



Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**B E T W E E N:**

**CARBON STREAMING CORPORATION**

**Plaintiff**

– and –

**JUSTIN COCHRANE, CONOR KEARNS, ANTHONY MILEWSKI, MICHAEL BECK,  
THE OREGON GROUP LLC, MAURICE SWAN, REGENT ADVISORS LLC, BLACK  
VULCAN RESOURCES LLC, JEANNE USONIS, ANDREW SCOTT TESTER,  
CARBON ADVISORS LLC, ANGSTROM CAPITAL LIMITED**

**Defendants**

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**STATEMENT OF CLAIM**

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**TO THE DEFENDANTS**

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiff's lawyer or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it, with proof of service in this court office, **WITHIN TWENTY DAYS** after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY

LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFF'S CLAIM, and \$10,000 for costs, within the time for serving and filing your statement of defence you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the plaintiff's claim and \$400 for costs and have the costs assessed by the court.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date: April 14, 2025

Issued by .....  
Local registrar

Address of  
court office: 330 University Avenue  
Toronto, ON M5G 1R7

**TO: JUSTIN COCHRANE**  
247 Malvern Road  
Burlington, Ontario  
L7N 1B6  
Canada

**TO: CONOR KEARNS**  
1407 Birch Avenue  
Burlington, Ontario  
L7S 1J2  
Canada

**TO: ANTHONY MILEWSKI**  
1105 Highway 142  
Lyle, Washington  
98635, United States of America

**TO: MICHAEL BECK**  
c/o 1330 Main Street, Unit 4  
Sarasota, Florida,  
34236, United States of America

**TO: THE OREGON GROUP LLC**  
108 West 13<sup>th</sup> St  
Wilmington, New Castle DE  
19801, United States of America

**TO: MAURICE SWAN**  
161 Eaglewood Blvd.  
Mississauga, Ontario  
L5G 1V8  
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**TO: ANDREW SCOTT TESTER**  
3325 NE 23rd Ave  
Portland, OR  
97212, United States of America

**TO: REGENT ADVISORS LLC**  
1330 Main Street, Unit 4  
Sarasota, Florida,  
34236, United States of America

**TO: BLACK VULCAN RESOURCES LLC**  
108 West 13<sup>th</sup> St  
Wilmington, New Castle DE  
19801, United States of America

**TO: JEANNE USONIS**  
c/o 1330 Main Street, Unit 4  
Sarasota, Florida,  
34236, United States of America

**TO: CARBON ADVISORS LLC**  
1330 Main Street, Unit 4  
Sarasota, Florida,  
34236, United States of America

**TO: ANGSTROM CAPITAL LIMITED**  
c/o LOM Nominees Limited  
27 Reid Street  
Hamilton, Bermuda  
HM 11

## CLAIM

1. The Plaintiff, Carbon Streaming Corporation's ("**CSC**"), claim is for:

(a) Against **Justin Cochrane**:

- i. Damages for breach of fiduciary duty in the amount of US \$30,398,398 and the value of 22,695,900 common shares in CSC in an amount to be determined;
- ii. Damages for knowing assistance in breach of fiduciary duty in the amount of US \$30,398,398 and the value of 22,695,900 common shares in CSC in an amount to be determined;
- iii. Damages for wilful misconduct in the amount of US \$30,398,398 and the value of 22,695,900 common shares in CSC in an amount to be determined;
- iv. Damages for fraudulent misrepresentation and/or deceit in the amount of US \$ 4,112,684;
- v. Damages for unjust enrichment;
- vi. An accounting and disgorgement of profits, including all shares of CSC, as applicable.

(b) Against **Conor Kearns**:

- i. Damages for breach of fiduciary duty in the amount of US \$4,112,684;
- ii. Damages for knowing assistance in breach of fiduciary duty in the amount of US \$4,112,684;

- iii. Damages for wilful misconduct in the amount of US \$4,112,684;
- iv. Damages for fraudulent misrepresentation and/or deceit in the amount of US \$4,112,684;
- v. An accounting and disgorgement of profits, including all shares of CSC, as applicable.

(c) Against **Anthony Milewski** and **The Oregon Group LLC**, on a joint and several basis:

- i. Damages for knowing assistance in breach of fiduciary duty in the amount of US \$1,500,000;
- ii. Damages for unjust enrichment in the amount of US \$1,500,000;
- iii. Damages for wilful misconduct in the amount of US \$1,500,000;
- iv. Damages for fraudulent misrepresentation and/or deceit in the amount of US \$1,500,000;
- v. An accounting and disgorgement of all profits, including all shares of CSC, as applicable.

(d) Against **Anthony Milewski** and **Black Vulcan Resources LLC**, on a joint and several basis:

- i. Damages for knowing assistance in breach of fiduciary duty in the amount of US \$1,485,732.94;
- ii. Damages for unjust enrichment in the amount of US \$1,485,732.94;

- iii. Damages for wilful misconduct in the amount of US \$1,485,732.94;
  - iv. Damages for fraudulent misrepresentation and/or deceit in the amount of US \$1,485,732.94;
  - v. An accounting and disgorgement of all profits, including all shares of CSC, as applicable.
- (e) Against **Michael Beck** and **Regent Advisors LLC**, on a joint and several basis:
- i. Damages for knowing assistance in breach of fiduciary duty, in the amount of US \$ 853,864.37;
  - ii. Damages for unjust enrichment in the amount of US \$853,864.37;
  - iii. Damages for fraudulent misrepresentation and/or deceit in the amount of US \$853,864.37;
  - iv. An accounting and disgorgement of all profits, including all shares of CSC, as applicable.
- (f) Against **Michael Beck** and **Angstrom Capital Limited**, on a joint and several basis:
- i. An accounting and disgorgement of all profits, including all shares of CSC, as applicable.
- (g) Against **Michael Beck**, **Anthony Milewski**, and **Carbon Advisors LLC**, on a joint and several basis:

- i. Damages for knowing assistance in breach of fiduciary duty, in the amount of US \$400,000;
- ii. Damages for unjust enrichment in the amount of US \$400,000;
- iii. Damages for wilful misconduct in the amount of US \$400,000;
- iv. Damages for fraudulent misrepresentation and/or deceit in the amount of US \$400,000;
- v. An accounting and disgorgement of all profits, including all shares of CSC, as applicable.

(h) Against **Maurice Swan**:

- i. Damages for breach of fiduciary duty in the amount of US \$4,112,684;
- ii. Damages for knowing assistance in breach of fiduciary duty amounting to wilful misconduct in the amount of US \$4,112,684;
- iii. Damages for wilful misconduct in the amount of US \$4,112,684;
- iv. Damages for fraudulent misrepresentation and/or deceit in the amount of US \$3,385,732.94;
- v. An accounting and disgorgement of profits, including all shares of CSC, as applicable.

(i) Against **Andrew Scott Tester**:

- i. Damages for breach of fiduciary duty in the amount of US \$4,112,684;

- ii. Damages for knowing assistance in breach of fiduciary duty in the amount of US \$4,112,684;
- iii. Damages for fraudulent misrepresentation and/or deceit in the amount of US \$3,385,732.94;
- iv. An accounting and disgorgement of profits, including all shares of CSC, as applicable.

(j) Against **Jeanne Usonis**:

- i. Damages for breach of fiduciary duty in the amount of US \$4,112,684;
- ii. Damages for knowing assistance in breach of fiduciary duty in the amount of US \$4,112,684;
- iii. An accounting and disgorgement of profits, including all shares of CSC granted to Ms. Usonis personally or through her beneficially owned companies, including Analogue Capital Limited, as applicable.

(k) Against **all Defendants**:

- i. Punitive damages in the amount of \$1,000,000 on a joint and several basis;
- ii. Costs of this action plus all applicable taxes;
- iii. Pre-judgment and post-judgment interest in accordance with the *Courts of Justice Act*, R.S.O. 1990, c. C-43; and
- iv. Such further and other relief as this Honourable Court deems just.

## **I. The Parties**

### ***A. The Plaintiff***

2. CSC is a public company traded on the Cboe Canada stock exchange in Toronto, Ontario. CSC is incorporated under the laws of British Columbia with an address in British Columbia. CSC's main office was in Toronto and later in Burlington. CSC's business involves acquiring carbon credits through stream financing arrangements in projects around the world that produce carbon credits.

### ***B. The Defendants***

3. The Defendants, **Justin Cochrane** and **Conor Kearns**, are individual residents of Burlington, Ontario. Mr. Cochrane is the former Chief Executive Officer of CSC and one of the founders of The Oregon Group LLC ("**Oregon Group**"), alongside Anthony Milewski, who is also a Defendant. Mr. Cochrane and Mr. Milewski are also co-founders of Nickel 28 Capital Corp ("**Nickel 28**"). Mr. Kearns is the former Chief Financial Officer of CSC and Nickel 28.

4. The Defendant, **Mr. Milewski**, is an individual resident in Lyle, Washington, United States of America. Mr. Milewski is an authorized agent of Black Vulcan Resources LLC ("**Black Vulcan**"), and a founder of CSC, Oregon Group, Black Vulcan, and Nickel 28. As of November 2022, he was the sole shareholder of Oregon Group. Mr. Milewski is also a co-founder of Nickel 28.

5. The Defendant, **Michael Beck**, is an individual resident of Florida, United States of America. Mr. Beck is a managing director and member of Regent Advisors LLC ("**Regent**"). Mr. Beck is the beneficial owner of Angstrom Capital Limited ("**Angstrom Capital**").

6. The Defendant, **Maurice Swan**, is an individual resident of Mississauga, Ontario. Mr. Swan is a former director and chair of the board of directors of CSC.

7. The Defendant, **Andrew Scott Tester**, is an individual resident of Portland, Oregon, United States of America. Mr. Tester's primary occupation is Fishing Tour Director. Mr. Tester is a former Director of CSC. Mr. Tester is also a former paid ESG consultant to Oregon Group.

8. The Defendant, **Jeanne Usonis**, is an individual resident of Los Angeles, California, United States of America. Ms. Usonis is a former director of CSC. Ms. Usonis is also a director of Regent.

9. The Defendant, **Regent**, is a limited liability corporation with its head office in Sarasota, Florida, United States of America.

10. The Defendant, **Angstrom Capital**, is a limited liability corporation incorporated in Bermuda.

11. The Defendant, **Oregon Group**, is a limited liability corporation incorporated in Delaware, United States of America.

12. The Defendant, **Black Vulcan**, is a limited liability corporation incorporated in Delaware, United States of America.

13. The Defendant, **Carbon Advisors LLC**, is a limited liability corporation with its head office in Sarasota, Florida, United States of America. Carbon Advisors LLC is an entity closely related to Michael Beck.

## II. Overview

14. CSC brings this claim against the Defendants – CSC's former directors, officers, advisors, and consultants – because the Defendants made fraudulent misrepresentations, breached their fiduciary duties owed to CSC, and/or knowingly assisted in the breach of fiduciary duties or knowingly received consideration from other Defendants' breach of fiduciary duties. The conduct

of many Defendants amounts to wilful misconduct, leading to their unjust enrichment or their enabling of the unjust enrichment of others.

15. The Defendants, Mr. Cochrane, Mr. Milewski and Mr. Beck co-founded CSC.

16. From January 2021 to December 31, 2024, the Defendant Mr. Cochrane acted in varying capacities as Chief Executive Officer, executive chair, director, and president of CSC. From January 2021 to December 31, 2024, the Defendant Mr. Kearns acted as Chief Financial Officer of CSC. The Defendant Mr. Swan was on CSC's Board of Directors from January 2021 to May 31, 2024, and was on CSC's Compensation Committee from April 2021 to May 31, 2024, serving as chair of the Compensation Committee until November 2021. The Defendant Mr. Tester was on CSC's Board of Directors from January 2021 to January 3, 2024, and was on CSC's Compensation Committee from around 2021 to around 2023, serving as chair of the Compensation Committee from November 2021 until his resignation. The Defendant Ms. Usonis was on CSC's Board of Directors from March 2021 to December 2024.

17. Beginning in 2021, CSC entered into various types of agreements with non-arm's length consulting entities owned, operated, or closely related to the Defendants Mr. Milewski (Oregon Group and Black Vulcan) and Mr. Beck (Regent, Carbon Advisors LLC, and Angstrom Capital) with the purported goal of facilitating business transactions and sourcing specialized expertise. CSC later learned that Mr. Cochrane and Mr. Kearns deliberately withheld various conflicts of interest with Mr. Milewski, Mr. Beck, and the associated entities, from the full Board of Directors of CSC and its General Counsel, and approved and directed significant payments to Mr. Milewski and Mr. Beck (including to their associated entities) that were not owing under their consulting agreements nor owing for any *bona fide* services rendered. CSC also learned that Mr. Cochrane deliberately

withheld conflicts of interest with entities that are counterparties in active litigation and arbitration with CSC.

18. During the time that the Defendants were executives, directors, consultants, and/or advisors of CSC, misrepresentations were made to the investors, including but not limited to:

(a) Responding to an email from a reporter for [www.carboncredits.com](http://www.carboncredits.com), Mr. Cochrane misrepresented that Oregon Group “never received any form of compensation, cash or otherwise, from [CSC].” Mr. Swan was copied on this email and was aware or ought to have been aware of payments being made to Oregon Group. Mr. Swan failed to correct the misrepresentation made by Mr. Cochrane.

(b) In interviews by Marin Katusa of Katusa Research, in or around June 2021 and June 2023, Mr. Cochrane misrepresented that CSC never paid finder’s fees.

19. In May 2024, CSC learned that Mr. Cochrane, Mr. Kearns, and Mr. Milewski had been terminated for cause at Nickel 28. Nickel 28 alleged that it found evidence of “serious misconduct, breach of duties and obligations, repeated lack of judgment, care and diligence and non-compliance with [...] policies and procedures.” CSC found Nickel 28’s allegations very troubling. After reviewing particulars of the allegations provided by Mr. Cochrane and Mr. Kearns, and discussions with its auditor, CSC’s Board of Directors formed a special committee of independent directors to conduct an independent review of the allegations, and to confirm compliance with CSC’s corporate governance policies and procedures, and applicable laws.

20. Shortly after the investigation was announced, the employment and consulting relationships with the Defendants ended and CSC entered Settlements and Mutual Releases with some of the Defendants. Under the Settlements and Mutual Releases, CSC retained the right to sue those

Defendants for claims related to fraud and wilful misconduct because its independent investigation had not commenced.

21. Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis diverted and/or approved and/or allowed the diversion of payments of millions of dollars in monthly retainers, “advisory fees”, bonuses, finders fees, and fees for alleged “past services” to consultants and advisors and entities controlled or affiliated with them. In return, the Defendants provided little or no *bona fide* services to CSC and in any event, nothing commensurate with the consideration they received.

22. During his tenure, Mr. Cochrane used CSC funds to pay for lavish trips which had no clear business purpose.

23. In October 2024, CSC commenced arbitral proceedings against Infinite EARTH Limited (“IE”) and its principals in relation to the Rimba Raya streaming project in Indonesia. Mr. Cochrane was the architect behind CSC entering into a carbon streaming agreement with IE concerning the “Rimba Raya Stream”. The project has resulted in zero returns for CSC. Mr. Cochrane’s actions during active litigation and arbitrations against IE and its principals, including his secret involvement with those parties adverse in interest to CSC and his failure to cooperate with CSC during the dispute, puts CSC at risk of losing damages in an amount more than US \$26,000,000 plus shares.

24. Mr. Cochrane led CSC to make upfront payments of around US \$22,000,000 to IE and paid consulting fees of around US \$4,000,000 plus 22,695,900 CSC shares. This was in addition to finder’s fees and other fees paid to certain non-arms length Defendants. As of September 30, 2024, CSC has determined the fair value of the Rimba Raya streaming project with IE to be \$nil, with no carbon credits ever flowing from IE to CSC.

25. Mr. Cochrane led CSC to make upfront payments of around US \$2,400,000 to Fundacion MarVivo Mexico, A.C., and MarVivo corporation relating to the Magdalena Bay Blue Carbon Stream project in Mexico. This was in addition to finder's fees and other fees paid to certain non-arm's length Defendants. As of September 30, 2024, CSC has determined the fair value of the Magdalena Bay Blue Carbon Stream to be \$nil, with no carbon credits ever flowing from Fundacion MarVivo Mexico, A.C., and/or MarVivo corporation to CSC.

26. This claim is brought to recover the funds improperly syphoned off to the consulting entities and/or to the individual Defendants plus any funds lost in the ongoing dispute against IE due to Mr. Cochrane's non-cooperation and breaches of his continuing fiduciary duties.

27. As detailed throughout this claim, Mr. Cochrane and Mr. Kearns have breached their fiduciary duties to CSC. Together with the remaining Defendants, they diverted and/or approved and/or allowed the diversion of payments of millions of dollars that only served to enrich their friends and colleagues but provided little or no *bona fide* services to CSC. As a result of the gravity of the Defendants' actions, CSC seeks punitive damages against all Defendants.

### **III. Background**

#### ***A. Background of CSC***

28. CSC was incorporated on September 13, 2004. Effective June 15, 2020, CSC's name was changed to "Carbon Streaming Corporation". Mr. Cochrane, Mr. Milewski, and Mr. Beck conceived the idea for CSC and identified a shell company to turn into a public company.

29. CSC's business focuses on acquiring, managing, and growing a portfolio of investments in projects that generate or are involved with voluntary and/or compliance carbon credits. A carbon credit is an instrument representing one ton of carbon dioxide or the carbon dioxide equivalent of

other greenhouse gases, utilized by governments and corporations to achieve their carbon neutrality and net-zero climate objectives. CSC uses stream financing to invest in projects that generate carbon credits which buyers can use to offset emissions.

30. On July 27, 2021, CSC started trading on the Cboe Canada stock exchange, previously known as the NEO Exchange Inc.

***B. Corporate Governance of CSC***

i. Board of Directors and Conflicts of Interest

31. A Board of Directors governs CSC. The Board of Directors is responsible for overseeing the conduct of CSC's business, directing the day-to-day activities of management, reviewing all major decisions of CSC, and delegating certain functions to standing committees empowered to act on behalf of the Board of Directors, including the Compensation Committee.

32. The Compensation Committee is responsible for evaluating the compensation of CSC senior executives and directors of the Board and for identifying and mitigating risks associated with CSC's compensation policies and practices.

33. CSC's directors have a duty to act honestly and in good faith with a view to the best interests of CSC. Members of the Board of Directors must disclose conflicts of interest that might create a conflict or perceived conflict with a director's duty to CSC or proposed contract or transaction of or with CSC. They also have a duty of candor with CSC if they are or become aware of any relevant information pertaining to CSC, including concerning the potential conflicts of interest of others who engage with CSC.

34. The Board of Directors' composition changed several times. The initial Board of Directors was comprised of Mr. Cochrane, Mr. Swan, and Mr. Tester. Throughout 2021, Ms. Jeanne Usonis,

Mr. Saurabh Handa, Dr. Marc Bustin, and Ms. Candace MacGibbon joined the Board of Directors. In 2022, Ms. Alice Schroeder joined the Board of Directors. In January 2024, Mr. Tester, Dr. Bustin, and Mr. Handa resigned from the Board of Directors. In May 2024, Mr. Swan, Mr. Cochrane and Ms. MacGibbon resigned from the Board of Directors. In December 2024, Ms. Usonis resigned from the Board of Directors.

ii. Finder's Fees, Advisory Fees, and Consulting Agreements

35. Beginning in 2021, under Mr. Cochrane's leadership, CSC entered various types of agreements with the purported goal of facilitating business transactions and sourcing specialized expertise. Mr. Cochrane failed to disclose many of the agreements to CSC's full Board of Directors. Similarly, Mr. Cochrane represented to investors that CSC would not pay finder's fees.

36. Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and/or Ms. Usonis led CSC to enter "Advisory Service Agreements" and "Finder's Fee Agreements" with the purported goal of incentivizing intermediaries to find potential projects for CSC to invest in. The agreements would yield "advisory fees" and "finder's fees" to reward partners for sourcing a referral or introduction that resulted in CSC making an advance. Such "advisory fees" and "finder's fees" were typically based on the projected value stream of the business. Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and/or Ms. Usonis in their role as Executives and/or Directors on the CSC Board would authorize and/or approve and/or allow payment commensurate with the size of the project, which was typically measured as a fixed percentage of the value stream that was contingent on CSC completing the investment and on the project's success.

37. Advisory Fee Agreements included upfront payments on very generous non-market terms and before any milestones were met. The Advisory Fee Agreements and/or Finders Fee Agreements were not disclosed to the full CSC Board and were made with non-arm's length parties. The non-

arm's length parties did not find the relevant opportunities nor make the relevant introductions, and were providing little or no *bona fide* services. Advisory Fee Agreements or Finders Fees Agreements were not always governed by a formal agreement, nor did they always specify the services for which Advisory Fees or Finders Fees would be paid. Some of the projects that fees were paid for, for example the Rimba Raya project and the MarVivo project are now valued at zero.

38. CSC also entered into "Consulting Agreements" with corporate entities that would purportedly offer ongoing consulting services. CSC paid the consultants monthly retainers for ongoing services. Because the Consulting Agreements were never presented to the full Board of Directors, they were never discussed or approved.

39. Initially, Mr. Milewski was going to be the Chief Executive Officer of CSC, but certain investors made it clear that they would not invest in or finance CSC if Mr. Milewski was involved. Mr. Cochrane represented to key investors that Mr. Milewski would not be on the executive team, on the Board of Directors, or otherwise involved in CSC's business. This was confirmed in an interview of Mr. Cochrane in or around June 2023.

40. Mr. Cochrane, Mr. Kearns, Mr. Milewski, and Mr. Beck founded CSC as friends, business associates, and fellow board members in other ventures. They established Advisory Fee and Consulting Agreements with CSC through which they could personally benefit, for no legitimate business purpose. The Advisory Fee Agreements and Consulting Agreements included terms that were disproportionately favourable to the advisors and/or consultants, and not in CSC's best interests. In addition to the pay with little or no *bona fide* services, the agreements included termination and change of control clauses that entitled the advisors / consultants to three years of pay, and failed to clearly identify services, invoicing, or milestones. Messrs. Cochrane and Kearns knew or ought to have known that the terms of these agreements were not in CSC's best interests

and in any event, the advisors and/or consultants were being overcompensated relative to the services they were allegedly providing to CSC.

***C. Employment of Justin Cochrane and Conor Kearns***

41. Mr. Cochrane and Mr. Kearns entered into employment agreements with CSC dated January 1, 2021.

42. Mr. Cochrane served as Chief Executive Officer with an initial annual base salary of US \$180,000. Mr. Kearns served as Chief Financial Officer with an initial annual base salary of US \$150,000. Mr. Cochrane and Mr. Kearns were both issued securities in CSC after commencing employment. In addition to their base salary, Mr. Cochrane and Mr. Kearns received bonuses (both cash and equity).

43. After eight months of employment, Mr. Cochrane's annual salary nearly doubled. His salary increased to US \$300,000 on September 28, 2021, retroactive to August 1, 2021. He received another increase to US \$345,000, effective January 1, 2023. Mr. Cochrane also signed an Amending Agreement dated May 30, 2023, shifting his role from Chief Executive Officer to Founder and Executive Chair. Effective June 20, 2023, Mr. Cochrane resumed the role of Chief Executive Officer after Mr. Michael Psihogios resigned as President and Chief Executive Officer as discussed below.

44. Further to a letter from Mr. Cochrane dated October 4, 2021, CSC increased Mr. Kearns' annual salary to US \$300,000, retroactive to August 1, 2021.

45. These high salaries and pay increases were made despite shareholder concern for high general and administrative costs while CSC had no revenue. In an interview with Mr. Cochrane in or around December 2022, Mr. Cochrane stated that streamlining and minimizing costs for CSC

was a big focus. In an interview in or around June 2023, Mr. Cochrane misrepresented that he and the other officers and directors took pay cuts and that CSC made major general and administrative cuts.

46. As directors and/or officers of CSC, Mr. Cochrane and Mr. Kearns owed fiduciary duties to the Company, including the duties of loyalty and disclosure. Mr. Cochrane and Mr. Kearns were required to avoid situations where CSC's best interests may be compromised by their own self-interest or relationships with third parties and were required to disclose any potential conflicts of interest.

47. Mr. Cochrane and Mr. Kearns' employment agreements contained the same express terms regarding fiduciary duties and conflicts of interest, requiring that they act in the best interest of CSC and ensure their personal interests do not conflict with their professional responsibilities.

48. Both Mr. Cochrane and Mr. Kearns' January 1, 2021, employment agreements contained the following obligations:

(a) Mr. Cochrane and Mr. Kearns must faithfully serve CSC and promote and advance the interests and goodwill of CSC (art. 1.3(a)).

(b) Mr. Cochrane and Mr. Kearns may not knowingly engage in any conduct that would constitute an actual or perceived conflict of interest (art. 1.3(b)).

(c) Mr. Cochrane and Mr. Kearns must comply with and carry out all responsibilities in accordance with company policies and procedures (art. 1.3(c) and (d)).

(d) Mr. Cochrane and Mr. Kearns acknowledge and agree that they are fiduciaries of CSC (art. 1.4).

***D. Consulting Agreement and Employment of Derek Sawkins***

49. On March 1, 2021, Mr. Cochrane caused CSC to enter into a Consulting Agreement with Golden Empire Financial Corporation, which is the consulting entity of Mr. Derek Sawkins. Mr. Sawkins and Mr. Cochrane had been longtime friends at the time CSC entered the Consulting Agreement with Mr. Sawkins' entity. In a March 2021 email, Mr. Sawkins described Mr. Cochrane as being among his "most trusted friends".

50. On September 14, 2021, CSC terminated the Consulting Agreement with Golden Empire Financial Corporation and instead hired Mr. Sawkins as full-time Vice President, Strategy and Investments. Mr. Sawkins was primarily responsible for CSC's carbon investment strategy. Mr. Cochrane caused CSC to enter into an Employment Agreement with Mr. Sawkins on above-market rate terms that no other Vice President at CSC enjoyed, including an above-market rate salary of US \$200,000 which was increased to US \$220,000 effective January 1, 2023. Mr. Cochrane also offered Mr. Sawkins excessive and overly-generous contract terms that went far beyond the market rate, including twelve months of pay, twelve months of benefits continuation, and a bonus equal to the average bonus generated for the two most recent annual bonuses upon termination of change of control.

***E. Advisory Services Agreements between CSC and Oregon Group***

i. Mr. Cochrane Enters into Advisory Services Agreements with Oregon Group Without Board Approval

51. On April 1, 2021, and April 1, 2022, Mr. Cochrane unilaterally caused CSC to enter into two Advisory Services Agreements with Oregon Group.

52. Mr. Cochrane has a long-standing relationship with Mr. Milewski, the principal of Oregon Group. In 2017, Mr. Cochrane and Mr. Milewski co-founded Nickel 28 and worked together with

Mr. Kearns as C-Suite Executives for Nickel 28. Previously, Mr. Cochrane and Mr. Milewski worked together as C-Suite Executives at Cobalt 27 Capital Corp.

53. Mr. Cochrane signed both Advisory Service Agreements with Oregon Group on behalf of CSC. Mr. Mathew Blanc, director of Oregon Group, and Mr. Milewski signed the 2021 and 2022 Advisory Services Agreements on behalf of Oregon Group. It is understood that Mr. Blanc, previously known as Mathew Milewski, is Mr. Milewski's brother.

54. Under the 2021 and 2022 Advisory Services Agreements, Oregon Group was to provide "a range of corporate advisory services, including M&A services, project introduction, capital introduction and fund-raising services". Oregon Group was supposed to assist CSC with "project introduction and M&A advisory services". CSC would pay Oregon Group "advisory fees" for its services, up to 2.5% of the "transaction value" in each instance.

55. Mr. Cochrane did not disclose the Advisory Services Agreements with Oregon Group to CSC's full Board of Directors nor submit the Advisory Services Agreements for approval to the Compensation Committee or the full Board of Directors.

56. Mr. Cochrane also failed to publicly disclose the Advisory Services Agreements with Oregon Group and made deceptive public comments about payments to Oregon Group. For example, in February 2024, when a reporter asked whether CSC had made any payments to Oregon Group, Mr. Cochrane responded in an email that Oregon Group "never received any form of compensation, cash or otherwise, from the Company." Mr. Swan was copied on this email from Mr. Cochrane. He did not correct Mr. Cochrane despite knowing that Mr. Cochrane's statement was misleading.

