



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

## NEWS RELEASE

# CARBON STREAMING ANNOUNCES FINANCIAL RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

*Strong Cash Position, Diversified Investment Portfolio, Robust Sales Pipeline, and Cost-Cutting Measures Position the Company for Success*

TORONTO, ON, August 14, 2023, Carbon Streaming Corporation (NEO: **NETZ**) (OTCQB: **OFSTF**) (FSE: **M2Q**) (“**Carbon Streaming**” or the “**Company**”) today reported its financial results for the three and six months ended June 30, 2023. All figures are expressed in United States dollars, unless otherwise indicated. The Company will host a live audio call at 11:00 a.m. ET on Tuesday, August 15, 2023.

Carbon Streaming Founder and CEO Justin Cochrane stated: “In Q2, Carbon Streaming continued to build out our sales and marketing channels, added an exciting new reforestation project into our portfolio, implemented cost cutting measures and significantly improved our operating cash flow and adjusted net loss when compared to the same quarter last year.”

Mr. Cochrane added: “as we pass the first-half mark of 2023, and look ahead to the remaining year, the Company is committed to protecting our robust, debt-free balance sheet, while focusing on sales and supporting our existing carbon streaming and royalty partners.”

### Second Quarter Highlights

- Ended the quarter with \$59.4 million in cash and no corporate debt.
- Recognized net loss of \$9.2 million (net income of \$29.1 million in Q2 2022).
- Adjusted net loss of \$0.8 million (adjusted net loss of \$3.6 million in Q2 2022) (*see the “Non-IFRS Measures and Performance Measures” section of this news release*).
- Announced a pipeline streaming agreement with Mast Reforestation SPV I, LLC (“**Mast**”) to develop post-wildfire reforestation carbon removal projects in the United States, which are expected to generate approximately one million carbon removal credits.
- In order to reduce ongoing G&A expenses, the Company undertook a corporate restructuring plan which resulted in personnel reductions and is anticipated to result in a reduction in operating costs in future periods. As a result, the Company incurred a non-recurring corporate restructuring charge of \$1.6 million (\$nil in Q2 2022).

- Transferred or retired 97,184 carbon credits acquired under the Company’s carbon credit streaming agreements.
- Paid \$3.4 million in upfront deposits and milestone payments for carbon credit streaming and royalty agreements.

### Subsequent to June 30, 2023

- Carbon Streaming increased its upfront investment in the Waverly Biochar Stream to \$2.95 million. The Company now expects the project to remove over 262,000 tonnes of carbon dioxide equivalent emissions (“tCO<sub>2</sub>e”) over the 25-year project life and generate an equivalent number of carbon removal credits. As part of this increased upfront investment, the Company will also receive a revenue royalty on biochar sold, which is expected to be approximately 140,000 bone dry US tons of biochar over the project life.

### Financial Highlights Summary

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
<i>(Dollar figures expressed in thousands of US Dollars)</i>				
<b>Purchased carbon credits</b>				
Revenue from sale of purchased carbon credits	\$44	\$2	\$65	\$2
Gross profit	\$10	\$1	\$19	\$1
Number of purchased carbon credits sold (carbon credits) <sup>1</sup>	6,646	162	9,142	162
Average realized price per purchased carbon credit sold (\$/carbon credit)	\$6.62	\$12.35	\$7.12	\$12.35
Cash cost per purchased carbon credit sold (\$/carbon credit)	\$5.00	\$5.00	\$5.00	\$5.00
<b>Carbon credit streaming agreements</b>				
Settlements from carbon credit streaming and royalty agreements <sup>2</sup>	\$38	-	\$42	-
Number of carbon credits settled under carbon credit streaming agreements (carbon credits) <sup>3</sup>	97,184	-	103,384	-
<b>Other financial highlights</b>				
Revaluation of carbon credit streaming and royalty agreements	\$(11,448)	\$ -	\$(10,737)	\$ -
Other operating expenses	\$3,414	\$3,566	\$6,940	\$7,994
Net (loss) income	\$(9,155)	\$29,096	\$(10,127)	\$78,167
(Loss) earnings per share (Basic) (\$/share)	\$(0.19)	\$0.62	\$(0.22)	\$1.67
(Loss) earnings per share (Diluted) (\$/share)	\$(0.19)	\$0.60	\$(0.22)	\$1.56
Adjusted net loss <sup>4</sup>	\$(798)	\$(3,565)	\$(3,662)	\$(7,993)
Adjusted net loss per share (Basic and Diluted) (\$/share) <sup>4</sup>	\$(0.02)	\$(0.08)	\$(0.08)	\$(0.17)

