



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 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 three months ended March 31, 2023. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023, the related notes thereto (the "**Interim Financial Statements**") and the Company's audited consolidated financial statements for the six month period ended December 31, 2022 (the "**Annual Financial Statements**"), which are available for viewing on www.sedar.com. The effective date of this MD&A is May 12, 2023.

Financial information in this document is expressed in thousands of United States dollars and prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"), unless otherwise indicated.

The Company's common shares ("**Common Shares**") are listed on the Neo Exchange Inc. ("**NEO Exchange**") under the symbol "NETZ", the warrants that expire in March 2026 are listed on the NEO Exchange under the symbol "NETZ.WT" and the warrants that expire in September 2026 are listed on the NEO Exchange under the symbol "NETZ.WT.B". The Company's Common Shares are also traded on the OTCQB Markets under the symbol "OFSTF" and are listed on the Frankfurt Stock Exchange under the symbol "M2Q".

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

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

CARBON STREAMING CORPORATION
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

INDEX

INTRODUCTION	2
INDEX	3
DESCRIPTION OF BUSINESS.....	4
COMPANY HIGHLIGHTS.....	5
PORTFOLIO HIGHLIGHTS	6
CARBON CREDIT STREAMING AND ROYALTY AGREEMENTS	8
OVERVIEW OF CARBON CREDIT STREAMING AND ROYALTY AGREEMENTS	10
INVESTMENT IN ASSOCIATE AND EARLY DEPOSIT INTEREST	14
CARBON MARKETS AND PRICING	14
STRATEGY AND OUTLOOK.....	15
SUMMARY OF FINANCIAL RESULTS	17
LIQUIDITY AND CASH FLOW.....	19
SHARE CAPITAL	21
COMMITMENTS	21
OFF-BALANCE SHEET ARRANGEMENTS	22
FINANCIAL INSTRUMENT FAIR VALUE AND RISK FACTORS	22
KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS.....	24
NON-IFRS MEASURES AND PERFORMANCE MEASURES.....	24
RISKS AND UNCERTAINTIES	27
DISCLOSURE OF INTERNAL CONTROLS	28
ADVISORIES	29
ADDITIONAL INFORMATION	29

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 royalty-like arrangements for the purchase of carbon credits from the underlying project and then generate cash flow from the sale of these carbon credits. Through the use of 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 (“UN SDGs”). This helps position us as 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 projects involving nature-based solutions, the distribution of fuel-efficient cookstoves and water purification devices, waste avoidance and energy efficiency, agricultural methane avoidance, and biochar carbon removal. See “Overview of Carbon Credit Streaming and Royalty Agreements” 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 intends to continue executing on its strategy by:

- (i) entering into or acquiring streaming, royalty or royalty-like arrangements with project developers/operators, non-governmental organizations (NGOs), 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.



CARBON STREAMING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

COMPANY HIGHLIGHTS

	Three months ended March 31, 2023	Three months ended March 31, 2022
Revenue from sale of purchased carbon credits	\$ 21	\$ -
Gross profit	9	-
Average realized price per carbon credit sold (\$/carbon credit)	8.46	-
Cash cost per carbon credit sold (\$/carbon credit)	5.00	-
Number of purchased carbon credits sold (carbon credits)	2,496	-
Number of carbon credits sold under carbon credit streaming agreements (carbon credits)	6,200	-
Other operating expenses	\$ 3,526	\$ 4,429
Net (loss) income	(972)	49,070
(Loss) earnings per share (Basic) (\$/share)	(0.02)	1.05
(Loss) earnings per share (Diluted) (\$/share)	(0.02)	0.87
Adjusted net loss ¹	(2,864)	(4,429)
Adjusted net loss per share (Basic and Diluted) (\$/share) ¹	(0.06)	(0.09)
Cash ²	65,756	102,525
Carbon credit streaming and royalty agreements ²	86,246	61,304
Total assets ²	155,927	166,245
Non-current liabilities ²	2,380	-

(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 and Performance Measures" section of this MD&A.

(2) Cash, carbon credit streaming and royalty agreements, total assets and non-current liabilities are presented as at the relevant tabular reporting date.