57. There was no valid business purpose for entering into the Advisory Services Agreements with Oregon Group. The Oregon Group had no history of providing the services referenced in the agreement, and in any event, those services were duplicative of the scope of services that should have been provided by Black Vulcan (another entity controlled by Mr. Milewski), which was already receiving monthly payments from CSC pursuant to the Black Vulcan Consulting Agreement (defined below).

ii. Oregon Group Receives an Upfront US \$1.5 Million in Advisory Fees and Provides Little or No *Bona Fide* Services

58. From 2021 to 2022, Mr. Cochrane authorized CSC to pay Oregon Group over US \$1.5 million in “advisory fees”. These payments were not publicly disclosed:

(a) Rimba Raya Advisory Fee:

- i. On August 3, 2021, CSC announced that it had entered the “Rimba Raya Stream”, a carbon credit streaming agreement signed between CSC and IE in relation to the Rimba Raya project in Indonesia. Under the Rimba Raya transaction, IE would deliver 100% of the carbon credits from the Rimba Raya conservation project in Indonesia.
- ii. On August 9, 2021, Mr. Milewski emailed an invoice from the Oregon Group titled “Rimba Raya Advisory Fee” to Mr. Cochrane. Mr. Cochrane approved the invoice on August 17, 2021. Mr. Cochrane later claimed that Mr. Swan also approved the invoice and sent the invoice to Mr. Kearns for approval. Mr. Kearns approved the invoice on August 17, 2021.

- iii. On August 17, 2021, CSC paid US \$900,000 to Oregon Group representing 2% of the projected total value (at that time) of the Rimba Raya transaction.
- iv. Under the Rimba Raya transaction, CSC entered into agreements with IE. Mr. Cochrane authorized CSC to pay to IE an upfront deposit of US \$22,000,000, US \$4,000,000 in consulting fees and issued to IE 22,695,900 CSC shares. CSC did not receive a single carbon credit under the Rimba Raya transaction agreements. IE purported to issue a Notice of Abandonment to CSC on October 9, 2024.

(b) MarVivo Advisory Fee:

- i. On November 19, 2021, CSC paid US \$100,000 to Oregon Group representing 4.2% of the total upfront value of the deposit paid by CSC for the carbon credit streaming contract signed between CSC and MarVivo Corporation in relation to the MarVivo Blue Carbon Conservation Project in Magdalena Bay, Mexico (“**MarVivo**”).
- ii. Under the MarVivo transaction, CSC entered into agreements with Fundacion MarVivo Mexico, A.C. and MarVivo corporation. Mr. Cochrane authorized CSC to make an upfront deposit in the amount of US \$2,400,000, with subsequent milestones. Fundacion MarVivo and MarVivo purported to issue a Notice of Abandonment to CSC on September 20, 2024.

(c) UpEnergy Advisory Fee:

- i. CSC paid US \$500,000 to Oregon Group in an invoice for “Advisory Fees” dated September 1, 2022. The purported “Advisory Fees” represented 2.5% of the total value of the carbon credit streaming contract signed between CSC, Community Carbon and the UpEnergy Group aimed at bringing energy-saving devices to households across Eastern and Southern Africa. On September 20, 2022 Mr. Cochrane emailed the US \$500,000 invoice for the UpEnergy Advisory Fee to Mr. Kearns and stated that it had been “approved for payment” by himself, Mr. Swan, and Mr. Tester.

59. Oregon Group provided little or no *bona fide* services or services to justify payment of US \$1.5 million in advisory fees authorized by Mr. Cochrane under the Advisory Services Agreements. For example, neither Oregon Group nor Mr. Milewski played any role in sourcing the investment partnership with IE. In fact, Mr. Cochrane established the relationship with Todd Lemons, principal at IE, for the Rimba Raya transaction by sending a 'cold-call' email to Mr. Lemons' partner Jim Procanik on January 6, 2021. Mr. Procanik then introduced Mr. Cochrane to Mr. Lemons on January 7, 2021. At that point, CSC had not entered into the Advisory Services Agreements with Oregon Group.

iii. Mr. Cochrane Did Not Disclose His Conflict of Interest with Oregon Group

60. Mr. Cochrane failed to disclose his lengthy history of involvement with both Mr. Milewski and Oregon Group to CSC's full Board of Directors. The full Board of Directors only discovered the existence of the two Advisory Services Agreements between CSC and Oregon Group after Mr. Cochrane mentioned the agreements in a meeting on or about October 31, 2022. Even then, Mr. Cochrane framed the contracts as ordinary-course consulting contracts, to the CSC Board. Mr.

Cochrane's conflict of interest did not become clear until the CSC Board commenced its independent investigation.

61. On October 31, 2022, Ms. Anne Walters, then General Counsel at CSC, asked Mr. Cochrane for a copy of the agreements with Oregon Group. Up to that time, Mr. Cochrane had not disclosed the Advisory Service Agreements signed in 2021 and 2022 to Ms. Walters. On November 3, 2022, Mr. Cochrane sent Ms. Walters the 2022 Advisory Services Agreement with Oregon Group for the first time. He also confirmed that "Anthony [Milewski] is the sole shareholder."

62. The next day, on November 4, 2022, Ms. Walters emailed Mr. Cochrane asking if he had any relationship with Oregon Group, contractual or otherwise or in the capacity of officer, advisor, or employee. Mr. Cochrane lied, misleading Ms. Walters that he had "no relationship of any kind and no compensation of any kind" with Oregon Group.

63. CSC has since discovered that Mr. Cochrane has had a lengthy relationship with Oregon Group dating back to before the first Advisory Services Agreement in April 2021:

- (a) Mr. Cochrane was a "Founder" on the Oregon Group Website.
- (b) Mr. Cochrane had an email address for Oregon Group.
- (c) In or around April 2022, Mr. Cochrane used his CSC email to review and comment on the Oregon Group Website, Oregon Group research reports, and promotional materials created by Oregon Group to promote companies that Mr. Beck and Mr. Milewski financed. Mr. Cochrane also set up and managed the Oregon Group website alongside Mr. Milewski and other stakeholders. Mr. Cochrane commented on reports promoting public companies that Mr. Cochrane had co-invested in.

(d) Mr. Cochrane used CSC funds to pay a service provider, Distinct Public Relations, to set up and run the Oregon Group website and marketing initiatives.

(e) Mr. Cochrane also permitted the Oregon Group to re-post CSC blogs to Oregon Group website.

64. Before signing the Advisory Service Agreements with Oregon Group or at any time thereafter, Mr. Cochrane did not complete a Conflict of Interest form, Know-Your-Customer form, or present any other sort of disclosure to the full CSC Board of Directors in relation to either his personal involvement in establishing Oregon Group, his concurrent work with Mr. Milewski for Nickel 28, or any other connection that he may have with Mr. Milewski and Oregon Group that is not, at present, known to CSC.

***F. CSC Enters into Consulting Agreements for Little or No Bona Fide Services***

***i. Consulting Agreement with Black Vulcan***

65. On January 6, 2021, CSC and Black Vulcan entered into a Consulting Agreement (the “**Black Vulcan Consulting Agreement**”) with Mr. Milewski – a fellow business associate of Mr. Cochrane, Mr. Kearns, and Mr. Swan on Nickel 28 – to provide “corporate and business development services” upon request by CSC. Under the Black Vulcan Consulting Agreement, CSC would pay Black Vulcan annual fees of US \$180,000 (subject to increase) and would pay a one-time fee of US \$100,000 for past services rendered to CSC. In or about the fall of 2021, and without an amendment to the Black Vulcan Consulting Agreement, the annual fees for Black Vulcan increased to US \$240,000. The Black Vulcan Agreement was not disclosed to the full CSC Board of Directors and the Board was not involved in approving this increase.

66. The Black Vulcan Consulting Agreement was not industry standard, with terms disproportionately in favour of Mr. Milewski and Black Vulcan. For example, section 6.3 provided that in the event that CSC terminates the Agreement, CSC shall provide to Black Vulcan “an amount equal to three (3) times the Base Fee of the Consultant”. In addition, the service contract provided a change of control entitlement to Black Vulcan to receive “an amount equal to three (3) times the Base Fee of the Consultant”. Furthermore, no documentation of services rendered were ever provided to CSC.

67. Article 1 of the Black Vulcan Consulting Agreement imposed ethical and fiduciary obligations on Black Vulcan to “well and faithfully serve the Company”, “use its reasonable best efforts to promote and advance the interests and goodwill of the Company”, not to “‘knowingly and maliciously’ engage in conduct that would constitute an actual material conflict of interest”, and to comply with policies and procedures established by CSC.

68. Mr. Milewski signed the Black Vulcan Consulting Agreement on behalf of Black Vulcan, which also specified that Black Vulcan “acknowledges and agrees that it is a fiduciary of the Company.”

69. The Black Vulcan Consulting Agreement did not define or specify the scope of “corporate and business development services” that Mr. Milewski would provide upon CSC’s request and did not contain any measurable deliverables for success under the Agreement.

70. Between January 1, 2021, and June 30, 2024, CSC paid Black Vulcan a total of US \$1,485,732.94, including US \$825,000 in consulting fees, US \$100,000 for past services, a “one-time bonus” of US \$500,000, and US \$42,684 for disbursements. Notably, Black Vulcan’s cash bonus was higher than any CSC executive or director cash bonuses and it was not tied to any

performance metrics. Mr. Cochrane authorized all the invoices to be paid to Black Vulcan. Mr. Kearns facilitated these payments and did not exercise any independent judgment or conduct reasonable due diligence before doing so.

71. Black Vulcan and/or Mr. Milewski provided little or no *bona fide* services to CSC, as known to both Mr. Cochrane and Mr. Kearns. Neither Black Vulcan nor Mr. Milewski provided any details of the past services for which CSC paid fees. Neither Black Vulcan nor Mr. Milewski provided any reporting on the “corporate and business development services” for which CSC paid ongoing consulting fees. Neither Black Vulcan nor Mr. Milewski provided any records for their disbursements.

72. In fact, Mr. Cochrane caused CSC to make duplicate payments for services allegedly provided by Mr. Milewski in relation to Black Vulcan and Oregon Group. CSC has discovered the following facts in relation to the Black Vulcan Consulting Agreement:

- (a) Mr. Milewski is the controlling shareholder of Black Vulcan and Oregon Group.
- (b) Black Vulcan and Oregon Group each received US \$500,000 in respect of the same transaction:
  - i. In September 2022, CSC paid US \$500,000 to Oregon Group as an Advisory Fee for the UpEnergy transaction. Mr. Cochrane sent the US \$500,000 UpEnergy Advisory Fee to Mr. Kearns on September 20, 2022 and stated that it had been “approved for payment” by himself, Mr. Swan, and Mr. Tester.
  - ii. Then in December 2022, Mr. Cochrane authorized a “YE 2022 annual bonus” for US \$500,000 to Black Vulcan. Mr. Cochrane sent the US \$500,000 invoice

to Mr. Kearns for payment on December 19, 2022 and stated that the “YE bonus” had been approved for payment by the Compensation Committee. The Compensation Committee Memo that Mr. Cochrane sent to Mr. Swan, Mr. Tester, Mr. Handa, and Ms. MacGibbon in relation to the transaction described the payment as “incremental” to “a finder’s fee of \$500k” in relation to the UpEnergy project. The payment was not disclosed to the full Board of Directors and not included in other bonus-related documents or discussions. No “YE annual bonuses” were paid to Black Vulcan either before the US \$500,000 “YE 2022 annual bonus” or at any time thereafter.

(c) CSC paid the respective US \$500,000 payments to Black Vulcan and Oregon Group into the same bank account for both entities.

ii. Consulting Agreement with Regent

73. On January 1, 2021, CSC and Regent entered into a Consulting Agreement (the “**Regent Advisors Consulting Agreement**”) under which Mr. Beck would provide “corporate and business development services” upon request by CSC in relation to carbon credit financing and investments. The Regent Advisors Consulting Agreement specified that CSC would pay Regent annual fees of US \$180,000 and would pay Mr. Beck a one-time fee of US \$100,000 for past services rendered to CSC.

74. Article 1 of the Regent Advisors Consulting Agreement imposed ethical and fiduciary obligations on Regent to “well and faithfully serve the Company”, “use its reasonable best efforts to promote and advance the interests and goodwill of the Company”, not to “‘knowingly and maliciously’ engage in conduct that would constitute an actual material conflict of interest” and to comply with policies and procedures established by CSC. The Regent Advisors Consulting

Agreement also specified that Regent “acknowledges and agrees that it is a fiduciary of the Company.”

75. The Regent Advisors Consulting Agreement did not define or specify the scope of the “corporate and business development services” that Mr. Beck would provide upon CSC’s request and did not contain any measurable deliverables for success under the Agreement.

76. Between January 1, 2021, and June 30, 2024, CSC paid Regent over US \$853,864.37, including US \$645,000 in consulting fees, US \$100,000 for past services, and US \$5,307.00 for disbursements.

77. Regent and/or Mr. Beck provided little or no *bona fide* services to CSC at any point, as known to both Mr. Cochrane and Mr. Kearns. Neither Regent nor Mr. Beck provided any details of the past services for which CSC paid fees. Neither Regent nor Mr. Beck provided any reporting on the “corporate and business development services” for which CSC paid consulting fees. Neither Regent nor Mr. Beck provided any records for their disbursements.

78. Further, the scope of consulting services allegedly offered by Mr. Beck under the Regent Advisors Consulting Agreement closely mirrored and duplicated the consulting services also offered by Mr. Beck in connection to Carbon Advisors LLC, another related company that Mr. Beck acted for.

79. Ms. Usonis was a director, executive, manager, principal, officer, associate, and/or employee of Regent during the time of the Regent Advisors Consulting Agreement. After she was appointed as director for CSC, Ms. Usonis should reasonably have known that Regent and/or Mr. Beck provided little or no *bona fide* services and had agreements purporting to provide services that were duplicated with respect to Carbon Advisors LLC.

iii. Consulting Agreement with Angstrom Capital

80. On March 1, 2021, CSC entered into a Consulting Agreement with Angstrom Capital Limited, a company beneficially owned by Mr. Beck (the “**Angstrom Capital Consulting Agreement**”). Under the Angstrom Capital Consulting Agreement, Mr. Beck would provide up to five hours of consulting services per month, from time to time, and on request from CSC. Article 5 of the Angstrom Capital Consulting Agreement specified that CSC would compensate Angstrom Capital Limited with stock options pursuant to CSC’s long-term incentive plan.

81. The Angstrom Capital Consulting Agreement specified that Mr. Beck would provide the following services under the agreement: a) reviewing and advising on the Company’s business plan and business strategy; b) introducing the Company to, or reviewing, potential growth opportunities or potential business partners; or c) such other services designated by the board of directors of the Company and/or senior management from time to time. The Angstrom Capital Consulting Agreement did not contain any measurable deliverables for success.

82. Pursuant to the terms of the Angstrom Capital Consulting Agreement, CSC provided Mr. Beck with equity-based compensation in the form of CSC shares.

83. Angstrom Capital Limited and/or Mr. Beck provided little or no *bona fide* services to CSC at any point, as known to both Mr. Cochrane and Mr. Kearns. Neither Angstrom Capital Limited nor Mr. Beck provided any details of the past services for which CSC paid fees. Neither Angstrom Capital Limited nor Mr. Beck provided any reporting on the services for which CSC granted them CSC shares as compensation.

iv. Consulting Agreement with Carbon Advisors LLC

84. Sometime in early 2021, Mr. Cochrane caused CSC to enter into another agreement that was never documented. The agreement was with Carbon Advisors LLC, a corporate entity closely related to Mr. Beck and Mr. Milewski. On May 17, 2021, Mr. Cochrane authorized for payment US \$400,000 to Carbon Advisors LLC as a “Corporate Advisory Fee”, for no known purpose. CSC is not aware of any formal agreement governing the relationship, consulting, advisory or otherwise that purports to govern the relationship between CSC and Carbon Advisors LLC and the “Corporate Advisory Fee” was never referenced in any public disclosure.

85. In any event, Carbon Advisors LLC provided little or no *bona fide* services of any kind to CSC during that time or at all, as known to both Mr. Cochrane and Mr. Kearns.

v. Consulting Agreements with Jeanne Usonis

86. On January 1, 2021, CSC and Ms. Usonis entered into a Consulting Agreement (the “**Usonis Consulting Agreement**”) under which Ms. Usonis would continue to provide “corporate and business development advisory services” upon request by CSC. The Usonis Consulting Agreement specified that CSC would pay Ms. Usonis annual fees of US \$120,000 (subject to increase), payable monthly in equal instalments, and would pay to Ms. Usonis a one-time fee of US \$50,000 for past services rendered to CSC.

87. Article 1 of the Usonis Consulting Agreement imposed ethical and fiduciary obligations on Ms. Usonis to “well and faithfully serve the Company”, “use [her] reasonable best efforts to promote and advance the interests and goodwill of the Company”, not to “knowingly and maliciously” engage in conduct that would constitute an actual material conflict of interest” and to comply with policies and procedures established by CSC. The Usonis Consulting Agreement also specified that Ms. Usonis “acknowledges and agrees that [she] is a fiduciary of the Company.”

88. On March 1, 2021 CSC entered into another Consulting Agreement with Analogue Capital Limited, a company beneficially owned by Ms. Usonis (the “**Analogue Capital Consulting Agreement**”). Under the Analogue Capital Consulting Agreement, Ms. Usonis would provide up to five hours of consulting services per month, from time to time and on request from CSC. Article 5 of the Analogue Capital Consulting Agreement specified that CSC would compensate Analogue Capital Limited with stock options pursuant to CSC’s long-term incentive plan.

89. Pursuant to the terms of the Usonis Consulting Agreement and the Analogue Capital Consulting Agreement, CSC provided Ms. Usonis with monthly retainer fees and equity-based compensation in the form of CSC shares.

***G. CSC’s Restructuring Efforts and Resignation of Michael Psihogios***

90. In or about early 2023, CSC initiated a corporate restructuring focused on cash flow optimization, including through personnel reductions and lower operating costs.

91. On May 31, 2023, Michael Psihogios, CSC’s then-Chief Investment Officer was promoted to Chief Executive Officer and Mr. Cochrane’s role shifted from Chief Executive Officer to Founder and Executive Chair.

92. Mr. Psihogios’ mandate focused on implementing the corporate restructuring with the express goal of “cash flow generation” by restructuring, reducing costs, and enabling CSC to sell carbon credits. In response to shareholder concerns about CSC’s cash flow, the delay of carbon credit trading on projects like Rimba Raya, and the high general and administrative costs of CSC, Mr. Cochrane stated in an interview in June 2023 that Mr. Psihogios was coming in to significantly reduce costs.

93. Mr. Psihogios conducted a full review of CSC's business within his first two weeks in his new role. As a result of his review and in line with his mandate, Mr. Psihogios quickly determined that several consulting arrangements provided insufficient value to CSC to justify their cost.

94. Mr. Psihogios concluded (as Mr. Cochrane and Kearns should have much earlier) that terminating the consulting agreements would generate immediate and necessary cost savings, without any negative impact to CSC's business.

95. Mr. Psihogios decided to terminate the Black Vulcan Consulting Agreement and the Regent Advisors Consulting Agreement. He knew that Mr. Beck and Mr. Milewski had a long-standing personal relationship and other business dealings with Mr. Cochrane, Mr. Kearns and Mr. Swan, and therefore, deliberately did not consult them to avoid any interference with his decision as Chief Executive Officer.

96. On June 11 and 12, 2023, Mr. Psihogios emailed Mr. Beck and Mr. Milewski respectively to terminate the Black Vulcan Consulting Agreement and the Regent Advisors Consulting Agreement. He also provided Ms. Usonis, who also had a consulting agreement with CSC, with an amended agreement.

97. Mr. Cochrane and Mr. Swan vehemently objected to the termination of the Black Vulcan Consulting Agreement and the Regent Advisors Consulting Agreement. Mr. Cochrane and Mr. Swan insisted that CSC would face legal ramifications for cancelling these contracts, in part due to the very unfavourable termination provisions including a three-year golden parachute for Black Vulcan and Regent. At the same time, neither Mr. Cochrane nor Mr. Swan provided Mr. Psihogios or the Board with any substantive basis for any continued business purpose for the consultants or

justification for the ongoing fees they were receiving. In the following days, against the best interests of CSC, Mr. Cochrane and Mr. Swan pressured Mr. Psihogios to retract the terminations.

98. On June 15, 2023, in response to pressure from Mr. Cochrane and Mr. Swan, Mr. Psihogios retracted the terminations of the Black Vulcan Consulting Agreement and the Regent Advisors Consulting Agreement.

99. On June 19, 2023, Mr. Psihogios resigned because Mr. Cochrane and Mr. Swan undermined his professional judgment and express cost-savings mandate. Mr. Psihogios felt he was unable complete his duties as Chief Executive Officer due to Mr. Cochrane and Mr. Swan's overt pressure to retract the terminations of Black Vulcan Consulting Agreement and the Regent Advisors Consulting Agreement.

100. Mr. Psihogios explained his reasons for resigning in an email to Mr. Cochrane dated June 27, 2023, stating, among other things:

In my first two weeks, I did a full review of the business and realized three gating items:

1. "Founders" were being provided with consulting arrangements and compensation that was not needed going forward (over USD1 million in 2022);
2. CSC's Chief Financial Officer had not even considered nor started building the underlying infrastructure to sell credits (no data system, ERP, workflow or internal controls); and
3. CSC's sales efforts and organizational build-out needed to be accelerated immediately.

... With the Board stepping in and deciding not only to retract my decision as CEO to terminate the founder consulting contracts, but to instruct me to do it, I was pushed to the side and overruled. As clearly discussed with you on the day of my resignation, this is the only real reason behind my decision to resign from Carbon Streaming. I have never been in a position or heard of a company where the Board stops an executive from reducing costs (and especially one that is, at present, unprofitable.) ...

101. Mr. Cochrane and Mr. Swan did not provide Mr. Psihogios' email to the Board. Instead, they misled the CSC Board and alleged that Mr. Psihogios lacked sufficient experience to be CSC's Chief Executive Officer. They also advised the CSC Board that the events leading to Mr. Psihogios' resignation were related to his attempt to terminate (and not amend) Ms. Usonis' Consulting Agreement which Mr. Cochrane described as trying to "fire a Board Member". This was not true, as Ms. Usonis had expressed to Mr. Cochrane that she was willing to negotiate an amendment to her Consulting Agreement during this time. Mr. Cochrane failed to inform the CSC Board about this offer.

102. On January 3, 2024, Mr. Tester, Dr. Bustin and Mr. Handa resigned from the CSC Board. CSC issued a press release on January 4, 2024, that stated that the resignations were part of "the Company's continuing efforts to reduce costs" by reducing the size of its Board of Directors from eight to five directors. Mr. Swan was Chairman of the Board of Directors at that time.

103. On June 21, 2024, CSC and Ms. Usonis executed an Amending Agreement adding a new Termination for Convenience by Company clause to the Usonis Consulting Agreement.

***H. The Board of Directors Terminate the Black Vulcan and Regent Advisors Consulting Agreements***

104. In or about the spring of 2024, the Board of Directors gained oversight of the consulting arrangements including with Black Vulcan, Regent, and Angstrom Capital. This occurred only after CSC faced shareholder pressure expressing concerns over CSC management's excessive expenditures and failures to reduce costs. Mr. Swan argued that the Compensation Committee had no authority to oversee the contracts. The Compensation Committee then engaged independent counsel and upon obtaining legal advice, commenced a review of the contracts.

105. Throughout this period, Mr. Cochrane continued his efforts to protect the consulting agreements with Mr. Beck's and Mr. Milewski's entities. At first, he reported that Mr. Beck and Mr. Milewski would be agreeable to reducing their consulting fees. However, in or around that time – May 2024 – the CSC Board became aware of allegations of misconduct involving Mr. Cochrane, Mr. Kearns, and Mr. Milewski at Nickel 28 (discussed below).

106. The CSC Board of Directors expressed to Mr. Cochrane that they preferred to terminate the Black Vulcan Consulting Agreement, the Regent Advisors Consulting Agreement, and the Angstrom Capital Consulting Agreement, considering concerns regarding their conduct. Eventually, Mr. Cochrane reached an agreement in principle with Mr. Beck and Mr. Milewski to terminate the agreements and have Mr. Beck and Mr. Milewski sign mutual releases. These agreements were reached before the CSC Board's independent investigation commenced.

107. On May 11, 2024, CSC terminated the Black Vulcan Consulting Agreement and the Regent Advisors Consulting Agreement. The termination was accompanied with releases:

- (a) CSC entered into a Settlement and Mutual Release dated May 11, 2024 with Black Vulcan, Mr. Milewski, Oregon Group, and Carbon Advisors LLC (the “**Black Vulcan and Carbon Advisors Release**”).
- (b) CSC entered into a Settlement and Mutual Release dated May 11, 2024 with Regent, Mr. Beck, Stephen Beck, Angstrom Capital Ltd., Iso Capital Ltd., Modulus Capital Ltd., and Carbon Advisors LLC (the “**Regent Advisors, Angstrom Capital, and Carbon Advisors Release**”).

108. The parties agreed to extend the terms of the Mutual Release to the directors and affiliate entities of the Consultant. The Black Vulcan and Carbon Advisors Release also bound Mr.

Milewski, Oregon Group, and Carbon Advisors LLC. The Regent Advisors, Angstrom Capital, and Carbon Advisors Release also bound Mr. Beck, Stephen Beck, Carbon Advisors LLC, Angstrom Capital Ltd., Iso Capital Ltd., and Modulus Capital Ltd.

109. Both the Black Vulcan and Carbon Advisors Release and Regent Advisors, Angstrom Capital, and Carbon Advisors Releases contained an exhaustive list of “Released Claims” and provided carve-outs for certain claims that would not be subject to the Releases. Specifically, Section 4(c) excluded “any such claims in respect of any breach of any provisions in this Settlement and Mutual Release or any fraud or criminal or willful misconduct on the part of the Consultant or the Company.”

110. CSC pleads that all misconduct alleged herein falls within this specific carve-out of the Black Vulcan and Carbon Advisors Release and the Regent Advisors, Angstrom Capital, and Carbon Advisors Release. Both releases are governed by Ontario law.

***I. The Nickel 28 Investigation and CSC Establishes Special Investigation Committee***

111. On May 6, 2024, Nickel 28 issued a press release, announcing that it was terminating C-Suite Executives Mr. Milewski, Mr. Cochrane, and Mr. Kearns for cause. Nickel 28 had reportedly found evidence of “serious misconduct, breach of duties and obligations, repeated lack of judgment, care and diligence and non-compliance with various of Nickel 28’s policies and procedures.”

112. On May 9, 2024, CSC’s Board of Directors agreed to establish an *ad hoc* special independent committee of the Board to conduct an independent review (the “**Special Investigation Committee**”), which was disclosed in a press release on May 13, 2024, as follows:

The board of directors of Carbon Streaming (the “**Board**”) takes the claims made publicly about its executives seriously and, as a result, the Board has formed a special independent committee of the Board (the “**Independent Committee**”) to conduct an independent review of the allegations, and to confirm compliance

with the Company's stringent corporate governance policies and procedures, and applicable laws.

Each of the individuals concerned have informed the Board that they deny the allegations made by Nickel 28, and have provided assurances to the Board concerning their conduct and compliance with the Company's corporate policies and procedures, and applicable laws.

113. Around the same time, CSC's external auditor, Deloitte LLP, advised the Company that it would not issue an independent practitioner's review opinion in connection with the release of CSC's quarterly results, or an audit opinion in connection with the release of the CSC'S annual financial results, until CSC took satisfactory steps to investigate and address the allegations. As a result, CSC released its financial statements and MD&A for the first three quarters of 2024 without an auditor review of the quarterly financial statements.

***J. Mr. Cochrane, Mr. Kearns, and Mr. Swan Resign and Sign Releases***

114. While the Special Investigation Committee's investigation was about to commence, CSC reached an agreement with Mr. Cochrane, Mr. Kearns, and Mr. Swan regarding their departure from CSC. CSC entered into these agreements on specific assurances by Mr. Cochrane, Mr. Kearns, and Mr. Swan that the concerns regarding Nickel 28 were false and that no wrongdoing had occurred at CSC. Among other things, the CSC Board asked Mr. Cochrane to confirm if there was any truth to the accusations made against him and Mr. Kearns that would ethically, morally or legally raise doubts for the CSC Board, specifically if Mr. Cochrane had engaged in any acts of fraud to which he replied there were none.

115. On May 31, 2024, CSC entered Settlements and Mutual Releases with Mr. Cochrane and Mr. Kearns, which provided that Mr. Cochrane and Mr. Kearns would cease their employment effective December 31, 2024. Until December 31, 2024, Mr. Cochrane and Mr. Kearns continued to receive their base salary, equity incentives continued to vest in accordance with the applicable

terms, and CSC continued to contribute to their benefits plans. CSC also agreed with Mr. Cochrane and Mr. Kearns to issue a press release stating that their departure had been amicable. Mr. Cochrane and Mr. Kearns waived their entitlements to earn and receive a bonus or other incentive compensation.

116. The Settlements and Mutual Releases signed with Mr. Cochrane and Mr. Kearns contained the same list of “Released Claims” providing carve-outs for certain claims that would not be subject to the releases. The carve-out language mirrored the language in the Black Vulcan and Carbon Advisors Release and the Regent Advisors, Angstrom Capital, and Carbon Advisors Release. Under Section 5(c) CSC agreed with Mr. Cochrane and Mr. Kearns to release each other from all claims “known or unknown” but provided specific carve-outs excluding claims in respect of any breach of the terms of the releases, and any fraud, or criminal or willful misconduct by either party. The misconduct alleged herein falls within this specific carve-out. Both releases are governed by Ontario law.

117. Section 11 of the Settlements and Mutual Releases with Mr. Cochrane and Mr. Kearns recognized Mr. Cochrane and Mr. Kearns’ ongoing fiduciary duties to CSC, stating that “notwithstanding the cessation of the Executive’s positions with the Company and its subsidiaries, the Executive’s ongoing fiduciary obligations and ongoing obligations under the Employment Agreement and at common law that survive the cessation of such positions”.

118. That same day, May 31, 2024, CSC, and Mr. Swan entered a Director Resignation and Mutual Release. At Section 2, the Director Resignation a Mutual Release contained similar carve-out language as the releases signed with Mr. Cochrane, Mr. Kearns, Black Vulcan Resources LLC, Carbon Advisors LLC, Angstrom Capital, and Regent for “all claims of any kind” and excluding claims “in respect of any breach of any provisions in this Resignation and Mutual Release or any

fraud or criminal or willful misconduct on the part of the Director or Carbon Streaming”. Mr. Swan’s Resignation and Mutual Release is also governed by Ontario law.

119. Section 7 of Mr. Swan’s Resignation and Mutual Release states “[n]otwithstanding the cessation of the Director’s positions with the Company and its subsidiaries, the Director’s ongoing fiduciary obligations and ongoing at common law that survive the cessation of the Director’s positions with the Company and its subsidiaries shall survive such cessation and the entering into of this Resignation and Mutual Release”.

120. Mr. Cochrane resigned as a director and Chief Executive Officer of CSC on May 31, 2024. He continued as President until the cessation of his employment on December 31, 2024. Mr. Kearns carried on as Chief Financial Officer of CSC until the cessation of his employment on December 31, 2024. Mr. Swan resigned as a director on May 31, 2024, and his relationship with CSC ceased.

121. In December 2024, the Special Investigation Committee completed its investigation. The Special Investigation Committee identified troubling evidence involving Mr. Cochrane, Mr. Kearns, Mr. Swan, and Mr. Tester, including non-disclosure of material information, conflicts of interest, excess expenses and violation of expense policy, and questionable engagements with consultants, finders, and advisors. On December 23, 2024, CSC announced that Ms. Usonis also resigned from the CSC Board.

***K. Corporate Retreats and Excessive Expenses***

122. The Defendants Mr. Cochrane, Mr. Kearns, Mr. Milewski, Mr. Beck, Mr. Swan, Ms. Usonis, and/or Mr. Tester engaged in or assisted in engaging in excessive and unauthorized expenditures beyond reasonable business needs, resulting in financial loss to CSC, which CSC continues to investigate.

123. Historically, CSC budgeted expense approvals related to business trips and “corporate retreats” individually. Mr. Cochrane would review and approve the expenses with Mr. Kearns’ assistance. Mr. Cochrane would regularly pre-pay the bills for lavish recreational events that only some members of the Board of Directors attended or even knew about. Mr. Milewski, despite not being a director or officer of CSC, was intricately involved with selecting the attendees, location and excursions. During this time, CSC and Nickel 28 would often split expenses for corporate retreats.

124. Mr. Milewski and Mr. Cochrane planned an “Annual Team Extreme Ski Trip” in at least 2022 and 2023, that involved private skiing in Utah, with a guide and private snowcats to access the mountains. Mr. Milewski and Mr. Cochrane only invited select people, and some board members were not invited or not even made aware of the trip.

125. The trips involved inappropriate and unprofessional conduct. In Mr. Milewski’s email dated January 6, 2023, to those invited, which included Mr. Cochrane, Mr. Kearns, and Mr. Swan, he wrote “... make sure and bring your insurance card and magic mushrooms”, had a nickname for Mr. Tester, “The Liquor”, and referred to Mr. Kearns getting “sexy suits”.

126. Following repeated extravagant trips attended only by select individuals and conducted without any legitimate business purpose or agenda, a Travel and Expense Policy was implemented in February 2023.

127. Despite the introduction of the Travel and Expense Policy, Mr. Cochrane and/or Mr. Kearns continued to spend CSC’s funds excessively, and disregarded policies regarding expense reports and use of credit cards. In particular:

- (a) Three Further Lavish Retreats: In 2023 and 2024, members of CSC's management team including Mr. Cochrane and Mr. Kearns participated in two annual extreme ski trips to Utah, described above, at about US \$5,000 per day for the skiing alone (not including airfare, hotel, food etc.), and a US \$134,000 hunting trip to Highland Hills (in or around March 2024, US \$80,000 was billed to and paid by CSC and US \$50,000 was billed to Nickel 28). Other invited participants included Mr. Swan, Mr. Tester, members of Nickel 28, and external business and legal advisors.
- (b) Non-Compliance with Expense Report Policy: Mr. Cochrane and/or Mr. Kearns violated the appropriate expensing policies and procedures, including through a lack of proper approvals, expenses submitted after the required deadline, and approvals by individuals other than the authorized approver. In the period after CSC implemented the Travel and Expense Policy, 24 out of 44 expense claim form transactions were non-compliant, including four transactions over US \$5,000 that did not obtain pre-approval, ten transactions were not approved by the required approver, and one transaction over US \$5,000 that did not obtain pre-approval and was not approved by the required approver.
- (c) Non-Compliance with Use of Credit Card Policy: Mr. Cochrane and/or Mr. Kearns failed to comply fully with the appropriate credit card policies and procedures, including not obtaining proper approvals or providing supporting documentation. In the 769 purchases (totaling US \$309,343) that occurred after the adoption of the Travel and Expense Policy, only eight transactions had supporting documents.

***L. Mr. Cochrane conducted business with parties adverse to CSC and failed to disclose such business and conflicts of interest***

128. As the acting President of CSC, in or around May 2024 to October 2024 Mr. Cochrane participated in the litigation strategy against IE and its principals. Mr. Cochrane was aware that CSC had claims against IE and its principals, and that CSC's interests were adverse to the interests of IE and its principals.

129. Two Notices of Arbitration against IE and its principals were filed on October 16, 2024, under the ICDR Rules. A Notice of Action in the Ontario Superior Court of Justice against IE's principals was filed on October 16, 2024.

130. In or around October 2024, CSC learned that Mr. Cochrane was pursuing business dealings with the principals of IE and MarVivo. Specifically, Mr. Cochrane appeared on a PowerPoint presentation of a company called EmergentGlobal as Chief Executive Officer, alongside the principals of IE including Todd Lemons, Jeff Reece, and others. EmergentGlobal's marketing portfolio includes MarVivo, which has a single project, the Blue Carbon Conservation Project in Magdalena Bay, where CSC has made significant investments.

131. Mr. Cochrane knew that the principals and shareholders of IE and their company IE are adverse parties in litigation and arbitrations arising from the Rimba Raya project, and that their company MarVivo is in a dispute with CSC with respect to the Project in Magdalena Bay, Mexico.

132. While Mr. Cochrane was engaged in business dealings with the IE principals and shareholders, he was an executive employed by CSC. Mr. Cochrane engaged in multiple privileged meetings and calls with CSC board members and in-house counsel and had multiple emails and calls with CSC's external counsel regarding litigation strategy. Mr. Cochrane failed to disclose a conflict of interest with Todd Lemons, Jeff Reece or other principals or shareholders of IE.

***M. Mr. Cochrane failed to cooperate in CSC's arbitration against IE***

133. As an executive of CSC, Mr. Cochrane had a duty to preserve records with respect to the dispute with IE and the dispute with MarVivo.

134. On October 22, 2024, Mr. Cochrane uploaded 41 documents onto a shared drive with external counsel, which related to the Rimba Raya Project. On October 24, 2024, Mr. Cochrane uploaded another fifteen documents.

135. Around this time, CSC learned that Mr. Cochrane was in business with the principals or shareholders of IE and MarVivo and became genuinely concerned that Mr. Cochrane was not being forthright about documents in his possession.

136. On November 12, 2024, Mr. Cochrane filed a Statement of Claim against Nickel 28, Brett Richards, and Edward Collery. In that claim, Mr. Cochrane states that he used his cell phone to conduct business for CSC.

137. On November 26, 2024, CSC's external counsel demanded that Mr. Cochrane take active steps to preserve all relevant documents, including but not limited to all communications of any kind with James Procanik, Todd Lemons, Jeff Reece, Miguel Gottlieb and anyone else involved in Infinite Earth, Magdalena Bay, Rimba Raya or affiliated projects or companies.

138. On December 10, 2024, CSC's external counsel requested a meeting with Mr. Cochrane to collect documents in relation to the IE arbitration and asking that he bring any paper documents (notebooks, etc.) and any electronic devices that he has. Mr. Cochrane's external counsel advised that Mr. Cochrane no longer has access to CSC's data. This was false as Mr. Cochrane provided data after CSC cut off his email and Mr. Cochrane stated in legal pleadings relating to Nickel 28

that he had CSC data on his cell phone. Furthermore, there are charges for a ReMarkable tablet that Mr. Cochrane charged to a CSC credit card.

139. On December 16, 2024, CSC sent Mr. Cochrane a detailed preservation letter with respect to the IE arbitrations and external counsel sent a Questionnaire to aid with document collection. On the same day, Mr. Cochrane's external counsel advised that Mr. Cochrane was out of the country as of December 17, 2024, and back in January 2025.

140. On December 18, 2024, Mr. Cochrane provided his responses to the Questionnaire to aid with document collection. Mr. Cochrane stated that he only used a laptop and a smart phone for calls and emails. This was false as Mr. Cochrane, at a minimum:

- (a) used his smart phone for instant messaging related to CSC;
- (b) used his smart phone for outlook meetings related to CSC; and
- (c) used a ReMarkable tablet in relation to his work for CSC.

141. On December 23, 2024, external counsel asked for Mr. Cochrane's earliest three available dates to meet with respect to document collection. External counsel followed up on January 1, 2025, and repeated its request and advised that Mr. Cochrane needed to bring his devices to the meeting so that the devices could be imaged. On January 3, 2025, Mr. Cochrane's counsel advised that he was not willing to meet with CSC's external counsel and refused to provide his devices. On January 8, 2025, CSC's external counsel proposed to have an independent third-party image and review the data on the devices that Mr. Cochrane has used for CSC business. Mr. Cochrane refused.

142. After CSC appointed a new Chief Executive Officer, effective November 25, 2024, CSC discovered thousands of emails that Mr. Cochrane had deleted from the server and those deleted emails were recovered.

#### **IV. Causes of Action**

##### **A. *Justin Cochrane***

###### **i. Breach of Fiduciary Duties**

143. As Chief Executive Officer and director, Mr. Cochrane owed CSC common law and statutory fiduciary duties under section 142 of the *British Columbia Business Corporations Act* [SBC 2002] c. 57 (“**BCBCA**”), including duties of loyalty and disclosure that required him to act honestly and in good faith with a view to the best interests of CSC. This duty includes the obligation to place the interests of CSC first and refrain from making decisions that are tainted by self-interest and self-dealing. The Plaintiff reasonably expected that Mr. Cochrane would avoid conflicts between the interests of CSC and opposing interests, including his own and the interests of his business associates at Nickel 28. Mr. Cochrane explicitly agreed that he was a fiduciary in his employment agreement and his Settlement and Mutual Release. Mr. Cochrane also agreed under the Settlement and Mutual Release that his ongoing fiduciary obligations survived the end of his employment with CSC. Mr. Cochrane remained employed by CSC as President until the cessation of his employment on December 31, 2024.

144. Since signing the Settlement and Mutual Release, the Plaintiff has discovered instances of Mr. Cochrane breaching his fiduciary duties to CSC in a manner that amounts to wilful misconduct.

145. Mr. Cochrane acted deliberately or with reckless indifference when he breached his fiduciary duties by engaging in the following activities, among others:

- (a) failing to disclose that he was a Founder of Oregon Group and was in a conflict of interest before causing CSC to enter into the Advisory Services Agreements with Oregon Group, or at any time thereafter.
- (b) failing to disclose that he had a conflict of interest with Mr. Milewski as principal of Oregon Group and Black Vulcan, and with Oregon Group and Black Vulcan individually, because Mr. Cochrane and Mr. Milewski worked with each other as officers of Nickel 28.
- (c) failing to seek approval from the Board of Directors to enter into the Advisory Services Agreements with Oregon Group.
- (d) concealing the nature of his relationship with Oregon Group and failing to disclose his conflict of interest by telling Ms. Walters, CSC's General Counsel, that he had "no relationship of any kind" with Oregon Group when in fact he was one of the Founders of Oregon Group and was in a conflict of interest as set out above.
- (e) diverting payments for "advisory fees" to Oregon Group despite being in a conflict of interest with Oregon Group and having a concurrent business relationship with its sole shareholder Mr. Milewski.
- (f) approving and/or allowing payments for "advisory fees" to Oregon Group where Oregon Group provided no evidence that it had provided *bona fide* services to justify the advisory fees.

- (g) approving and/or allowing payments for “consulting fees” to Black Vulcan despite being in a conflict of interest with Mr. Milewski and Black Vulcan and having a concurrent business relationship with Mr. Milewski.
- (h) approving and/or allowing payments for “consulting fees” to consultants that provided little or no *bona fide* services, including but not limited to payments, including equity-based compensation, made to Black Vulcan, Regent, Carbon Advisors LLC, Angstrom Capital, Mr. Beck, and Mr. Milewski.
- (i) failing to disclose the payments for the “advisory fees” and “consulting fees” mentioned above.
- (j) failing to disclose that he was the Chief Executive Officer of EmergentGlobal and was in a conflict of interest with respect to the litigation and arbitrations with IE and its principals and shareholders.
- (k) failing to disclose that he was the Chief Executive Officer of EmergentGlobal and was in a conflict of interest with respect to the dispute with MarVivo and its principals and shareholders.
- (l) approving and/or allowing payments for excessive expenses and lavish corporate retreats contrary to the Travel and Expense Policy and contrary to the best interests of CSC.
- (m) refusing to provide CSC with access to its data that is on devices in Mr. Cochrane’s control and possession.

(n) failing to cooperate with the collection of documents in aid of the litigation and arbitrations between CSC and Infinite Earth.

(o) causing CSC to enter into an Employment Agreement with Mr. Sawkins with excessive and overly generous employment terms, including compensation that went far beyond the market rate.

146. The full particulars of Mr. Cochrane's misconduct are not known to the Plaintiff because Mr. Cochrane and the other Defendants have taken ongoing steps to conceal their wrongdoing.

ii. Knowing Assistance of Breach of Fiduciary Duties

147. Mr. Cochrane knowingly assisted in the breach of fiduciary duties by Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis. His conduct amounted to wrongful misconduct.

148. Mr. Cochrane worked closely with Mr. Kearns, Chief Financial Officer, to review and approve invoices and to ensure that all invoice payments complied with internal policies and external regulations. As Chief Executive Officer and director, Mr. Cochrane also reported to Mr. Swan and Mr. Tester in his roles as Directors on the Board of Directors and provided information on various matters including financial performance, strategic initiatives, and operational updates to assist with Board of Directors decision-making.

149. Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by failing to act in the best interest of CSC. Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by approving and/or allowing payments for "advisory fees" and "consulting fees" to advisors and consultants that provided little or no *bona fide* services and approving and/or allowing payments for excessive expenses that violated the CSC Travel and Expense Policy. As a director, executive, manager, principal, officer, associate, and/or employee

for Regent, Ms. Usonis should reasonably have known that Regent and/or Mr. Beck were providing little or no *bona fide* services under the Regent Advisors Consulting Agreement.

150. Mr. Swan, Mr. Tester, and Ms. Usonis also breached their fiduciary duties to CSC by approving and/or allowing contracts and payments that were disadvantageous to CSC's interests. Mr. Kearns further breached his fiduciary duties to CSC by failing to disclose his conflict of interest with Mr. Milewski, Oregon Group, and Black Vulcan. Mr. Tester also failed to declare that he worked as an ESG Consultant for Oregon Group and therefore was in a conflict of interest.

151. As Chief Executive Officer, Mr. Cochrane was aware that Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis were in a fiduciary relationship with CSC and were engaging in dishonest conduct. Mr. Cochrane participated in and assisted and/or facilitated the dishonest conduct of Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis.

iii. Wilful Misconduct

152. Mr. Cochrane engaged in wilful misconduct within the meaning of the carve-out at section 5(c) of his Settlement and Mutual Release. Mr. Cochrane acted deliberately, intentionally, and with reckless indifference. His wilful misconduct includes but is not limited to:

- (a) failing to disclose that he was a Founder of Oregon Group and was in a conflict of interest before causing CSC to enter into the Advisory Services Agreements with Oregon Group, or at any time thereafter.
- (b) failing to disclose that he had a conflict of interest with Mr. Milewski as principal of Oregon Group and Black Vulcan, and with Oregon Group and Black Vulcan individually, because Mr. Cochrane and Mr. Milewski worked with each other as officers of Nickel 28.

- (c) failing to seek approval from the full Board of Directors to enter into the Advisory Services Agreements with Oregon Group.
- (d) concealing the nature of his relationship with Oregon Group and failing to disclose his conflict of interest by telling Ms. Walters, CSC's General Counsel, that he had "no relationship of any kind" with Oregon Group when in fact he was one of the Founders of Oregon Group and was in a conflict of interest as set out above.
- (e) diverting payments for "advisory fees" to Oregon Group despite being in a conflict of interest with Oregon Group and having a concurrent business relationship with its sole shareholder Mr. Milewski.
- (f) approving and/or allowing payments for "advisory fees" to Oregon Group where Oregon Group provided no evidence that it had provided *bona fide* services to justify the advisory fees.
- (g) approving and/or allowing payments for "consulting fees" to Black Vulcan despite being in a conflict of interest with Mr. Milewski and Black Vulcan and having a concurrent business relationship with Mr. Milewski.
- (h) approving and/or allowing payments for "consulting fees" to consultants that provided little or no *bona fide* services, including but not limited to payments, including equity-based compensation, made to Black Vulcan, Regent, Carbon Advisors LLC, Angstrom Capital, Mr. Beck, and Mr. Milewski.
- (i) failing to disclose the payments for the "advisory fees" and "consulting fees" mentioned above.

- (j) failing to disclose that he was the Chief Executive Officer of EmergentGlobal and was in a conflict of interest with respect to the litigation and arbitrations with IE and its principals and shareholders.
- (k) failing to disclose that he was the Chief Executive Officer of EmergentGlobal and was in a conflict of interest with respect to the dispute with MarVivo and its principals and shareholders.
- (l) approving and/or allowing payments for excessive expenses and lavish corporate retreats contrary to the Travel and Expense Policy and contrary to the best interests of CSC.
- (m) refusing to provide CSC with access to its data that is being held on devices in his control and possession.
- (n) failing to cooperate with the collection of documents in aid of the litigation and arbitrations between CSC and Infinite Earth.
- (o) causing CSC to enter into an Employment Agreement with Mr. Sawkins with excessive and overly generous employment terms, including compensation that went far beyond the market rate.

iv. Fraudulent Misrepresentation / Deceit

153. Mr. Cochrane is liable in fraudulent misrepresentation and/or deceit resulting from numerous express and implied representations and omissions made to the Plaintiff which induced the Plaintiff to act to its detriment, including but not limited to Mr. Cochrane's representations that he had "no relationship of any kind" with Oregon Group and Oregon Group had received "no compensation of any kind" from CSC, failing to disclose his conflict of interest and lengthy history

of involvement with Mr. Milewski, Oregon Group, and Black Vulcan, and causing CSC to pay an “advisory fee” of US \$1.5 million to Oregon Group despite the fact that neither Oregon Group nor Mr. Milewski played any role in securing the investment partnership with IE. Mr. Cochrane also omitted to disclose to CSC that he had caused the Company to pay advisory fees to Oregon Group and that he was a founder of Oregon Group.

154. Mr. Cochrane committed further actionable misrepresentations through omission by failing to disclose that Oregon Group, Black Vulcan, Regent, Angstrom Capital, Carbon Advisors LLC, Mr. Milewski, and Mr. Beck were providing little or no *bona fide* services to CSC. Mr. Cochrane also failed to disclose that he was the Chief Executive Officer of EmergentGlobal and was in a conflict of interest with Mr. Lemons, Mr. Reece, and other principals or shareholders of IE, who he knew were adverse parties to CSC in two ongoing arbitrations. Mr. Cochrane also misrepresented the amount of documents that he retained with respect to the dispute with IE and the dispute with MarVivo by stating that he only used a laptop and smart phone for calls and emails, which is false.

155. Mr. Cochrane misrepresented on numerous occasions that Oregon Group never received any compensation from CSC, when in fact Mr. Cochrane caused CSC to pay US \$1.5 million in advisory fees for little or no *bona fide* services.

156. Mr. Cochrane’s misrepresentations and omissions also caused the Plaintiff to have a false understanding about the finances of the Company and to allow or approve payments for little or no *bona fide* services from Oregon Group, Black Vulcan, Regent, Angstrom Capital, Carbon Advisors LLC, Mr. Beck and Mr. Milewski. CSC was not aware that Mr. Cochrane had entered into the Advisory Services Agreement with Oregon Group and had caused CSC to pay Oregon Group over US \$1.5 million in advisory fees which were not publicly disclosed. Mr. Cochrane also omitted to disclose that Black Vulcan, Regent, Angstrom Capital, Carbon Advisors LLC, Mr. Beck, and Mr.

Milewski were providing little or no *bona fide* services to CSC, which caused CSC to allow payments for “consulting fees” for little or no *bona fide* services or services that were overlapping and were therefore improperly invoiced.

157. In addition to approving or allowing payment to consultants and advisors for little or no *bona fide* services, the Plaintiff also relied on its false understanding of CSC’s finances in making all manner of business decisions and in assessing their legal rights and options. The Plaintiff would not have entered into any agreement with Oregon Group if it had known that Mr. Cochrane was involved as founder of Oregon Group and had a concurrent relationship with Mr. Milewski. The Plaintiff would similarly not have entered into any agreement with Black Vulcan had it known that Mr. Cochrane had a concurrent relationship with Mr. Milewski and that Black Vulcan provided overlapping services with Oregon Group. CSC would also not have entered into any agreement with Regent, Angstrom Capital, Carbon Advisors, or Mr. Beck had it known that these entities were providing little or no *bona fide* services, or overlapping services.

v. Unjust Enrichment

158. Mr. Cochrane has been unjustly enriched by his wilful misconduct, including but not limited to diverting payment of the \$900,000 Rimba Raya Advisory Fee to Oregon Group. As Founder of Oregon Group, Mr. Cochrane was enriched by the Rimba Raya Advisory Fee, CSC suffered a corresponding loss, and there is no juristic reason for Mr. Cochrane to have received the benefit of this Rimba Raya Advisory Fee.

vi. The Plaintiff’s Losses

159. The Plaintiff suffered losses resulting from Mr. Cochrane’s wilful misconduct, including:

- (a) CSC paid a total of US \$1.5 Million to Oregon Group and Mr. Milewski in advisory fees and received little or no *bona fide* services or services overlapping with Black Vulcan.
- (b) CSC paid a total of US \$1,485,732.94 to Black Vulcan and Mr. Milewski and received little or no *bona fide* services or services overlapping with Oregon Group.
- (c) CSC paid a total of US \$853,864.37 to Regent and Mr. Beck and received little or no *bona fide* services or services overlapping with Carbon Advisors LLC.
- (d) CSC paid a total of US \$400,000 to Carbon Advisors LLC, Mr. Beck and Mr. Milewski and received little or no *bona fide* services or services overlapping with Carbon Advisors LLC.
- (e) CSC paid at least US \$100,000 for corporate retreats and excessive expenses that served little or no business purpose and were performed contrary to the Travel and Expense Policy.
- (f) Mr. Cochrane is the key witness in the arbitrations against IE. In the arbitrations against IE, CSC has claimed damages in the amount of US \$26,285,714 and damages representing the value of 22,695,900 common shares in CSC. Mr. Cochrane's refusal to have third parties access his devices to collect documents and/or Mr. Cochrane's spoliation of documents will negatively impact CSC's case against IE, potentially resulting in damages against Mr. Cochrane for the amount of US \$26,285,714 and damages representing the value of 22,695,900 common shares in CSC.

(g) CSC overpaid Mr. Sawkins under his Employment Agreement in an amount to be particularized at trial.

(h) CSC paid Angstrom Capital equity-based compensation in the form of CSC shares, and received little or no *bona fide* services.

**B. *Conor Kearns***

i. Breach of Fiduciary Duties

160. As Chief Financial Officer, Mr. Kearns owed CSC common law and statutory fiduciary duties under section 142 of the *BCBCA* including duties of loyalty and disclosure that required him to act honestly and in good faith with a view to the best interests of CSC. This duty includes the obligation to place the interests of CSC first and refrain from making decisions that are tainted by self-interest and self-dealing. The Plaintiff reasonably expected that Mr. Kearns would avoid conflicts between the interests of CSC and opposing interests, including his own and the interests of his business associates at Nickel 28. Mr. Kearns explicitly agreed that he was a fiduciary in his employment agreement and his Settlement and Mutual Release. Mr. Kearns also agreed under the Settlement and Mutual Release that his ongoing fiduciary obligations survived the end of his employment with CSC.

161. Since signing the Settlement and Mutual Release, the Plaintiff has discovered instances of Mr. Kearns breaching his fiduciary duties to CSC in a manner that amounts to wilful misconduct. Mr. Kearns acted deliberately or with reckless indifference when he breached his fiduciary duties by engaging in the following activities, among others:

(a) failing to disclose that he had a conflict of interest with Mr. Milewski as principal of Oregon Group and Black Vulcan, and with Oregon Group and Black Vulcan

- individually as entities, because Mr. Kearns and Mr. Milewski worked alongside each other as officers of Nickel 28.
- (b) diverting payments for “advisory fees” to Oregon Group despite being in a conflict of interest with Oregon Group and having a concurrent business relationship with Mr. Milewski.
  - (c) approving and/or allowing payments for “advisory fees” to Oregon Group where Oregon Group provided no evidence that it had provided bona fide services to justify the advisory fees.
  - (d) approving and/or allowing payments for “consulting fees” to Black Vulcan despite being in a conflict of interest with Mr. Milewski and Black Vulcan and having a concurrent business relationship with Mr. Milewski.
  - (e) approving and/or allowing payments for “consulting fees” to consultants that provided little or no *bona fide* services, including but not limited to payments, including equity-based compensation, made to Black Vulcan, Regent, Angstrom Capital, Carbon Advisors LLC, Mr. Beck and Mr. Milewski.
  - (f) failing to disclose the payments for the “advisory fees” and “consulting fees” mentioned above.
  - (g) approving and/or allowing payments for excessive expenses and lavish corporate retreats contrary to the Travel and Expense Policy and contrary to the best interests of CSC.

162. Mr. Kearns’ conduct amounts to wilful misconduct.

163. The full particulars of Mr. Kearns' misconduct are not known to the Plaintiff because Mr. Kearns and the other Defendants have taken ongoing steps to conceal their wrongdoing.

ii. Knowing Assistance of Breach of Fiduciary Duties

164. Mr. Kearns knowingly assisted in the breach of fiduciary duty by Mr. Cochrane, Mr. Swan, Mr. Tester, and Ms. Usonis. His conduct amounted to wrongful misconduct.

165. Mr. Kearns worked closely with Mr. Cochrane, Chief Executive Officer, to review and approve invoices and to ensure that all invoice payments complied with internal policies and external regulations. As Chief Financial Officer, Mr. Kearns also reported to Mr. Swan, Mr. Tester, and Ms. Usonis in their roles as directors on the Board of Directors and provided information on various matters including financial performance to assist with Board of Directors decision-making.

166. Mr. Cochrane, Mr. Swan, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by failing to act in the best interest of CSC. Mr. Cochrane, Mr. Swan, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by approving and/or allowing payments for "advisory fees" and "consulting fees" to advisors and consultants that provided little or no *bona fide* services and approving and/or allowing payments for excessive expenses that violated the CSC Travel and Expense Policy. As a director, executive, manager, principal, officer, associate, and/or employee of Regent, Ms. Usonis should reasonably have known that Regent and/or Mr. Beck were providing little or no *bona fide* services under the Regent Advisors Consulting Agreement.

167. Mr. Swan, Mr. Tester, and Ms. Usonis also breached their fiduciary duties to CSC by approving and/or allowing contracts and payments that were disadvantageous to CSC's interests. Mr. Cochrane and Mr. Kearns further breached their fiduciary duties to CSC by failing to disclose their conflict of interest with Mr. Milewski, Oregon Group, and Black Vulcan. Mr. Tester also

failed to declare that he worked as an ESG Consultant for Oregon Group and therefore was in a conflict of interest.

168. As Chief Financial Officer, Mr. Kearns was aware that Mr. Cochrane, Mr. Swan, Mr. Tester, and Ms. Usonis were in a fiduciary relationship with CSC and were engaging in dishonest conduct. Mr. Cochrane participated in and assisted and/or facilitated the dishonest conduct of Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis.

iii. Wilful Misconduct

169. Mr. Kearns engaged in wilful misconduct within the meaning of the carve-out at Section 5(c) of his Settlement and Mutual Release. Mr. Kearns acted deliberately, intentionally, and with reckless indifference. His wilful misconduct includes but is not limited to:

- (a) failing to disclose that he had a conflict of interest with Mr. Milewski as principal of Oregon Group and Black Vulcan, and with Oregon Group and Black Vulcan individually as entities, because Mr. Kearns and Mr. Milewski worked with each other as directors of Nickel 28.
- (b) diverting payments for “advisory fees” to Oregon Group despite being in a conflict of interest with Oregon Group and having a concurrent business relationship with Mr. Milewski.
- (c) approving and/or allowing payments for “advisory fees” to Oregon Group where Oregon Group provided no evidence that it had provided bona fide services to justify the advisory fees.

- (d) approving and/or allowing payments for “consulting fees” to Black Vulcan despite being in a conflict of interest with Mr. Milewski and Black Vulcan and having a concurrent business relationship with Mr. Milewski.
- (e) approving and/or allowing payments for “consulting fees” to consultants that provided little or no *bona fide* services, including but not limited to payments, including equity-based compensation, made to Black Vulcan, Regent, Angstrom Capital, Carbon Advisors LLC, Mr. Beck and Mr. Milewski.
- (f) failing to disclose the payments for the “advisory fees” and “consulting fees” mentioned above.
- (g) approving and/or allowing payments for excessive expenses and lavish corporate retreats contrary to the Travel and Expense Policy and contrary to the best interests of CSC.

iv. Fraudulent Misrepresentation / Deceit

170. Mr. Kearns is liable in fraudulent misrepresentation and/or deceit resulting from numerous implied representations and omissions made to the Plaintiff which induced the Plaintiff to act to its detriment, including by failing to disclose his conflict of interest and lengthy history of involvement with Mr. Milewski, Oregon Group, and Black Vulcan, and causing CSC to pay an “advisory fee” of US \$1.5 million to Oregon Group despite the fact that neither Oregon Group nor Mr. Milewski played any role in securing the investment partnership with IE. Mr. Kearns also omitted to disclose to CSC that he had caused the Company to pay advisory fees to Oregon Group and that Mr. Cochrane was a founder of Oregon Group. Mr. Kearns committed further actionable misrepresentations through omission by failing to disclose that Oregon Group, Black Vulcan,

Regent, Angstrom Capital, Carbon Advisors LLC, Mr. Milewski, and Mr. Beck were providing little or no *bona fide* services to CSC.

171. Mr. Kearns' implied representations and omissions led to CSC being unaware that Mr. Cochrane had entered into the Advisory Services Agreement with Oregon Group and that Mr. Kearns had approved payment of over US \$1.5 million in advisory fees which were not publicly disclosed. Mr. Kearns' omissions also caused the Plaintiff to have a false understanding about the finances of the Company and to allow or approve payments for little or no *bona fide* services from Oregon Group, Black Vulcan, Regent, Angstrom Capital, Carbon Advisors LLC, Mr. Milewski, and Mr. Beck. Mr. Kearns also omitted to disclose that Black Vulcan, Regent, Angstrom Capital, Carbon Advisors LLC, Mr. Beck, and Mr. Milewski were providing little or no *bona fide* services to CSC, which caused CSC to allow payments for "consulting fees" for little or no *bona fide* services or services that were overlapping and were therefore improperly invoiced. In addition to approving or allowing payment to consultants and advisors for little or no *bona fide* services, the Plaintiff also relied on its false understanding of CSC's finances in making all manner of business decisions and in assessing their legal rights and options. The Plaintiff would not have entered into any agreement with Oregon Group if it had known that Mr. Kearns had a concurrent relationship with Mr. Milewski. The Plaintiff would similarly not have entered into any agreement with Black Vulcan had it known that Mr. Kearns had a concurrent relationship with Mr. Milewski and that Black Vulcan provided overlapping services with Oregon Group. The Plaintiff would also not have entered into any agreement with Regent, Angstrom Capital, Carbon Advisors, or Mr. Beck had it known that these entities were providing little or no *bona fide* services, or overlapping services.

v. The Plaintiff's Losses

172. The Plaintiff suffered losses resulting from Mr. Kearns' wilful misconduct, including:

- (a) CSC paid a total of US \$1.5 Million to Oregon Group and Mr. Milewski in advisory fees and received little or no *bona fide* services or services overlapping with Black Vulcan.
- (b) CSC paid a total of US \$1,485,732.94 to Black Vulcan and Mr. Milewski and received little or no *bona fide* services or services overlapping with Oregon Group.
- (c) CSC paid a total of US \$853,864.37 to Regent and Mr. Beck and received little or no *bona fide* services or services overlapping with Carbon Advisors LLC.
- (d) CSC paid a total of US \$400,000 to Carbon Advisors LLC, Mr. Beck and Mr. Milewski and received little or no *bona fide* services or services overlapping with Carbon Advisors LLC.
- (e) CSC paid at least US \$100,000 for corporate retreats and excessive expenses that served little or no business purpose and were performed contrary to the Travel and Expense Policy.
- (f) CSC paid Angstrom Capital equity-based compensation in the form of CSC shares, and received little or no *bona fide* services.

***C. Oregon Group and Anthony Milewski***

***i. Knowing Assistance of Breach of Fiduciary Duty***

173. Oregon Group and Mr. Milewski knowingly assisted in the breach of fiduciary duty by Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis. Their conduct amounted to wrongful misconduct.

174. Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis owed fiduciary duties to CSC. Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by failing to act in the best interest of CSC. Mr. Cochrane and Mr. Kearns breached their fiduciary duties to CSC by failing to disclose their conflict of interest with Mr. Milewski, Oregon Group, and Black Vulcan. Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by approving and/or allowing payments for “advisory fees” and “consulting fees” to advisors and consultants that provided little or no *bona fide* services and approving and/or allowing payments for excessive expenses that violated the CSC Travel and Expense Policy. As a director, executive, manager, principal, officer, associate, and/or employee of Regent, Ms. Usonis should reasonably have known that Regent and/or Mr. Beck were providing little or no *bona fide* services under the Regent Advisors Consulting Agreement.

175. Mr. Swan, Mr. Tester, and Ms. Usonis also breached their fiduciary duties to CSC by approving and/or allowing contracts and payments that were disadvantageous to CSC’s interests. Mr. Tester also failed to declare that he worked as an ESG Consultant for Oregon Group and therefore was in a conflict of interest.

176. Mr. Milewski and Oregon Group knew about the fiduciary relationship between CSC and Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis.

177. Mr. Milewski and Oregon Group assisted in the dishonest conduct by Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis by:

- (a) providing little or no *bona fide* services and/or providing overlapping services with Black Vulcan.

(b) failing to disclose the relationship between Black Vulcan and Oregon Group, in particular, that Black Vulcan and Oregon Group share the same bank account.

(c) allowing for duplicate payments to be made to Black Vulcan and Oregon Group for services not performed by Black Vulcan or Oregon Group.

ii. Unjust Enrichment

178. Mr. Milewski and Oregon Group have been unjustly enriched by their misconduct, including but not limited to:

(a) providing little or no *bona fide* services and/or providing overlapping services with Black Vulcan.

(b) failing to disclose the relationship between Black Vulcan and Oregon Group, in particular, that Black Vulcan and Oregon Group share the same bank account.

(c) allowing for duplicate payments to be made to Black Vulcan and Oregon Group for services not performed by Black Vulcan or Oregon Group.

179. The acts caused a corresponding deprivation as set out below. There is no juristic reason for the benefits received by Mr. Milewski and Oregon Group.

iii. Wilful Misconduct

180. Oregon Group and Mr. Milewski engaged in wilful misconduct within the meaning of the carve-out at Section 4(c) of the Black Vulcan and Carbon Advisors Release. Oregon Group and Mr. Milewski acted deliberately, intentionally, and with reckless indifference. Their wilful misconduct includes but is not limited to:

- (a) providing little or no *bona fide* services and/or providing overlapping services with Black Vulcan.
- (b) failing to disclose the relationship between Black Vulcan and Oregon Group, in particular, that Black Vulcan and Oregon Group share the same bank account.
- (c) allowing for duplicate payments to be made to Black Vulcan and Oregon Group for services not performed by Black Vulcan or Oregon Group.

181. The full particulars of Oregon Group and Mr. Milewski's misconduct are not known to the Plaintiff because Oregon Group, Mr. Milewski, and the other Defendants have taken ongoing steps to conceal their wrongdoing.

iv. Fraudulent Misrepresentation / Deceit

182. Oregon Group and Mr. Milewski are liable in fraudulent misrepresentation and/or deceit resulting from numerous implied representations and omissions made to the Plaintiff which induced the Plaintiff to act to its detriment, including by accepting payment for little or no *bona fide* services, failing to disclose the relationship between Black Vulcan and Oregon Group, and allowing for duplicate payments to be made to Black Vulcan and Oregon Group for services not performed.

183. Oregon Group and Mr. Milewski's omissions also caused the Plaintiff to have a false understanding about the finances of the Company and to allow or approve payments for little or no *bona fide* services from Oregon Group, Black Vulcan, and Mr. Milewski. The Plaintiff also relied on its false understanding of CSC's finances in making all manner of business decisions and in assessing their legal rights and options. The Plaintiff would not have entered into any agreement with Oregon Group, Black Vulcan, or Mr. Milewski if it had known about the relationship between Oregon Group and Black Vulcan.

v. The Plaintiff's Losses

184. The Plaintiff suffered losses due the misconduct by Mr. Milewski and Oregon Group:

(a) CSC paid a total of US \$1.5 million to Oregon Group and Mr. Milewski in advisory fees and received little or no *bona fide* services or services overlapping with Black Vulcan.

(b) Of the US \$1.5 million, CSC paid Oregon Group a US \$900,000 Rimba Raya Advisory Fee, despite no evidence that Oregon Group or Mr. Milewski facilitated the Rimba Raya transaction in any way.

(c) Of the US \$1.5 million, CSC also paid Oregon Group a US \$500,000 UpEnergy Advisory Fee, which was duplicated in the “one time bonus” that was also paid to Black Vulcan in relation to the UpEnergy transaction which Black Vulcan did not assist with.

***D. Black Vulcan and Anthony Milewski***

i. Knowing Assistance of Breach of Fiduciary Duty

185. Black Vulcan and Mr. Milewski knowingly assisted in the breach of fiduciary duty by Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis. Their conduct amounted to wrongful misconduct.

186. Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis owed fiduciary duties to CSC. Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by failing to act in the best interest of CSC. Mr. Cochrane and Mr. Kearns breached their fiduciary duties to CSC by failing to disclose their conflict of interest with Mr. Milewski, Oregon Group, and Black Vulcan. Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by approving and/or allowing payments for “advisory

fees” and “consulting fees” to advisors and consultants that provided little or no *bona fide* services and approving and/or allowing payments for excessive expenses that violated the CSC Travel and Expense Policy. As a director, executive, manager, principal, officer, associate, and/or employee of Regent, Ms. Usonis should reasonably have known that Regent and/or Mr. Beck were providing little or no *bona fide* services under the Regent Advisors Consulting Agreement.

187. Mr. Swan, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by approving and/or allowing contracts and payments that were disadvantageous to CSC’s interests. Mr. Tester also failed to declare that he worked as an ESG Consultant for Oregon Group and therefore was in a conflict of interest.

188. Mr. Milewski and Black Vulcan knew about the fiduciary relationship between CSC and Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis.

189. Mr. Milewski and Black Vulcan assisted in the dishonest conduct by Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis by:

- (a) providing little or no *bona fide* services under the Black Vulcan Consulting Agreement, and/or providing overlapping services with Oregon Group.
- (b) failing to disclose the relationship between Black Vulcan and Oregon Group, in particular, that Black Vulcan and Oregon Group share the same bank account.
- (c) allowing for duplicate payments to be made to Black Vulcan and Oregon Group for services not performed by Black Vulcan.

ii. Unjust Enrichment

190. Mr. Milewski and Black Vulcan have been unjustly enriched by their misconduct, including but not limited to:

- (a) providing little or no *bona fide* services under the Black Vulcan Consulting Agreement, and/or providing overlapping services with Oregon Group.
- (b) failing to disclose the relationship between Black Vulcan and Oregon Group, in particular, that Black Vulcan and Oregon Group share the same bank account.
- (c) allowing for duplicate payments to be made to Black Vulcan and Oregon Group for services not performed by Black Vulcan.