<b>Statement of financial position</b>				
Cash <sup>5</sup>	<b>\$59,399</b>	\$93,238	<b>\$59,399</b>	\$93,238
Carbon credit streaming and royalty agreements <sup>5</sup>	<b>\$78,165</b>	\$65,681	<b>\$78,165</b>	\$65,681
Total assets <sup>5</sup>	<b>\$143,516</b>	\$163,467	<b>\$143,516</b>	\$163,467
Non-current liabilities <sup>5</sup>	<b>\$1,491</b>	-	<b>\$1,491</b>	-

1. *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.*
2. *Relates to the net cash proceeds generated from the Company's carbon credit streaming and royalty agreements.*
3. *Reflects the number of carbon credits acquired under the Company's carbon credit streaming agreements that were retired on behalf of or transferred to third party buyers in exchange for settlements (See footnote (2)).*
4. *"Adjusted net loss", including per share amounts, is a non-IFRS financial performance measure that is used in this news release. This measure does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. For more information about this measure, why it is used by the Company, and a reconciliation to the most directly comparable measure under IFRS, see the "Non-IFRS Measures and Performance Measures" section of this news release.*
5. *Cash, carbon credit streaming and royalty agreements, total assets and non-current liabilities are presented as at the relevant tabular reporting date.*

## **Portfolio Updates: Three months ended June 30, 2023**

**Community Carbon Stream:** Distribution of cookstoves or water purification devices is now ongoing at six of the seven projects within the stream, in line with expectations. During the quarter, the Company received first carbon credits from two projects under the stream, the Ugandan cookstoves and water purification projects, resulting in additional milestone payments of \$2.0 million.

**Sheep Creek Reforestation Stream:** In May 2023, the Company and Mast signed a US\$15.0 million pipeline agreement and a US\$3.7 million 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 tCO<sub>2</sub>e 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 2025 and 2026. The Company made an initial upfront deposit of US\$0.5 million and will make additional milestone payments of up to US\$3.2 million as the Sheep Creek Reforestation Project achieves site preparation, planting, and issuance milestones.

## **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 complement 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%).

## 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 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.

## Second Quarter 2023 Results Conference Call Details

The Company's management team will host an interactive audio call on Tuesday, August 15, 2023, at 11:00 a.m. ET to provide a brief company update. Participants may join by dialing +1 416-764-8658 or toll free from North America at +1 888-886-7786. An audio replay of the conference call will be available on the [Company website](#) until 11:59 p.m. ET on September 15, 2023.

## About Carbon Streaming

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

The Company's focus is on projects that have a positive impact on the environment, local communities, and biodiversity, in addition to their carbon reduction or removal potential. The Company has carbon credit streams and royalties related to over 20 projects around the world, including high-integrity removal, reduction and avoidance projects from nature-based, agricultural, engineered and community-based methodologies.

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

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## Advisories

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

## Non-IFRS Measures and Performance Measures

The terms “adjusted net income (loss)” and “adjusted net income (loss) per share” in this news release and associated 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, 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.