Three months ended March 31, 2023

- Ended the quarter with \$65.8 million in cash and no corporate debt.
- Received first delivery of carbon credits from three projects from two of the Company's carbon credit streaming agreements. Additionally, a second project for which the Company holds a carbon credit royalty agreement was issued carbon credits.
- Revenue of sale of purchased carbon credits of \$21.2 thousand for the three months ended March 31, 2023 (three months ended March 31, 2022 – revenue of \$nil).

CARBON STREAMING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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

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

Subsequent to March 31, 2023

- Announced a pipeline streaming agreement with Mast Reforestation SPV I, LLC ("**Mast**") to develop a pipeline of post-wildfire reforestation carbon removal projects in the Western USA, which are expected to generate approximately 1 million carbon removal credits.
- The first project to be funded under the pipeline streaming agreement with Mast is the Sheep Creek Ranch project (the "**Sheep Creek Reforestation Project**"), which is expected to generate approximately 225,000 carbon removal credits.
- The Company invested \$2.0 million into the parent company of Mast through a convertible note.
- Offset five times the Company's calendar year 2022 emissions through the retirement of 245 carbon credits from the Company's portfolio.

PORTFOLIO HIGHLIGHTS

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

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

CARBON STREAMING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

Sheep Creek Reforestation Stream: In May 2023, the Company and Mast signed a pipeline agreement and a stream agreement for the Sheep Creek Reforestation Project, the first stream under the pipeline agreement. This project is expected to remove a total of approximately 225,000 tonnes of carbon dioxide equivalent (“tCo₂e”) and generate an equivalent number of carbon removal credits referred to as Forecasted Mitigation Units (“FMUs”) under the Climate Action Reserve’s Climate Forward program based on two planting phases, with FMU issuance anticipated in approximately 2025 and 2026. The Company made an initial upfront deposit of \$0.5 million and will make additional milestone payments of up to \$3.2 million as the Sheep Creek Reforestation Project achieves site preparation, planting, and issuance milestones.

Nalgonda Rice Farming Stream: Project validation activities and landholder enrollment continued, with approximately 35,000 ha of farmland now enrolled in the project. In March 2023, Verra announced that it is considering developing a revised rice-specific methodology, which would replace the methodology currently used by the project. The project is proceeding with validation under the existing methodology and is anticipated to transition to the revised methodology once it is finalized and released.

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

Cerrado Biome Stream: Verra’s final approval of the project was confirmed in December 2022, and the Company received its first issuance of 316,781 carbon credits in early 2023. With the first issuance, the Company made a milestone payment of \$66.0 thousand to the project partner. Sales of the carbon credits are underway.

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

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

CARBON STREAMING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

CARBON CREDIT STREAMING AND ROYALTY AGREEMENTS

A summary of the key terms of the Company's streams and royalties as at March 31, 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 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 (amount paid) (%)	Expected Initial Crediting Period of Stream or Royalty ⁽⁴⁾	Stream Status ⁽⁵⁾
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 ⁽⁶⁾⁽⁷⁾	100%	50 years ⁽⁸⁾	Pre-Delivery
Community Carbon (7 Projects) Community Carbon and UpEnergy Group	Uganda Mozambique Tanzania Zambia Malawi	Avoidance / Reduction Cookstove / Water purification ⁽⁹⁾	Gold Standard (VER) / Verra (VCU) ⁽¹⁰⁾	50 million	2020	\$20 million	35.5%	15 years	Delivering
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⁾	Pre-Delivery
Magdalena Bay Blue Carbon Fundación MarVivo Mexico, MarVivo Corporation	Magdalena Bay, Baja California Sur, México	To be developed be developed as a REDD+ (AFOLU / Blue Carbon)	Verra (VCU) (Planned)	25 million	2020	\$4.8 million	50%	30 years	Development
Nalgonda Rice Farming Core CarbonX Solutions Pvt. Ltd. and Core CarbonX Solutions Private Limited	Telangana State, India	Avoidance / Reduction Agriculture Land Management (AFOLU)	Verra (VCU)	2.5 million	2022	\$3.33 million	46.5%	7 years	Development
Waverly Biochar Waverly RB SPE LLC	Virginia, United States	Removal / Sequestration Biochar	Puro.earth (CORC)	0.161 million	2023 ⁽¹²⁾	\$1.35 million	44.4%	25 years	Development
Enfield Biochar Standard Biocarbon ⁽¹³⁾	Maine, United States	Removal / Sequestration Biochar	Puro.earth (CORC)	0.9 million	2023 ⁽¹²⁾	\$1.3 million	76.9%	30 years	Development
Cerrado Biome ERA Cerrado Assessoria e Projectos Ambientais Ltd.	Cerrado, Brazil	Avoidance / Reduction REDD+ (AFOLU / ACoGS)	Verra (VCU)	13 million	2017	\$0.5 million	74.4%	30 years	Delivering
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	Development
FCG 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	Pre-Delivery

- (1) The share of carbon credits from each project issued to the Company under each stream / royalty agreement varies based on the specific contractual terms. See the "Overview of Carbon Credit Streaming and Royalty Agreements" section of this MD&A.
- (2) Project Start Year refers to the year in which project activities that generate emission reductions or removals begin. In most cases, the Project Start Year occurs before the year in which credits are first delivered to the Company. For details regarding the Company's current expectations on timing of receipt of carbon credits see the "Overview of Carbon Credit Streaming and Royalty Agreements" and "Portfolio Highlights" section of this MD&A.
- (3) Total upfront deposit amounts assume all milestones will be realized and all installments paid in full.
- (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 STREAMING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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

carbon credits beyond the current or expected crediting period of the project. See the "Overview of Carbon Credit Streaming and Royalty Agreements" section of this MD&A.

- (5) *The Company classifies its streams and royalties in five categories with reference to the stage of each project ranging from developing to delivery of carbon credits to the Company. See the "Project Streaming Agreement Classification Criteria" section of this MD&A.*
- (6) *Only includes cash amounts paid under the Rimba Raya Stream. Excludes the dollar value of share consideration granted under the SAA.*
- (7) *Subject to the formal exercise by Osisko Gold Royalties Ltd ("**Osisko**") of its Stream Participation Rights. See Note 13 and Note 15 of the Interim Financial Statements.*
- (8) *Under the SRN registry, Rimba Raya is expected to have a project lifetime until 2073.*
- (9) *Three of the underlying projects are cookstove projects and four of the underlying projects are water purification projects.*
- (10) *One of the cookstove projects is registered under Verra. The remaining six projects are registered under Gold Standard.*
- (11) *Under the Sustainable Community Stream, 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) *Project Start Year reflects the calendar year the project is currently expected to start project activities.*
- (13) *The Company will also receive a revenue royalty on value of biochar sold by Standard Biocarbon. See the "Overview of Carbon Credit Streaming and Royalty Agreements" section of this MD&A.*

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), 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 regulatory or 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 and completion of the initial third-party audit in accordance with the standard body, resulting in a higher risk asset.

Suspended

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

Expired

This category is intended for streams / royalties that were previously in the "Delivering" category, but the term of the stream or royalty has expired, the agreement has been terminated or the Company believes that no further credits will be delivered under the stream or payments made under the royalty. The fair value of streams / royalties in this category is \$nil.

As at March 31, 2023, the Company's portfolio contained carbon credit streaming and royalty arrangements in the Delivering, Pre-Delivery and Development phase.

OVERVIEW OF CARBON CREDIT STREAMING AND ROYALTY AGREEMENTS

The following is a summary of the Company's carbon credit streaming and royalty agreements. For a full summary of the various projects associated with the Company and its carbon credit sales, investors are urged to review the section of the Company's most recently filed Annual Information Form ("AIF") entitled "Overview of the Company's Carbon Credit Projects" a copy of which is available on SEDAR at www.sedar.com.

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**").

CARBON STREAMING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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

Under the terms of the Rimba Raya Stream, InfiniteEARTH Limited and its wholly-owned Indonesian subsidiary PT InfiniteEARTH Nusantara, the project operators of the Rimba Raya project (collectively "**InfiniteEARTH**") will deliver 100% of the carbon credits generated by Rimba Raya 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.

Osisko, which has certain Stream Participation Rights (as defined herein) in respect of the Company's streaming agreements, has provided notice to the Company that it has elected in principle to exercise its Stream Participation Rights in respect of the Rimba Raya Stream and the SAA, which, if executed, will result in Osisko participating in or acquiring 20% of the Rimba Raya Stream and the SAA, in exchange for a fixed cash payment. The parties have not yet entered into definitive documents and therefore, the timing for closing and payment by Osisko to the Company is unknown at this time. See "Commitments" section of this MD&A and Notes 13 and 15 of the Interim Financial Statements.

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 safe water solutions 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.

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 based on the net revenue received from the sale of each carbon credit.

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 "**Magdalena Bay Blue Carbon Stream**"). Under the terms of the Magdalena Bay Blue Carbon Stream, MarVivo will 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 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 based on the net revenue received from the sale of each carbon credit.

On December 7, 2022, Osisko acquired 20% of the Magdalena Bay Blue Carbon Stream. Pursuant to the exercise of Osisko's Stream Participation Rights (as defined herein), Osisko entered into a royalty agreement with the Company (the "**Magdalena Bay Blue Carbon Stream Participation Royalty**"), and is obligated to fund 20% of the remaining upfront deposit as such amounts are due. As at December 31, 2022, the Magdalena Bay Blue Carbon Stream Participation Royalty has been accounted for as a derivative liability at fair value through profit and loss.

Nalgonda Rice Farming Stream

On September 28, 2022, the Company entered into a carbon credit streaming agreement with Core CarbonX Solutions Pvt 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 based on the net revenue received from the sale of each carbon credit.

Waverly Biochar Stream

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 carbon credits generated by the project to the Company, for a term of 25 years starting on the date of the first delivery of the carbon credits. The Company is responsible for marketing and selling the carbon credits generated under the

stream and will make ongoing delivery payments to Waverly RB based on the net revenue received from the sale of each carbon credit.

Enfield Biochar Stream and Enfield Biochar Production 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 CO₂ Removal Certificates ("**CORCs**") 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 based on the net revenue received from the sale of each carbon credit. Concurrent with entering into the Enfield Biochar Stream, the Company also entered into a royalty agreement with Standard Biocarbon (the "**Enfield Biochar Production Royalty**"). Under the Enfield Biochar Production Royalty, Carbon Streaming will receive a revenue royalty on volume of biochar marketed and sold by Standard Biocarbon. The Enfield Biochar Production Royalty will be settled in cash.

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 based on the net revenue received from the sale of each carbon credit.

Bonobo Peace Forest Royalty and Term Sheet

On May 25, 2021, the Company entered into an exclusive term sheet with the Bonobo Conservation Initiative ("**BCI**") to develop two carbon credit projects within the Bonobo Peace Forest ("**Bonobo Peace Forest Projects**") located in the Democratic Republic of the Congo. On September 8, 2022, BCI and the Company entered into a royalty agreement (the "**Bonobo Peace Forest Royalty**"), covering carbon credit revenues generated from the Bonobo Peace Forest Projects. The Bonobo Peace Forest Royalty will be settled in cash.

Future Carbon Group Amazon Portfolio Royalty

On September 8, 2022, the Company entered into a 5% royalty agreement (the "**FCG 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 "**FCG Amazon Portfolio**"). The FCG 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**") which was acquired at a cost of \$1.8 million. Carbon Fund Advisors is the fund sponsor of the Carbon Strategy ETF (NYSE: KARB) and the investment supports Carbon Fund Advisors' launch of the Carbon Strategy ETF, an actively managed thematic exchange traded fund that aims to provide investors exposure to the growing compliance carbon markets.

On July 12, 2022, Carbon Streaming 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 Carbon Streaming enabled Citadelle to achieve initial planting in the Fall 2022 and will support the upcoming Spring 2023 planting window. This positions the Company to participate in the project alongside a number of Canadian partners, with an initial pilot project planned for 2023.

CARBON MARKETS AND PRICING

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). CBL Global Emissions Offset ("**GEO**") benchmark pricing began appreciating significantly in the September 2021 quarter and remained strong until the Russian invasion of the Ukraine in early 2022. Subsequently, the GEO price has traded down sharply and remains under pressure. In the quarter ended March 2023, the GEO price averaged \$2.61 per tonne, trading in a range of \$2.13 to \$4.04 per tonne. Average quarterly GEO pricing was 62% lower than in the comparative period and 19% lower quarter-over quarter.

Trending similarly to the GEO price, the average CBL Nature-Based Global Emissions Offset ("**N-GEO**") benchmark price rose dramatically in the second half of 2021, particularly in the December quarter, and fell in the March quarter of 2022 before rebounding somewhat. In the quarter ended March 2023, the N-GEO price remained under pressure, with the price peaking at \$5.75 per tonne at the beginning of the period and reaching a low of US\$1.95 in February before rebounding somewhat. The average N-GEO price was down 79% when compared to the comparative period, and down 12% compared to the previous quarter. Perceived higher quality and nature-based carbon credits, such as REDD+ carbon credits, continued to transact at a significant premium relative N-GEO pricing. While the GEO and N-GEO exchange-traded benchmarks can provide some indication of the macro pricing environment for voluntary carbon credits, the majority of volumes transacted in the voluntary carbon market are conducted through over-the-counter channels on a bilateral basis and as such GEO and N-GEO pricing may not be representative of realized prices across the voluntary carbon markets.

CARBON STREAMING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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

<i>(US\$ per tonne)</i>	Three Months Ended	
	Mar 31, 2023	Mar 31, 2022
GEO Average Price	\$ 2.61	\$ 6.88
GEO Low Price	\$ 2.13	\$ 4.88
GEO High Price	\$ 4.04	\$ 8.18
N-GEO Average Price	\$ 2.79	\$ 13.13
N-GEO Low Price	\$ 1.95	\$ 7.50
N-GEO High Price	\$ 5.75	\$ 16.19

STRATEGY AND OUTLOOK

Carbon Streaming's strategy continues to be focused on acquiring additional streams and royalties to diversify and grow its portfolio of projects and supporting existing streams and royalties through project development and the marketing and selling of carbon credits. The Company is also increasingly focused on executing its sales strategy.

Over the long term and on a company-wide basis, the Company continues to expect to retain on average 15% to 25% of cash flows (with stream-specific retention ranging between 5% and 50% of net cash flow) generated from the sale of the carbon credits, subject to fluctuation based on the realized price from carbon credit sales and the specific terms of the stream agreements. Through an ongoing delivery payment under the terms of a stream agreement, a project partner is typically entitled to receive the balance of the net revenue from the sale of carbon credits (i.e. on average 75% to 85%).

Indonesia Update

As previously disclosed in April 2022, the Indonesian government announced a temporary pause in the validation of carbon credits from projects on the Verra Registry (and other international registries) as it sought to finalize its national carbon emission regulations. In October 2022, the Indonesian Ministry of Environment & Forestry ("**MOEF**") issued Reg 21 regarding Implementation Procedures of Carbon Economic Value, which sets out a framework for domestic and international carbon trading in Indonesia. Under Reg 21, all carbon projects in Indonesia must be registered, validated and verified on the SRN. In addition, between 10% and 20% of any carbon credit issuance for foreign GHG emission offsets may be withheld in Indonesia to meet Indonesia's nationally determined contributions ("**NDCs**") as part of the country's Paris Agreement commitment, where such withheld carbon credits may be released upon the applicable sub-sector's NDC targets being met in two consecutive years. The buffers amount will be determined by MOEF and may 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.

In December 2022, the Rimba Raya project was the first REDD+ project to receive validation under Reg 21 and with the SRN. The verification process commenced in the first quarter of 2023 and is expected to cover a period from July 1, 2019 to December 31, 2022 for an expected total of approximately 9.8 million

carbon credits before any buffer deductions, including requirements for the NDC buffers and domestic market use pursuant to Reg 21. Once the project is verified, Rimba Raya carbon credits are expected to be issued and tracked by the SRN. 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.

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. Reg 21 represents progress in setting out the framework for domestic and international carbon trading in Indonesia and the Company awaits the release of further NDC regulations and implementation regulations to fully understand their impact on the Rimba Raya Stream, including timing of international sales of carbon credits.

Outlook

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

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

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.sedar.com.

SUMMARY OF FINANCIAL RESULTS

	Three months ended March 31, 2023	Three months ended March 31, 2022
Revenue from sale of purchased carbon credits	21	-
Cost of purchased carbon credits sold	12	-
Gross profit	9	-
Other operating expenses	3,526	4,429
Operating loss	(3,517)	(4,429)
Finance income	653	-
Revaluation of warrant liabilities	1,181	53,499
Revaluation of derivative liabilities	-	-
Revaluation of carbon credit streaming and royalty agreements	711	-
Net (loss) income	(972)	49,070
Adjusted net loss ¹	(2,864)	(4,429)

1. "Adjusted net income (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 and Performance Measures" section of this MD&A.

Revenue from sale of carbon credits

Revenue from sale of purchased carbon credits was \$21.2 thousand for the three months ended March 31, 2023, when compared to \$nil for the three months ended March 31, 2022. Revenue from sale of purchased carbon credits relate to sales of the Company's purchased Rimba Raya Biodiversity Reserve project verified carbon units, which are separate and distinct from carbon credits sold that were delivered as part of the Company's carbon credit streaming agreements. The average realized price per carbon credit sold was \$8.46 for the three months ended March 31, 2023.

Gross profit

Gross profit was \$9.0 thousand for the three months ended March 31, 2023, when compared to \$nil for the three months ended March 31, 2022.

Other operating expenses

Other operating expenses were \$3.5 million for the three months ended March 31, 2023, when compared to \$4.4 million for the three months ended March 31, 2022. The decrease in other operating expenses

CARBON STREAMING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

was primarily driven by lower share-based compensation expenses, lower marketing expenses and lower consulting expenses, partially offset by higher salaries and benefits expenses and a lower foreign exchange gain when compared to the prior-year period.

Operating loss

Operating loss was \$3.5 million for the three months ended March 31, 2023, when compared to \$4.4 million for the three months ended March 31, 2022. The decrease in operating loss was primarily driven by lower other operating expenses as described above.

Finance income

Finance income was \$0.6 million for the three months ended March 31, 2023, when compared to \$nil for the three months ended March 31, 2022. Finance income primarily relates to interest earned on the Company's cash.

Revaluation of warrant liabilities

Revaluation of warrant liabilities was a gain of \$1.2 million for the three months ended March 31, 2023, when compared to a gain of \$53.5 million for the three months ended March 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. In the prior-year period, the Company experienced a significant gain on the revaluation of the warrant liabilities relating to a significant decrease in the share price assumption applied to the Black-Scholes pricing model and a lower spot share price on the Company's publicly-traded warrants.

Revaluation of carbon credit streaming and royalty agreements

Revaluation of carbon credit streaming and royalty agreements was a net gain of \$0.7 million for the three months ended March 31, 2023, when compared to a gain of \$nil for the three months ended March 31, 2022. The net gain on the revaluation of carbon credit streaming and royalty agreements in the current period was primarily driven by accretion due to the passage of time.

Net (loss) income

Net loss was \$1.0 million for the three months ended March 31, 2023, when compared to net income of \$49.1 million for the three months ended March 31, 2022. The decrease in net income was primarily driven by a lower gain on revaluation of warrant liabilities, partially offset by a higher gain on revaluation of carbon credit streaming and royalty agreements, higher finance income and a lower operating loss, as described above.

Adjusted net loss

Adjusted net loss was \$2.9 million for the three months ended March 31, 2023, when compared to adjusted net loss of \$4.4 million for the three months ended March 31, 2022. The decrease in adjusted

CARBON STREAMING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

net loss was primarily driven by higher finance income and a lower operating loss as described above. See the "Non-IFRS Measures and Performance Measures" section of this MD&A for further information on adjusted net loss.

