Ugandan water purification project and the Tanzania cookstove project during the year.

(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 December 31, 2023 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]	Development[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	68.1%	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 (7 Projects) Community Carbon and UpEnergy Group	Uganda Mozambique Tanzania Zambia Malawi	Avoidance / Reduction Cookstove / Water purification[12]	Gold Standard (VER) / Verra (VCU)[13]	50 million	2020	$20 million	55.9%	15 years	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	63.5%_[14]	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)	0.225 million	2022	$3.78 million	36.5%	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	36.5%	1 year	2025[16]	Development
Royalties										
Bonobo Peace Forest **(2 Projects)** Bonobo Conservation Initiative	The Democratic Republic of Congo	Avoidance / Reduction REDD+ (AFOLU)	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)
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. 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 the 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.

(8) Under the SRN registry, the Rimba Raya project is expected to have a project lifetime until 2073.

(9) Given the ongoing verification of the Rimba Raya project under the new SRN system and pending regulatory developments, the expected year of first credit delivery under the SRN system remains unknown at this time. As a result, the Rimba Raya Stream status has been classified as "Development".

(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) Three of the underlying projects are cookstove projects and four of the underlying projects are water purification projects.

(13) One of the cookstove projects is registered under Verra. The remaining six projects are registered under Gold Standard.

(14) 80% as of January 2024. See the "*Overview of Carbon Streaming and Royalty Agreements"* section of this MD&A.

(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. Forecast mitigation units ("**FMUs**") for each project or project area are issued in one tranche following 'confirmation', which occurs approximately one year after planting to ensure seedling survival beyond the highest mortality period. FMUs can be retired to mitigate future anticipated emissions and may also be converted to standard Climate Action Reserve tonnes with ex-post monitoring and verification.

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 (VCS – as defined below), 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 December 31, 2023, the Company’s portfolio contained carbon credit streaming and royalty arrangements in the Delivering, Pre-Delivery and Development phases.

Streaming Agreement Terms

Upfront Deposit

Under the Company’s streaming agreements, the Company pays an initial upfront deposit to the project partner in return for the right to purchase all or a portion of the future carbon credits generated by the project over the term of the stream. The upfront deposit can be paid in full at closing or on an instalments basis as specified negotiated milestones are reached by the project and/or achieved by the project partner. The proceeds of the upfront deposit are generally used by the project partner for project expansion, project development or other agreed purposes based on the nature of the project. For projects in the Development phase, the upfront deposit is typically used to fund project activities (including expanding or enhancing programs that provide Co-Benefits) or for general corporate purposes. For projects in the Delivering, Pre-Delivery or Development phase, the upfront deposit is typically used to fund the project, which can include developing, implementing and operating the project in accordance with the project plan, good industry practices and applicable law and facilitating the registration and validation of the project and the verification, certification, serialization and issuance of carbon credits.

Ongoing Delivery Payments

As the project partners deliver carbon credits to the Company, the Company pays the project partner the ongoing delivery payments for the carbon credits delivered to it. The ongoing delivery payment amount is calculated based on the net revenue received from the sale of each carbon credit delivered under the stream. For the Company’s current streaming agreements, the ongoing delivery payment paid to the project partner typically comprises the majority of the net revenue received from the sale of the carbon credits, with the Company retaining on average 15% to 25% of net revenue. These percentages are subject to fluctuation based on the price obtained from the sale of the carbon credits and the specific terms of the streaming agreement.

The project partner’s ongoing delivery payment is negotiated and set out under the streaming agreement and is typically determined by the size of the upfront deposit, the percentage of the carbon credits covered under the stream, the amount of carbon credits expected to be generated by the project, the remaining crediting period of the project and the expected sales price of the carbon credits. The ongoing delivery payments are typically paid to the project partner on a quarterly basis following the Company’s sale and receipt of payment from a third-party buyer of the carbon credits. In addition, typically a portion of the purchase price flows back to the project and the local communities**.**

Ongoing Credit Issuances

An independent auditor must verify a project's emission reductions or removals at regular intervals in order for carbon credits to be issued. All of the Company's streaming agreements require project partners to conduct this process on at least an annual basis and to deliver such verification report(s) to the Company. Key verification documentation and records of credit issuances on a registry are also generally publicly available on the website of the applicable standard body and may also be available on the project partner's or project's website.

The carbon credits to be delivered by the project partner to the Company pursuant to the stream are required to be verified and conform in all respects with a standard, and its corresponding registry requirements, and the Company has no obligation to purchase any carbon credits that do not meet such standards or specifications. Each streaming agreement provides that the Company is not responsible for any operating costs, liabilities, penalties, insurance, deductions, set-offs, taxes, transportation, settlement, financing, expenses, buffer or other charges pertaining to or in respect of the project or the generation of the carbon credits purchased by it thereunder.

Term

When structuring streaming arrangements, the Company generally seeks to align the term of a potential stream with the remaining crediting period of the project. Each standard has specified crediting periods for projects (e.g., how many years a given project may generate carbon credits under the applicable standard and applicable methodology). For example, agriculture, forestry and other land-use ("**AFOLU**") projects under the Verified Carbon Standard ("**VCS**"), the largest global voluntary carbon credit standard, which is administered by Verra, must remain in operation for a minimum of 20 years and may extend this to a maximum of 100 years. In contrast, the credit generation profile for the Community Carbon Stream, which involves the distribution of fuel-efficient cookstoves or water purification devices, is expected to be 15 or 21 years which reflects the credit generation life cycle of the specific project under the various standards. For streams that have the term set as the crediting period of the project, the Company also typically has the right to extend the term of its stream if the project continues to generate credits after the initial crediting period.

Other Terms

Each streaming agreement includes a set of covenants and obligations of the project partner to operate the project in accordance with industry practices and in compliance with the applicable standards, keep the project and the material contracts/permits in good standing, and provide ongoing reporting to the Company on project activities. The Company receives quarterly updates from project partners regarding project activities, which include the activities it undertakes to maintain the project and contribute to the

Co-Benefits identified. In addition, under the terms of each streaming agreement, Carbon Streaming receives updates from its project partner at least annually, including all verification and financial reports.

In addition, the streaming agreement generally contains restrictions on the transfer or assignment of the stream, provisions in respect of events of default and indemnification matters, and other representations, warranties and covenants for a transaction of such nature. In order to secure performance under the streaming agreement, the Company typically has the right to take security over all or a portion of assets or carbon credit rights of the project partner, and in certain cases, has been granted a share pledge over the shares of the project partner.

CARBON CREDIT SALES

Sales Strategy

For the carbon credits delivered under its streaming agreements, the Company assumes responsibility for the sales and marketing of such credits. The Company's current plan for selling its carbon credits includes the following principles and objectives: sell a portion of the portfolio on a forward basis and a portion of the portfolio on a spot basis; collaborate with project partners to balance their operating cash flow requirements for the project and market opportunities; and conduct sales across multiple sales channels, with a focus on end-users demanding material carbon credit volumes, voluntary carbon market specialists and exchanges such as CBL or CIX. The organizations to be targeted for sales will be influenced by a variety of factors from time to time, including without limitation price, volume, length of support, project cash flow requirements, philosophical alignment, and capability to add value to projects. The Company regularly receives inbound sales inquiries from arm's length third parties that are interested in the purchase of carbon credits, and the Company also engages in targeted sales outreach and informational sessions to help raise awareness of and interest in the various projects in which the Company has carbon credit streaming agreements (and carbon credits to be generated therefrom in the future).

The Company's general goal is to sell all inventory of carbon credits for a particular project within approximately 12 months of the project receiving credits, but the timing of sales will be subject to feedback from project partners and market demand for credits. The Company anticipates that the majority of its sales will be to end-users (such as corporate purchasers who would retire (or use) the credits) or intermediaries, such as voluntary carbon market specialist organizations which transact on behalf of end-user organizations or trade carbon credits. The Company may also have credits listed on various exchanges such as CBL or CIX.

Pricing

Several factors determine the price of a particular voluntary carbon credit including: project activity type (such as forestry, renewable energy, waste disposal, carbon capture, etc.); project location; vintage; the standards; and the associated Co-Benefits (such as job creation, water conservation or preservation of biodiversity). The CBL Global Emissions Offset benchmark, CBL Nature-Based Global Emissions Offset benchmark, the OPIS Global Carbon Offsets Report and other pricing benchmarks provide third-party, market-based data reflecting the prices for voluntary carbon credits that fall within the applicable benchmark's specifications (such as standards and project types). However, the majority of voluntary carbon credit volumes have historically been transacted on a bespoke and "over-the-counter" basis between buyers and sellers pursuant to bilateral agreements, and therefore are not always reflected in the benchmarking data.

The price of voluntary carbon credits is largely driven by the levels of supply and demand in the markets at any particular time, with the majority of volumes to date being transacted over-the-counter between buyer and seller. These over-the-counter sales are either conducted directly with the 'end-user' of the carbon credit (i.e., the entity that will use the carbon credit) or through intermediaries. End-users may be large organizations, SMEs and/or individuals who purchase and retire credits, typically using them to compensate for emissions as they pursue their mitigation strategy or to advance or achieve climate action or sustainability goals. Intermediaries include brokers, corporate trading desks, voluntary market specialists and sustainability consultancies who link sellers and buyers of carbon credits.

As the voluntary carbon market continues to mature, other sales channels are emerging. The most prominent of these are carbon credit exchanges, which provide a digital marketplace for the trading of carbon credits and aim to increase liquidity in the market and reduce transaction costs. Retail sales channels whereby individuals or organizations can purchase carbon credits directly or have carbon credits retired on the purchaser's behalf are also emerging within the industry.

Risk Mitigation

Carbon credit prices fluctuate continually and are affected by many factors. The Company has a sophisticated sales team that seeks to optimize sales and manage risk by using a combination of spot and forward contract structures across a variety of sales channels. For example, the Company has collaborated with IG Wealth Management to compensate for estimated emissions of the IG Climate Action Portfolios by the purchase and retirement of carbon credits. The sales team also works closely with the Company's project partners when making decisions about the allocation of sales channels and contract structure.

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

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 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**") will 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 regulation, Regulation No. 21 of 2022 ("**Reg 21**") and with the government-operated carbon registry, *Sistem Registri Nasional Pengendalian Perubahan Iklim* ("**SRN**"). Under 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.

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 17 and 19 of the 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 "**Community Carbon Stream**"). Under the terms of the Community Carbon Stream, Community Carbon will deliver a portion of the carbon credits created by the seven projects to the Company, for a term of 15 years.

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.

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.

As at September 30, 2023, the Company reviewed and assessed indicators of impairment for the investment in Carbon Fund Advisors under IAS 28 *Investments in Associates and Joint Ventures* ("**IAS 28**") and determined that, as a result of the aforementioned dissolution process, indicators of impairment existed as at September 30, 2023. In accordance with IAS 36 *Impairment of Assets* ("**IAS 36**"), an impairment loss of $1.0 million was recognized in September 2023. As at December 31, 2023, the Company did not identify any further indicators of impairments or indicators of impairment reversal. Please see Note 10 of the Financial Statements for further information.

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. As a result, the Company's early deposit interest is reclassified as an amount receivable as at December 31, 2023. The Company expects repayment of its upfront funding and accrued interest.

PREFERRED SHARES

On May 10, 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.

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"**) 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

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[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.

[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).

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 and year ended December 31, 2023, the average realized price per purchased carbon credit sold was $4.09 and $4.55, respectively (three months and six month period ended December 31, 2022 – $8.61 and $8.68, respectively).

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

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.

In October 2022, the 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 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, and accordingly, all of the foregoing remains subject to potential change prior to any resumption in the issuance of carbon credits from the Rimba Raya project.

The Company and InfiniteEARTH view the development of a national carbon policy as an important and positive step for Indonesia, carbon markets, and global climate action. The Company awaits the release of further NDC regulations and implementation regulations to fully understand their impact of the various regulations on the Rimba Raya Stream, including timing of issuance of carbon credits and international sales of carbon credits. In particular, the MOEF is currently preparing two regulations, among others, on the implementation of NDC targets and regulations on mechanism of international carbon trading. It is still unknown when these regulations will be issued.

In December 2022, the Rimba Raya project was 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 expects to add the three remaining parcels separately.

Under SRN program regulations, the project's emission reductions for the first parcel will extend until 2073, and are expected to average approximately 2.7 million tCO_2e per year according to the validation report. The validation was independently audited by PT Mutuagung Lestari, an Indonesian testing, inspection and certification company. The methodology used for the SRN validation of the project is adapted from the World Bank BioCarbon Fund Initiative for Sustainable Landscapes Emission Reduction Program Requirements Version 2.0_2021. The original methodology used by the project under VCS (VM0004) was not accredited to the SRN and therefore could not be used. Once the project is verified, Rimba Raya carbon credits are expected to be issued and tracked by the SRN.

Verification of the project began in early 2023 and is expected to cover project activity for the period from July 1, 2019 to December 31, 2022. The verification process is currently on hold, pending the issuance of final verification requirements.

In light of these pending regulations, there remains significant uncertainty concerning the timing of completing verification, the resumption of the issuance of carbon credits and domestic and international trading from carbon credit 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, given that a final legal and regulatory framework has not yet emerged. As such, final verification requirements, the resumption of the issuance of carbon credits (particularly from the forestry sector, including from the Rimba Raya project) and the timing of international sales continue to remain unknown at this time.

Management believes that the carrying value of the Rimba Raya Stream reflects its best estimate for fair value of the asset, taking into consideration both project-specific factors (such as project specific legal, regulatory, political, and methodology risks) and current voluntary market conditions. In particular, the pricing assumptions used to determine the fair value of the Rimba Raya Stream reflect current market data for newly vintaged REDD+ projects and the continued buyer interest/demand for Rimba Raya carbon credits. For a more comprehensive discussion on the specific valuation assumptions applied to the Company's carbon credit streaming and royalty agreements, please see Note 7 of the Financial Statements.

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

Outlook

In 2023, Carbon Streaming began repositioning itself for long-term success and sustainable shareholder value creation as the voluntary carbon market faced headwinds. In response, the Company initiated a corporate restructuring in 2023. The focus of the restructuring has been, and will continue to be, on cash flow optimization through the reduction of operating expenses and a reassessment of our existing streams and royalties in light of the evolving voluntary carbon market. To date, the steps taken by the Company have resulted in significant reductions to ongoing operating expenses and amendments to stream agreements. For example, the Company's other operating expenses have decreased by $7.5 million for the fiscal year ended December 31, 2023 when compared to the previous twelve-month period. Additionally, in 2023, the Company amended the terms of the Nalgonda Rice Farming Stream, Waverly Biochar Stream and Magdalena Bay Blue Carbon Stream, and amended the terms of the Sheep Creek Reforestation Stream in early 2024. The Company will continue to look for opportunities for cash flow optimization and will provide additional details as more initiatives are put in place.

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

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

SUMMARY OF FINANCIAL RESULTS

	Three months ended December 31, 2023	**Three months ended December 31, 2022**	**Year ended December 31, 2023**	**Six month period ended December 31, 2022**	**Year ended June 30, 2022**
Revaluation of carbon credit streaming and royalty agreements	**$ (23,952)**	$ 4,800	**$ (32,897)**	$ 4,800	**$ -**
Revenue from sale of purchased carbon credits	**841**	1,059	**1,166**	1,086	147
Cost of purchased carbon credits sold	**(982)**	(614)	**(1,236)**	(625)	(126)
Other operating expenses					
Salaries and fees	**(1,198)**	(3,317)	**(4,057)**	(4,250)	(6,206)
Share-based compensation	**(399)**	(548)	**(1,564)**	(1,590)	(3,945)
Marketing	**(278)**	(150)	**(859)**	(349)	(1,460)
Professional fees	**(438)**	(954)	**(1,278)**	(1,463)	(1,435)
Consulting fees	**(241)**	(889)	**(1,113)**	(1,981)	(1,941)
Insurance	**(163)**	(241)	**(800)**	(475)	(786)
Regulatory fees	**(37)**	(34)	**(158)**	(110)	(534)
Office and general	**(105)**	(228)	**(461)**	(364)	(409)
Foreign exchange gain (loss)	**172**	191	**100**	(906)	(922)
Amortization of right-of-use asset	**(10)**	(51)	**(97)**	(51)	-
Corporate restructuring	**6**	-	**(1,748)**	-	-
Other operating expenses	**(2,691)**	(6,221)	**(12,035)**	(11,539)	(17,638)
Operating loss	**(26,784)**	(976)	**(45,002)**	(6,278)	(17,617)
Other items					
Loss from investment in associate	**(126)**	(127)	**(376)**	(153)	-
Impairment loss	-	-	**(1,044)**	-	-
Revaluation of derivative liabilities	-	(766)	**686**	(766)	-
Revaluation of warrant liabilities	**79**	6,458	**6,530**	9,376	4,717
Revaluation of Convertible Note	-	-	**558**	-	-
Finance income	**739**	176	**3,147**	176	-
Net (loss) income and comprehensive (loss) income	**(26,092)**	4,765	**(35,501)**	2,355	(12,900)
Adjusted net loss[1]	**(2,225)**	(5,727)	**(7,586)**	(11,055)	(17,617)
Settlements from carbon credit streaming and royalty agreements	-	-	**55**	-	-

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 $24.0 million and $32.9 million for the three months and year ended December 31, 2023, respectively, when compared to a net gain of $4.8 million for the three months and six month period ended December 31, 2022. For the three months and year ended December 31, 2023, the net loss on revaluation of carbon credit streaming and royalty agreements was primarily driven by a loss on revaluation of the Rimba Raya Stream, the Community Carbon Stream and the Sustainable Community Stream.

For the year ended December 31, 2023, the loss on revaluation of the Rimba Raya Stream was due to several factors, including: changes to management's estimates for timing of carbon credit issuance and delivery and the resulting impact to the carbon credit production and sales profile, an increase in project-specific risk factors, including heightened uncertainty relating to the Indonesian regulatory environment and the new SRN methodology, resulting in a higher risk-adjusted discount rate, and changes to the inflation assumption applied to the nominal cash flows included in the model, partially offset by accretion due to the passage of time. For the year ended December 31, 2023, the loss on revaluation of the Community Carbon Stream was primarily driven by considerations towards changes in portfolio strategy, leading to a slow-down in project activities during the fourth quarter of 2023, which resulted in a higher risk-adjusted discount rate, changes to the carbon credit pricing assumption based on realized prices and changes to the inflation assumption applied to the nominal cash flows included in the model, partially offset by accretion due to the passage of time. For the year ended December 31, 2023, the loss on revaluation of the Sustainable Community Stream was primarily driven by lower than expected participant enrollments in the project, resulting in a reduction to the carbon credit production and sales profile assumptions and changes to the inflation assumption applied to the nominal cash flows included in the model, partially offset by accretion due to the passage of time.

For the three months and six month period ended December 31, 2022, the net gain on the revaluation of carbon credit streaming and royalty agreements was primarily driven by an increase in fair value of the Rimba Raya Stream, primarily driven by an increase in expected carbon credits delivered and sold due to the longer term of the amended agreement, resulting in an increase in the carbon credit production and sales profile.

Please see Note 7 of the Financial Statements for further information on the observable and non-observable inputs used to measure the fair value of the Company's carbon credit streaming and royalty agreements.

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

Revenue from sale of purchased carbon credits was $841 thousand and $1.2 million for the three months and year ended December 31, 2023, respectively, when compared to $1.1 million for the three months and six month period ended December 31, 2022. Cost of purchased carbon credits sold was $982 thousand and $1.2 million for the three months and year ended December 31, 2023, respectively, when compared to $614 thousand and $625 thousand for the three months and six month period ended December 31, 2022, respectively. 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 and year ended December 31, 2023, the average realized price per purchased carbon credit sold was $4.09 and $4.55, respectively (three months and six month period ended December 31, 2022 - $8.61 and $8.68, respectively).

Salaries and fees

Salaries and fees were $1.2 million and $4.1 million for the three months and year ended December 31, 2023, respectively, when compared to $3.3 million and $4.3 million for the three months and six month period ended December 31, 2022.

For the three months ended December 31, 2023, the decrease in salaries and fees was primarily driven by the Company's lower headcount resulting from its restructuring plan implemented in 2023, described above, and a lower bonus expense when compared to the prior-year period.

For the year ended December 31, 2023, when adjusting for the duration of the respective reporting periods, the decrease in salaries and fees was primarily due to the Company's lower headcount resulting from its restructuring plan, as described above, and a lower bonus expense when compared to the prior-year period.

Share-based compensation

Share-based compensation was $0.4 million and $1.6 million for the three months and year ended December 31, 2023, respectively, when compared to $0.5 million and $1.6 million for the three months and six month period ended December 31, 2022.

For the three months and year ended December 31, 2023, when adjusting for the duration of the respective reporting periods, the decrease in share-based compensation was primarily driven by a lower share price assumption applied to cash-settled share-unit liabilities and forfeitures in the period.

Marketing

Marketing costs were $0.3 million and $0.9 million for the three months and year ended December 31, 2023, respectively, when compared to $0.2 million and $0.3 million for the three months and six month period ended December 31, 2022, respectively. For the three months ended December 31, 2023, marketing costs were consistent with the prior-year period. For the year ended December 31, 2023, when adjusting for the duration of the respective reporting periods, the increase in marketing costs was primarily driven by spending related to developing the Company's sales function.

Professional fees

Professional fees were $0.4 million and $1.3 million for the three months and year ended December 31, 2023, respectively, when compared to $0.9 million and $1.5 million for the three months and six month period ended December 31, 2022. For the three months and year ended December 31, 2023, when adjusting for the duration of the respective reporting periods, the decrease in professional 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 and $1.1 million for the three months and year ended December 31, 2023, respectively, when compared to $0.9 million and $2.0 million for the three months and six month period ended December 31, 2022. For the three months and year ended December 31, 2023, when adjusting for the duration of the respective reporting periods, the decrease in professional 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 and $0.8 million for the three months and year ended December 31, 2023, respectively, when compared to $0.2 million and $0.5 million for the three months and six month period ended December 31, 2022. Insurance costs were consistent with the prior-year period when adjusting for the duration of the respective reporting periods.

Regulatory fees

Legal and regulatory fees were $37 thousand and $0.1 million for the three months and year ended December 31, 2023, respectively, when compared to $34 thousand and $0.1 million for the three months and six month period ended December 31, 2022. Regulatory fees relate to administrative costs associated with the Company being a publicly-traded entity and were consistent with the prior-year periods.

Office and general

Office and general costs were $0.1 million and $0.5 million for the three months and year ended December 31, 2023, when compared to $0.2 million and $0.4 million for the three months and six month period ended December 31, 2022. For the three months and year ended December 31, 2023, when adjusting for the duration of the respective reporting periods, 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 gain (loss)

Foreign exchange gain was $0.2 million and $0.1 million for the three months and year ended December 31, 2023, respectively, when compared to the gain of $0.2 million and loss of $0.9 million for the three months and six month period ended December 31, 2022, respectively. 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 18 of the Financial Statements for further information.

Corporate restructuring

In the second quarter of 2023, the Company initiated a restructuring plan that resulted in personnel reductions. As a result, for the year ended December 31, 2023, the Company incurred a corporate restructuring charge of $1.7 million related to severance and other termination benefits.

Amortization of right-of-use asset

Amortization of right-of-use asset was $10 thousand and $97 thousand for the three months and year ended December 31, 2023, respectively. 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 $26.8 million and $45.0 million for the three months and year ended December 31, 2023, respectively, when compared to operating loss of $1 million and $6.3 million for the three months and six month period ended December 31, 2022, respectively. For the three months and year ended December 31, 2023, the increase in operating loss when compared to the prior-year periods, and adjusting for the duration of the respective reporting periods, was primarily driven by the net loss on revaluation of carbon credit streaming and royalty agreements, partially offset by lower other operating expenses, as described above.

Loss from investment in associate

Loss from investment in associate was $126 thousand and $376 thousand for the three months and year ended December 31, 2023, respectively, when compared to a loss of $127 thousand and $153 thousand for the three months and six month period ended December 31, 2022, respectively. The loss from investment in associate relates to Carbon Streaming's investment in Carbon Fund Advisors. Please see Note 10 of the Financial Statements and the "Investment in Associate and Early Deposit Interest" section of this MD&A for further information.

Impairment loss

Impairment loss was $nil and $1.0 million for the three months and year ended December 31, 2023, respectively, when compared to a loss of $nil for the three months and six month period ended December 31, 2022. The impairment loss related to the Company's investment in associate, and resulted from indicators of impairment associated with continued operating losses and deteriorating outlook pertaining to future sources of income. Please see Note 10 of the Financial Statements for further information.

Revaluation of derivative liabilities

Revaluation of derivative liabilities was a gain of $nil and $0.7 million for the three months and year ended December 31, 2023, respectively, when compared to a loss of $0.8 million for the three months and six month period ended December 31, 2022. The gain on the revaluation of derivative liabilities in the current period was primarily driven by the expiry and derecognition of the Rimba Raya Stream Participation Right. Please see Note 17 of the Financial Statements for further information.

Revaluation of warrant liabilities

Revaluation of warrant liabilities resulted in a gain of $79 thousand and $6.5 million for the three months and year ended December 31, 2023, respectively, when compared to a gain of $6.5 million and $9.4 million for the three months and six month period ended December 31, 2022. 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.

Revaluation of Convertible Note

Revaluation of Convertible Note was a gain of $nil and $0.5 million for the three months and year ended December 31, 2023, respectively, when compared to a gain of $nil for the three months and six month period ended December 31, 2022. The gain on the revaluation of the Convertible Note was driven by the valuation of the counterparty's enterprise through the financing scenario completed by the counterparty in the third quarter of 2023. Please see Note 8 of the Financial Statements for further information.

Finance income

Finance income was $0.7 million and $3.1 million for the three months and year ended December 31, 2023, respectively, when compared to $0.2 million for the three months and six month period ended December 31, 2022. Finance income primarily relates to interest earned on the Company's cash.

Net (loss) income

Net loss was $26.1 million and $35.5 million for the three months and year ended December 31, 2023, respectively, when compared to net loss of $4.8 million and net income of $2.4 million for the three months and six month period ended December 31, 2022, respectively. For the three months ended December 31, 2023, the increase in net loss was primarily driven by a net loss on revaluation of carbon credit streaming and royalty agreements, partially offset by higher finance income and lower other operating expenses, as described above. For the year ended December 31, 2023, when adjusting for the duration of the respective reporting periods, the decrease in net income was primarily driven by a lower gain on revaluation of warrant liabilities, a net loss on revaluation of carbon credit streaming and royalty agreements, partially offset by higher finance income and lower other operating expenses, as described above.

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

Adjusted net loss

Adjusted net loss was $2.2 million and $7.6 million for the three months and year ended December 31, 2023, respectively, when compared to adjusted net loss of $5.7 million and $11.1 million for the three months and six month period ended December 31, 2022, respectively. 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:

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

	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
Revenue from sale of carbon credits	$ 1,059	$ 27	$ 2	$ -
Net income (loss)	4,765	(2,410)	29,201	49,070
Basic earnings (loss) per share ($/share)	0.10	(0.05)	0.77	1.05
Diluted earnings (loss) per share ($/share)	0.10	(0.05)	0.77	0.87
Adjusted net loss[1]	(5,727)	(5,327)	(3,460)	(4,429)
Total assets	158,489	156,939	163,467	166,245

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 other operating expenses and has also varied due to the revaluation of warrant liabilities and the revaluation of carbon credit streaming and royalty agreements. 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 7 of the 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 December 31, 2023, the Company had working capital of $50.4 million, which includes cash of $51.4 million (as at December 31, 2022 – working capital of $62.5 million including cash of $70.3 million). The largest short-term liability relates to warrant liabilities (see Note 12 of the Financial Statements) which is not a cash amount owing.

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 $112.7 million as at December 31, 2023 (as at December 31, 2022 - $146.6 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.

For the three months and year ended December 31, 2023, cash decreased by $3.1 million and $19.1 million, respectively. The decrease in cash for both the three months and year ended December 31, 2023 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 $0.9 million and $7.6 million for the three months and year ended December 31, 2023, respectively (three months and six month period ended December 31, 2022 – $2.8 million and $8.5 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.

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

Investing Activities

Cash used in investing activities was $2.2 million and $11.3 million for the three months and year ended December 31, 2023, respectively (three months and six month period ended December 31, 2022 – cash generated of $0.1 million and cash used of $13.2 million, respectively), relating primarily to upfront deposits for carbon credit streaming and royalty agreements. See the "Carbon Credit Streaming and Royalty Agreements" section of this MD&A for further information.

Financing Activities

Cash used in financing activities was $45 thousand and $137 thousand for the three months and year ended December 31, 2023 (three months and six month period ended December 31, 2022 – $nil and cash generated of $29 thousand, respectively). Cash used in financing activities for the three months and year ended December 31, 2023 related to lease payments, while the cash generated from financing activities for the comparative periods related to proceeds from exercise of warrants during the periods.

KEY MANAGEMENT PERSONNEL

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

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

	Year ended December 31, 2023	**Six month period ended December 31, 2022**	**Year ended June 30, 2022**
Salaries and fees[1]	**$ 2,309**	$ 2,653	$ 4,606
Consulting fees[2]	**60**	30	62
Share-based compensation	**1,222**	1,007	2,844
Restructuring[3]	**1,505**	-	-
Total	**$ 5,096**	$ 3,690	$ 7,512

1. *Salaries and fees paid to the executive officers and directors for their services.*
2. *Consulting fees relate to amounts paid to a director of the Company for consulting services.*
3. *Restructuring relates to severance and other termination benefits. Please refer to Note 5 of the Financial Statements.*

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

SHARE CAPITAL

As at March 27, 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 December 31, 2023, such conditions had not been met.

As at December 31, 2023, the Company had the following commitments relating to its carbon credit streaming and royalty agreements:

Less than 1 year	$ 14,081
1 to 3 years	6,243
Over 3 years	84
Total	**$ 20,408**

Under its carbon credit streaming agreements, the Company pays an upfront deposit to its project partner as specified negotiated milestones are reached by the project and/or achieved by the project partner. As at December 31, 2023 management assessed the likelihood of its project partners meeting various milestones required for the Company to make its upfront deposit payments. In the fourth quarter of 2023, the Company revised its estimate for the total upfront deposit it expects to pay related to the Sustainable Community Stream from $20.0 million to $4.7 million. Under the terms of the Sustainable Community Stream, future upfront deposit payments are driven by the project partner meeting specified enrollment targets. Based on current project enrollment rates as at December 31, 2023, the Company has determined that the likelihood of enrollment targets required for a significant portion of the upfront deposit is remote. As a result, the Company has reduced the associated commitment by $15.3 million.

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.

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**"). Osisko has exercised its right to participate in and acquired a portion of the Magdalena Bay Blue Carbon Stream using the original terms of the Magdalena Bay Blue Carbon Stream, prior to the July 2023 amendment (See Note 17 of the 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 on October 3, 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 7 of the 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 7 of the Financial Statements for additional information).

Credit Risk

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

Currency Risk

Foreign currency risk is the risk that the fair value of financial instruments will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs certain expenditures that are denominated in Canadian dollars while its functional and presentation currency is the United States dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. As at December 31, 2023, the Company held cash of C$10.4 million in Canadian dollars and had accounts payable and other monetary liabilities of C$2.0 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 $305 thousand to profit or loss.

Interest Rate Risk

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

Liquidity Risk

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

KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of the Company's Financial Statements in conformity with 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 Financial Statements.

The Company's accounting policies and future changes in accounting policies are presented in the 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.

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

	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Six month period ended December 31, 2022	Year ended June 30, 2022
Revenue from sale of purchased carbon credits	**$ 841**	$ 1,059	**$ 1,166**	$ 1,086	$ 147
Number of purchased carbon credits sold (carbon credits)	**205,723**	122,995	**256,458**	125,159	25,162
Average realized price per purchased carbon credit sold ($/carbon credit)	**$ 4.09**	$ 8.61	**$ 4.55**	$ 8.68	$ 5.84

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 December 31, 2023	**Three months ended December 31, 2022**	**Year ended December 31, 2023**	**Six month period ended December 31, 2022**	**Year ended June 30, 2022**
Cost of purchased carbon credits sold	**$ 982**	$ 614	**$ 1,236**	$ 625	$ 126
Less: Inventory write-down (Note 6 of the Financial Statements)	**(50)**	-	**(50)**	-	-
	932	614	**1,186**	625	126
Number of purchased carbon credits sold (carbon credits)	**205,723**	122,995	**256,458**	125,159	25,162
Cost per purchased carbon credit sold ($/carbon credit)	**$ 4.53**	$ 5.00	**$ 4.62**	$ 5.00	$ 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) income 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) income 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 income (loss) to adjusted net loss:

	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Six month period ended December 31, 2022	Year ended June 30, 2022
Net (loss) income and comprehensive (loss) income	**$ (26,092)**	$ 4,765	**$ (35,501)**	$ 2,355	$ (12,900)
Adjustment for non-continuing or non-cash settled items:					
Revaluation of carbon credit streaming and royalty agreements	**23,952**	(4,800)	**32,897**	(4,800)	**-**
Revaluation of warrant liabilities	**(79)**	(6,458)	**(6,530)**	(9,376)	(4,717)
Revaluation of derivative liabilities	-	766	**(686)**	766	-
Revaluation of Convertible Note	-	-	**(558)**	-	-
Impairment loss	-	-	**1,044**	-	-
Corporate restructuring	**(6)**	-	**1,748**	-	-
Adjusted net loss	**(2,225)**	(5,727)	**(7,586)**	(11,055)	(17,617)
(Loss) earnings per share (Basic) ($/share)	**(0.55)**	0.10	**(0.75)**	0.05	(0.34)
(Loss) earnings per share (Diluted) ($/share)	**(0.55)**	0.10	**(0.75)**	0.05	(0.34)
Adjusted net loss per share (Basic and Diluted) ($/share)	**(0.05)**	(0.12)	**(0.16)**	(0.24)	(0.47)

RISKS AND UNCERTAINTIES

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

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

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

The Company's ICFR 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.

Management has evaluated the effectiveness of the Company's ICFR as at December 31, 2023. Based on this assessment, the Company's Chief Executive Officer and its Chief Financial Officer concluded that the Company's ICFR were effective as at December 31, 2023.

There have been no changes in the Company's ICFR during the quarter ended December 31, 2023, 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.

Based on management's evaluation, which was carried out to assess the effectiveness of the Company's DC&P, the Company's Chief Executive Officer and its Chief Financial Officer, concluded that the Company's DC&P were effective as at December 31, 2023.

ADVISORIES

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

ADDITIONAL INFORMATION

Additional information with respect to the Company, including the Financial Statements and Company's AIF, have been filed with Canadian securities regulatory authorities and is available on SEDAR+ at www.sedarplus.ca 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.