### 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 the sale of purchased carbon credits.

	<b>Three months ended June 30, 2023</b>	<b>Three months ended June 30, 2022</b>	<b>Six months ended June 30, 2023</b>	<b>Six months ended June 30, 2022</b>
<i>(Dollar figures expressed in thousands of US Dollars)</i>				
Revenue from sale of purchased carbon credits	<b>\$44</b>	\$2	<b>\$65</b>	\$2
Number of purchased carbon credits sold (carbon credits)	<b>6,646</b>	162	<b>9,142</b>	162
Average realized price per purchased carbon credit sold (\$/carbon credit)	<b>\$6.62</b>	\$12.35	<b>\$7.12</b>	\$12.35

### Cash cost per purchased carbon credit sold

Management uses the “cash 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. Cash cost per purchased 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 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.

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
<i>(Dollar figures expressed in thousands of US Dollars)</i>				
Cost of purchased carbon credits sold	\$34	\$1	\$46	\$1
Number of purchased carbon credits sold (carbon credits)	6,646	162	9,142	162
Cash cost per purchased carbon credit sold (\$/carbon credit)	\$5.00	\$5.00	\$5.00	\$5.00

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

Given the impact of the revaluation of warrant liabilities 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 loss is calculated as net and comprehensive income (loss) and adjusted for the revaluation of carbon credit streaming and royalty agreements, the revaluation of warrant liabilities, the revaluation of derivative liabilities 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 income (loss) calculation and per share amounts. Adjusted net income (loss) is used by the Company to monitor its results from operations for the period. Adjusted net income (loss) is not a standardized financial measure under IFRS and therefore may not be comparable to similar financial measures presented by other companies.

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

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
<i>(Dollar figures expressed in thousands of US Dollars)</i>				
Net (loss) income	\$(9,155)	\$29,096	\$(10,127)	\$78,167
Adjustment for non-continuing or non-cash settled items:				
Revaluation of carbon credit streaming and royalty agreements	11,448	-	10,737	-
Revaluation of warrant liabilities	(4,040)	(32,661)	(5,221)	86,160
Revaluation of derivative liabilities	686	-	686	-
Corporate restructuring	1,635	-	1,635	-
<b>Adjusted net loss</b>	<b>\$(798)</b>	<b>\$(3,565)</b>	<b>\$(3,662)</b>	<b>\$(7,993)</b>
Earnings (loss) per share (Basic) (\$/share)	\$(0.19)	\$0.62	\$(0.22)	\$1.67
Earnings (loss) per share (Diluted) (\$/share)	\$(0.19)	\$0.60	\$(0.22)	\$1.56

<b>Adjusted net loss per share (Basic) (\$/share)</b>	<b>\$(0.02)</b>	\$(0.08)	<b>\$(0.08)</b>	\$(0.17)
<b>Adjusted net loss per share (Diluted) (\$/share)</b>	<b>\$(0.02)</b>	\$(0.08)	<b>\$(0.08)</b>	\$(0.17)

### Cautionary Statement Regarding Forward-Looking Information

This news release contains certain forward-looking statements and forward-looking information (collectively, “forward-looking information”) within the meaning of applicable securities laws. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future, are forward-looking information, including, without limitation, statements regarding the Company’s balance sheet and its sales strategy; supporting the Company’s carbon streaming and royalty partners; timing and the amount of future carbon credit generation and emission reductions and removals from the Company’s existing streaming and royalty agreements; anticipated results from the Company’s corporate restructuring; statements with respect to the projects in which the Company has streaming and royalty agreements in place; statements with respect to the timing of carbon credit sales and cash flows; timing of milestone payments; statements with respect to the Company’s growth objectives; and statements with respect to execution of the Company’s portfolio and partnership strategy.

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

arrangements between the Company and such counterparties; failure of projects to generate carbon credits, or natural disasters such as flood or fire which could have a material adverse effect on the ability of any project to generate carbon credits; volatility in the market price of the Company's common shares or warrants; the effect that the issuance of additional securities by the Company could have on the market price of the Company's common shares or warrants; global health crises, such as pandemics and epidemics, including the COVID-19 pandemic; and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's Annual Information Form dated as of March 28, 2023 filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Any forward-looking information speaks only as of the date of this news release. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein. Except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise.