



Cboe CA: **NETZ**  
OTCQB: **OFSTF** | FSE: **M2Q**

## NEWS RELEASE

# CARBON STREAMING ANNOUNCES FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

*Continuing to position the Company for success with a Strong Cash Balance, Reduced Operating Costs and Actively Managed and Diversified Stream Portfolio*

TORONTO, ON, March 28, 2024, Carbon Streaming Corporation (Cboe CA: **NETZ**) (OTCQB: **OFSTF**) (FSE: **M2Q**) (“**Carbon Streaming**” or the “**Company**”) today reported its financial results for the fiscal year ended December 31, 2023. All figures are expressed in United States dollars, unless otherwise indicated. The Company will host a live audio call at 11:00 a.m. ET on Thursday, March 28, 2024.

Carbon Streaming Founder and CEO Justin Cochrane stated: “In 2023, Carbon Streaming was able to improve its operating cash flow through the successful implementation of ongoing reductions in operating costs. As of December 2023, we have achieved savings of over \$7.5 million for the fiscal year when compared to the previous 12-month period, and we expect to continue targeting additional cost saving opportunities in the future.” Mr. Cochrane continued: “As we look towards 2024, the Company remains committed to protecting our robust, debt-free balance sheet and exploring strategic opportunities, while executing on sales and supporting our project partners.”

### Annual Highlights

- Ended the year with \$51.4 million in cash and no corporate debt.
- The Company initiated a corporate restructuring plan, which remains ongoing, focused on personnel reductions, optimizing its cash position, and protecting its balance sheet, resulting in a \$7.5 million reduction in operating expenses for the fiscal year compared to the prior twelve month period and a \$1.8 million restructuring charge.
- Recognized net loss of \$35.5 million for the year (compared to net income of \$2.4 million for the six month period ended December 31, 2022).
- Adjusted net loss of \$7.6 million for the year (compared to an adjusted net loss of \$11.1 million for the six month period ended December 31, 2022) (see the “*Non-IFRS Measures*” section of this news release).
- Operating loss of \$45.0 million for the year (compared to an operating loss of \$6.3 million for the six month period ended December 31, 2022).
- Paid \$9.1 million in upfront deposits for carbon credit streaming and royalty agreements.

## Quarterly Highlights

- Recognized net loss of \$26.1 million for the quarter (compared to net income of \$2.4 million in Q4 2022).
- Adjusted net loss of \$2.2 million for the quarter (compared to an adjusted net loss of \$5.7 million in Q4 2022) (see the “Non-IFRS Measures” section of this news release).
- Operating loss of \$26.8 million for the quarter (compared to an operating loss of \$1.0 million in Q4 2022).
- Paid \$2.1 million in upfront deposits for carbon credit streaming and royalty agreements.

## Financial Highlights Summary

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

1. *Relates to the net cash proceeds generated from the Company's carbon credit streaming and royalty agreements.*
2. *The Company holds an inventory of carbon credits, which were acquired separate and apart from carbon credits delivered under the Company's carbon credit streaming agreements.*
3. *"Adjusted net loss", including per share amounts, is a non-IFRS financial performance measure that is used in this 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" section of the Company's Management's Discussion & Analysis ("MD&A").*
4. *Cash, carbon credit streaming and royalty agreements, total assets and non-current liabilities are presented as at the relevant tabular reporting date.*

## **Portfolio Updates: Year ended December 31, 2023**

### ***New investments and portfolio restructuring***

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

**Waverly Biochar Stream and Waverly Biochar Royalty:** In July 2023, the Company amended the terms of the Waverly Biochar Stream, resulting in a \$1.6 million increase in the upfront deposit amount and a lower ongoing delivery payment. Additionally, the Company also entered into the Waverly Biochar Royalty pursuant to which Carbon Streaming will receive a revenue royalty on volume of biochar sold from the project over its 25-year life. Following the amendment, the Company announced an agreement to provide Microsoft with carbon credits from the Waverly Biochar Stream of up to 10,000 carbon credits per year.

**Nalgonda Rice Farming Stream:** In July 2023, the Company amended the terms of the Nalgonda Rice Farming Stream, resulting in a \$0.8 million decrease in the upfront deposit amount and a higher ongoing delivery payment. Additionally, in September 2023, the project completed its submission of the first validation report for the Nalgonda Rice Farming methane avoidance grouped project to Verra.

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

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

## **Key portfolio milestones**

*Cerrado Biome Stream:* The final approval of the project was confirmed in December 2022, and the Company received its first issuance of 316,781 carbon credits in early 2023. With the first issuance, the Company made an upfront deposit payment of \$66.0 thousand to the project partner for reaching this milestone. Sales of carbon credits from the project continue, with the Company generating net cash flows from the stream during the year.

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

## **Strategy**

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**

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

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

## 2023 Results Conference Call Details

The Company's management team will host an interactive audio call on Thursday, March 28, 2024, 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 April 28, 2024.

## 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](#).

## ON BEHALF OF THE COMPANY:

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## Performance Measures

### Average realized price per purchased carbon credit sold

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

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

### Cost per purchased carbon credit sold

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

<i>(Dollar figures expressed in USD thousands)</i>	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Six month period ended December 31, 2022	Year ended June 30, 2022
Cost of purchased carbon credits sold	\$ 982	\$ 614	\$ 1,236	\$ 625	\$ 126
Less: Inventory write-down	(50)	-	(50)	-	-
	932	614	1,186	625	126
Number of purchased carbon credits sold (carbon credits)	205,723	122,995	256,458	125,159	25,162
Cost per purchased carbon credit sold (\$/carbon credit)	\$ 4.53	\$ 5.00	\$ 4.62	\$ 5.00	\$ 5.00

## Non-IFRS Measures

### Adjusted Net Loss and Adjusted Loss Per Share

The term “adjusted net loss” in this news release is not a standardized financial measure under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. These non-IFRS measures should not be considered in isolation or as a substitute for measures of performance, cash flows and financial position as prepared in accordance with IFRS. Management believes that these non-IFRS measures, together with performance measures and measures prepared in accordance with IFRS, provide useful information to investors and shareholders in assessing the Company’s liquidity and overall performance.

Adjusted net loss is calculated as net and comprehensive (loss) income and adjusted for the revaluation of carbon credit streaming and royalty agreements, the revaluation of warrant liabilities, the revaluation of derivative liabilities, the revaluation of the convertible note, impairment loss and the corporate restructuring which the Company views as having a significant non-cash or non-continuing impact on the Company’s net and comprehensive (loss) income calculation and per share amounts. Adjusted net loss is used by the Company to monitor its results from operations for the period.

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

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

### 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 strategic positioning and generation of shareholder value; the Company's expected restructuring strategies and expense reductions and savings from operating cost reduction measures; statements with respect to cash flow optimization; 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; statements with respect to the projects in which the Company has streaming and royalty agreements in place; 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: general economic, market and business conditions and global financial conditions, including fluctuations in interest rates, foreign exchange rates and stock market volatility; volatility in prices of carbon credits and demand for carbon credits; change in social or political views towards climate change, carbon credits and ESG initiatives 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; dependence upon key management; impact of corporate restructurings; reputational risk; 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; uncertainties and ongoing market developments surrounding the validation and verification requirements of the voluntary and/or compliance markets; 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; and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's Annual Information Form dated as of March 27, 2024 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.