Summary of Quarterly Results:

The following is a summary of certain financial information for each of the eight most recently completed quarters:

	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Revenue from sale of carbon credits	\$ 21	\$ 1,059	\$ 27	\$ 2
Net (loss) income	(972)	4,765	(2,410)	29,201
Basic (loss) earnings per share (\$/share)	(0.02)	0.10	(0.05)	0.77
Diluted (loss) earnings per share (\$/share)	(0.02)	0.10	(0.05)	0.77
Total Assets	155,216	158,489	156,939	163,467

	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
Revenue from sale of carbon credits	\$ -	\$ 145	\$ -	\$ -
Net (loss) income	49,070	(46,665)	(44,401)	(2,277)
Basic (loss) earnings per share (\$/share)	1.05	(1.36)	(1.89)	(0.06)
Diluted (loss) earnings per share (\$/share)	0.87	(1.36)	(1.89)	(0.06)
Total Assets	166,245	167,540	170,163	109,080

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. 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.

LIQUIDITY AND CASH FLOW

Liquidity

As at, March 31, 2023, the Company had working capital of \$59.9 million, which includes cash of \$65.8 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 9 of the Interim Financial Statements) which is not a cash amount owing. The warrant liabilities represent an estimate of the fair value of issued share purchase warrants, previously issued and exercisable in C\$. Given the impact of the warrant liabilities (a non-cash item) on working capital, the Company also uses an adjusted working capital measure. The Company's adjusted working capital as at March 31, 2023, was \$66.1 million (as at December 31, 2022 - \$69.8 million). Please see "Non-IFRS Measures and Performance Measures" section of this MD&A for more information.

CARBON STREAMING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

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 \$146.0 million as at March 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 ended March 31, 2023, cash decreased by \$4.6 million. The decrease in cash was primarily due to cash used in investing activities of \$1.6 million and cash used in operating activities of \$3.0 million.

Cash Flows

Operating Activities

Cash used in operating activities was \$3.0 million for the three months ended March 31, 2023 (three months ended March 31, 2022 – \$2.4 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. Cash used in operating activities was also negatively impacted by movements in working capital.

Investing Activities

Cash used in investing activities was \$1.6 million for the three months ended March 31, 2023 (three months ended March 31, 2022 – \$0.4 million), related primarily to payments made under streaming and royalty agreements. See the "Carbon Credit Streaming and Royalty Agreement" section of this MD&A for further information.

Financing Activities

Cash provided by financing activities was \$nil for the three months ended March 31, 2023 (three months ended March 31, 2022 – \$0.8 million). Cash provided by financing activities in the prior period related to the exercise of warrants.

SHARE CAPITAL

As at May 12, 2023, the Company has the following items of share capital outstanding:

	Share Capital
Common Shares issued and outstanding	47,083,951
Warrants	33,230,789
Stock options ¹	1,506,000
RSUs and PSUs ²	2,258,341

(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 is determined at the sole discretion of the Board, and can be settled in Common Shares, cash or a combination thereof.

COMMITMENTS

In connection with the acquisition of carbon credit streaming agreements, the Company pays an upfront deposit to the project partner for the stream or investment. In certain instances, the payment of the upfront deposit is paid in installments, subject to certain milestones and conditions being met. While the timing of such payments is event driven, the Company has made assumptions on the timing of such payments, based on the information currently available. As at March 31, 2023 such conditions had not been met.

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

Less than 1 year	\$ 16,013
1 to 3 years	17,950
Over 3 years	900
Total	\$ 34,863

Under its carbon credit streaming agreements, the Company is typically required to pay an ongoing delivery payment to the project partner for each credit that is delivered to Carbon Streaming and sold under the carbon 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. Under this agreement, Osisko has the exclusive right to participate in, and acquire up to 20% of, any stream, forward

sale, prepay, royalty, off-take or similar transaction between the Company, as purchaser and/or creditor, and one or more third party counterparties (the "**Stream Participation Right**"). As at March 31, 2023, Osisko has exercised its right to participate and acquired 20% of the Magdalena Bay Blue Carbon Stream (see Note 13 of the Interim Financial Statements) and Osisko has provided notice to the Company that it has elected in principle to participate in the Rimba Raya Stream and the SAA (see Note 5 and Note 13 of the Interim Financial Statements).

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, carbon credit streaming and royalty agreements, accounts payable and accrued liabilities, warrant liabilities and derivative liabilities. The carrying value of cash 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, volatility of the expected market price of the Company's Common Shares and the expected life of the warrants. Carbon credit streaming and royalty agreements and the derivative liabilities are (Level 3) are valued by taking into consideration various observable and unobservable inputs, including the expected volumes and timing of the delivery and sale of verified carbon credits, assumptions around carbon credit pricing, an applicable risk-adjusted discount rate and other contractual terms of the agreement (See Notes 5 and 13 of the Interim Financial Statements for additional information).

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 STREAMING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

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 (Refer to Note 6 of the Interim Financial Statements for additional information).

Credit Risk

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

Currency Risk

Foreign currency risk is the risk that the fair value of financial instruments will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs certain expenditures that are denominated in Canadian dollars while its functional and presentation currency is the United States dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. As at March 31, 2023, the Company held cash of C\$16.5 million in Canadian dollars and had accounts payable of C\$0.6 million in Canadian dollars. As the Company has a number of transactions in foreign currencies, currency risk has been assessed as moderate.

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 \$0.6 million 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 its bank accounts. The income earned on the bank account was subject to the movements in interest rates. The Company has no interest-bearing debt. Therefore, interest rate risk has been assessed as nominal.

Liquidity Risk

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

KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of the Company's Interim Financial Statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about the future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values are described in Note 4 of the Annual Financial Statements.

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

NON-IFRS MEASURES AND PERFORMANCE MEASURES

The terms "adjusted working capital" and "adjusted net income (loss)" in this MD&A are not standardized financial measures 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 or cash flows 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.

Average realized price per carbon credit sold

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
Revenue from sale of purchased carbon credits	\$ 21	\$ -
Number of purchased carbon credits sold (carbon credits)	2,496	-
Average realized price per carbon credit sold (\$/carbon credit)	\$ 8.46	\$ -

CARBON STREAMING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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

Cash cost per carbon credit sold

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

	Three months ended	Three months ended
	March 31, 2023	March 31, 2022
Cost of purchased carbon credits sold	\$ 12	\$ -
Number of purchased carbon credits sold (carbon credits)	2,496	-
Cash cost per carbon credit sold (\$/carbon credit)	\$ 5.00	\$ -

Adjusted Working Capital

Given the impact of warrant liabilities (a non-cash item) on working capital, the Company uses an ‘adjusted working capital’ measure. Adjusted working capital is calculated as current assets, less current liabilities, and adjusted for warrant liabilities which the Company views as having a significant non-cash impact on the Company’s working capital calculation. The warrant liabilities represent non-cash settled liabilities and are an estimate of fair value of warrants previously issued by the Company exercisable in C\$. Adjusted working capital is used by the Company to monitor its capital structure, liquidity, and its ability to fund current operations. Adjusted working capital is not a standardized financial measure under IFRS and therefore may not be comparable to similar financial measures presented by other companies.

CARBON STREAMING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

The following table reconciles current assets and liabilities to adjusted working capital:

	As at March 31, 2023	As at December 31, 2022
Current assets	\$ 67,591	\$ 72,254
Current liabilities	7,547	9,781
Working capital	60,044	62,473
Adjustment for non-cash settled items:		
Warrant liabilities	6,177	7,359
Adjusted working capital	\$ 66,221	\$ 69,832

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

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

CARBON STREAMING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Tabular amounts expressed in thousands of United States dollars, unless otherwise indicated)

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

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

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, general business risk and COVID related risks. 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 Annual Financial Statements, copies of which are available on SEDAR at www.sedar.com.

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 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 Annual Financial Statements which are available on SEDAR at www.sedar.com.

DISCLOSURE OF INTERNAL CONTROLS

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

The Company's ICFR are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's ICFR may not prevent or detect all misstatements because of inherent limitations.

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

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 Annual Financial Statements and Company's AIF, have been filed with Canadian securities regulatory authorities and is available on SEDAR at www.sedar.com 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.