191. The acts caused a corresponding deprivation as set out below. There is no juristic reason for the benefits received by Mr. Milewski and Black Vulcan LLC.

iii. Wilful Misconduct

192. Black Vulcan and Mr. Milewski engaged in wilful misconduct within the meaning of the carve-out at Section 4(c) of the Black Vulcan and Carbon Advisors Release. Black Vulcan and Mr. Milewski acted deliberately, intentionally, and with reckless indifference. Their wilful misconduct includes but is not limited to:

- (a) providing little or no *bona fide* services under the Black Vulcan Consulting Agreement, and/or providing overlapping services with Oregon Group.
- (b) failing to disclose the relationship between Black Vulcan and Oregon Group, in particular, that Black Vulcan and Oregon Group share the same bank account.

(c) allowing for duplicate payments to be made to Black Vulcan and Oregon Group for services not performed by Black Vulcan.

193. The full particulars of Black Vulcan and Mr. Milewski's misconduct are not known to the Plaintiff because Black Vulcan, Mr. Milewski, and the other Defendants have taken ongoing steps to conceal their wrongdoing.

iv. Fraudulent Misrepresentation / Deceit

194. Black Vulcan and Mr. Milewski are liable in fraudulent misrepresentation and/or deceit resulting from numerous implied representations and omissions made to the Plaintiff which induced the Plaintiff to act to its detriment, including by accepting payment for little or no *bona fide* services, failing to disclose the relationship between Black Vulcan and Oregon Group, and allowing for duplicate payments to be made to Black Vulcan and Oregon Group for services not performed.

195. Black Vulcan and Mr. Milewski's omissions also caused the Plaintiff to have a false understanding about the finances of the Company and to allow or approve payments for little or no *bona fide* services from Oregon Group, Black Vulcan, and Mr. Milewski. The Plaintiff also relied on its false understanding of CSC's finances in making all manner of business decisions and in assessing their legal rights and options. The Plaintiff would not have entered into any agreement with Oregon Group, Black Vulcan, or Mr. Milewski if it had known about the relationship between Oregon Group and Black Vulcan.

v. The Plaintiff's Losses

196. The Plaintiff suffered losses due the misconduct by Mr. Milewski and Black Vulcan:

(a) CSC paid a total of US \$1,485,732.94 to Black Vulcan and Mr. Milewski and received little or no *bona fide* services or services overlapping with Oregon Group.

(b) Of the US \$1,485,732.94, CSC paid Black Vulcan a “YE 2022 annual bonus” in the amount of US \$500,000 which was a duplicate payment to the UpEnergy Advisory Fee paid to Oregon Group and should not have been paid to Black Vulcan because Black Vulcan had provided little or no *bona fide* services in relation to the UpEnergy transaction.

***E. Regent, Angstrom Capital, and Michael Beck***

***i. Knowing Assistance of Breach of Fiduciary Duty***

197. Regent, Angstrom Capital, and Mr. Beck knowingly assisted in the breach of fiduciary duty by Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis. Their conduct amounted to wrongful misconduct.

198. Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis owed fiduciary duties to CSC. Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by failing to act in the best interest of CSC. Mr. Cochrane and Mr. Kearns breached their fiduciary duties to CSC by failing to disclose their conflict of interest with Mr. Milewski, Oregon Group and Black Vulcan. Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by approving and/or allowing payments for “advisory fees” and “consulting fees” to advisors and consultants that provided little or no *bona fide* services and approving and/or allowing payments for excessive expenses that violated the CSC Travel and Expense Policy. As a director, executive, manager, principal, officer, associate, and/or employee of Regent, Ms. Usonis should reasonably have known that Regent and/or Mr. Beck were providing little or no *bona fide* services under the Regent Advisors Consulting Agreement.

199. Mr. Swan, Mr. Tester, and Ms. Usonis also breached their fiduciary duties to CSC by approving and/or allowing contracts and payments that were disadvantageous to CSC’s interests.

Mr. Tester also failed to declare that he worked as an ESG Consultant for Oregon Group and therefore was in a conflict of interest.

200. Mr. Beck, Regent, and Angstrom Capital knew about the fiduciary relationship between CSC and Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis.

201. Mr. Beck, Regent, and Angstrom Capital assisted in the dishonest conduct by Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis by:

(a) providing little or no *bona fide* services, and/or

(b) providing overlapping services with Carbon Advisors LLC, despite receiving payment from CSC.

ii. Unjust Enrichment

202. Mr. Beck, Regent, and Angstrom Capital have been unjustly enriched by their misconduct, including but not limited to:

(a) providing little or no *bona fide* services, and/or

(b) providing overlapping services with Carbon Advisors LLC, despite receiving payment from CSC.

203. The acts caused a corresponding deprivation as set out below. There is no juristic reason for the benefits received by Mr. Beck, Regent, and Angstrom Capital.

iii. Wilful Misconduct

204. The Plaintiff pleads that Regent, Mr. Beck, and Angstrom Capital engaged in wilful misconduct within the meaning of Section 4(c) in the Regent Advisors, Angstrom Capital, and

Carbon Advisors Release. Regent, Mr. Beck, and Angstrom Capital acted deliberately, intentionally, and with reckless indifference. Their wilful misconduct includes but is not limited to:

- (a) providing little or no *bona fide* services, either under any agreement as alleged or otherwise; and/or
- (b) providing overlapping services with Carbon Advisors LLC, despite receiving payment from CSC.

205. The full particulars of Regent, Mr. Beck's, and Angstrom Capital's misconduct are not known to the Plaintiff because Regent, Mr. Beck, Angstrom Capital, and the other Defendants have taken ongoing steps to conceal their wrongdoing.

iv. Fraudulent Misrepresentation / Deceit

206. Regent, Mr. Beck, and Angstrom Capital are liable in fraudulent misrepresentation and/or deceit resulting from numerous implied representations and omissions made to the Plaintiff which induced the Plaintiff to act to its detriment, including by accepting payment for little or no *bona fide* services and providing overlapping services with Carbon Advisors LLC, despite receiving payment from CSC.

207. Regent, Mr. Beck's, and Angstrom Capital's omissions also caused the Plaintiff to have a false understanding about the finances of the Company and to allow or approve payments and other compensation, including equity-based compensation, for little or no *bona fide* services from Regent, Carbon Advisors LLC, Mr. Beck, Mr. Milewski, and Angstrom Capital. The Plaintiff also relied on its false understanding of CSC's finances in making all manner of business decisions and in assessing their legal rights and options. The Plaintiff would not have entered into any agreement

with Regent, Carbon Advisors LLC, Mr. Beck, Mr. Milewski, or Angstrom Capital if it had known that Regent and Carbon Advisors LLC had agreements with overlapping services.

v. The Plaintiff's Losses

208. The Plaintiff suffered losses due the misconduct by Mr. Beck, Regent, and Angstrom Capital:

(a) CSC paid Regent and Mr. Beck over US \$853,864.37, including US \$645,000 in consulting fees, US \$100,000 for past services, and US \$5,307.00 for disbursements, and received little or no *bona fide* services or services overlapping with Carbon Advisors LLC.

(b) CSC paid Angstrom Capital equity-based compensation in the form of CSC shares, and received little or no *bona fide* services.

***F. Carbon Advisors LLC., Michael Beck, and Anthony Milewski***

i. Knowing Assistance of Breach of Fiduciary Duty

209. Carbon Advisors LLC, Mr. Beck, and Mr. Milewski knowingly assisted in the breach of fiduciary duty by Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis. Their conduct amounted to wrongful misconduct.

210. Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis owed fiduciary duties to CSC. Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by failing to act in the best interest of CSC. Mr. Cochrane and Mr. Kearns breached their fiduciary duties to CSC by failing to disclose their conflict of interest with Mr. Milewski, Oregon Group and Black Vulcan. Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by approving and/or allowing payments for “advisory fees”

and “consulting fees” to advisors and consultants that provided little or no *bona fide* services and approving and/or allowing payments for excessive expenses that violated the CSC Travel and Expense Policy. As a director, executive, manager, principal, officer, associate, and/or employee of Regent, Ms. Usonis should reasonably have known that Regent and/or Mr. Beck were providing little or no *bona fide* services under the Regent Advisors Consulting Agreement.

211. Mr. Swan, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by approving and/or allowing contracts and payments that were disadvantageous to CSC’s interests. Mr. Tester also failed to declare that he worked as an ESG Consultant for Oregon Group and therefore was in a conflict of interest.

212. Mr. Beck, Mr. Milewski, and Carbon Advisors LLC knew about the fiduciary relationship between CSC and Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis.

213. Mr. Beck, Mr. Milewski, and Carbon Advisors LLC assisted in the dishonest conduct of Mr. Cochrane, Mr. Kearns, Mr. Swan, Mr. Tester, and Ms. Usonis by:

(a) providing little or no *bona fide* services, and/or

(b) providing overlapping services with Regent, despite receiving payment from CSC.

ii. Unjust Enrichment

214. Mr. Beck, Mr. Milewski, and Carbon Advisors LLC are liable in unjust enrichment to the Plaintiff.

215. Mr. Beck, Mr. Milewski, and Carbon Advisors LLC have been unjustly enriched by their misconduct, including but not limited to:

(a) providing little or no *bona fide* services, and/or

(b) providing overlapping services with Regent, despite receiving payment from CSC.

216. The acts caused a corresponding deprivation as set out below. There is no juristic reason for the benefits received by Mr. Beck, Mr. Milewski, and Carbon Advisors LLC.

iii. Wilful Misconduct

217. The Plaintiff pleads that Carbon Advisors LLC, Mr. Beck, and Mr. Milewski engaged in wilful misconduct within the meaning of Section 4(c) in the Regent Advisors, Angstrom Capital, and Carbon Advisors Release. Carbon Advisors LLC, Mr. Beck, and Mr. Milewski acted deliberately, intentionally, and with reckless indifference. Their wilful misconduct includes but is not limited to:

(a) providing little or no *bona fide* services, either under any agreement as alleged or otherwise, and/or

(b) providing overlapping services with Regent, despite receiving payment from CSC.

218. The full particulars of Carbon Advisors LLC, Mr. Beck, and Mr. Milewski's misconduct are not known to the Plaintiff because Carbon Advisors LLC, Mr. Beck, Mr. Milewski, and the other Defendants have taken ongoing steps to conceal their wrongdoing.

iv. Fraudulent Misrepresentation / Deceit

219. Carbon Advisors LLC, Mr. Beck, and Mr. Milewski are liable in fraudulent misrepresentation and/or deceit resulting from numerous implied representations and omissions made to the Plaintiff which induced the Plaintiff to act to its detriment, including by accepting payment for little or no *bona fide* services and entering agreements with overlapping services with Regent, despite receiving payment from CSC.

220. Carbon Advisors LLC, Mr. Beck, and Mr. Milewski's omissions also caused the Plaintiff to have a false understanding about the finances of the Company and to allow or approve payments for little or no *bona fide* services from Regent, Angstrom Capital, Carbon Advisors LLC, Mr. Beck, and Mr. Milewski. The Plaintiff also relied on its false understanding of CSC's finances in making all manner of business decisions and in assessing their legal rights and options. The Plaintiff would not have entered into any agreement with Regent, Angstrom Capital, Carbon Advisors LLC, Mr. Beck, or Mr. Milewski if it had known that Regent and Carbon Advisors LLC were entering into agreement with overlapping services.

v. The Plaintiff's Losses

221. The Plaintiff suffered losses due the misconduct by Mr. Beck, Mr. Milewski, and Carbon Advisors LLC:

- (a) CSC paid US \$400,000 to Carbon Advisors as a "Corporate Advisory Fee" and received little or no *bona fide* services or services overlapping with Regent.

**G. Maurice Swan**

i. Breach of Fiduciary Duties

222. As a director, Mr. Swan owed CSC common law and statutory fiduciary duties under section 142 of the *BCBCA*, including duties of loyalty and disclosure that required him to act honestly and in good faith with a view to the best interests of CSC. This duty includes the obligation to place the interests of CSC first and refrain from making decisions that are tainted by self-interest and self-dealing. The Plaintiff reasonably expected that Mr. Swan would avoid conflicts between the interests of CSC and opposing interests, including his own. Mr. Swan explicitly agreed that he was a fiduciary in his Director Resignation and Mutual Release.

223. Since signing the Resignation and Mutual Release, the Plaintiff has discovered instances of Mr. Swan breaching his fiduciary duties to CSC in a manner that amounts to wilful misconduct.

Mr. Swan acted deliberately or with reckless indifference when he breached his fiduciary duties by engaging in the following activities, among others:

- (a) approving and/or allowing payments for “advisory fees” to advisors where the advisor provided no evidence that the advisor had provided *bona fide* services to justify the advisory fee, including but not limited approving the US \$900,000 Rimba Raya Advisory Fee and the US \$500,000 UpEnergy Advisory Fee to Oregon Group
- (b) approving and/or allowing payments for “consulting fees” to consultants that provided little or no bona fide services, including but not limited to payments, including equity-based compensation, made to Black Vulcan, including the US \$500,000 “YE 2022 annual bonus”, Regent, Angstrom Capital, Carbon Advisors LLC, Mr. Beck and Mr. Milewski.
- (c) failing to disclose the payments for the “advisory fees” and “consulting fees” mentioned above.
- (d) approving and/or allowing payments for excessive expenses and lavish corporate retreats contrary to the Travel and Expense Policy and contrary to the best interests of CSC.
- (e) approving and/or allowing CSC to enter into an Employment Agreement with Mr. Sawkins with excessive and overly generous employment terms, including compensation that went far beyond the market rate.

224. Mr. Swan's conduct amounts to wilful misconduct.

225. The full particulars of Mr. Swan's misconduct are not known to the Plaintiff because Mr. Swan and the other Defendants have taken ongoing steps to conceal their wrongdoing.

ii. Knowing Assistance of Breach of Fiduciary Duties

226. Mr. Swan knowingly assisted in the breach of fiduciary duty by Mr. Cochrane, Mr. Kearns, Mr. Tester, and Ms. Usonis. His conduct amounted to wrongful misconduct.

227. As a director, member of the Board of Directors, and member of the Compensation Committee, Mr. Swan frequently consulted Mr. Cochrane, Mr. Kearns, Mr. Tester, and Ms. Usonis on various matters including financial performance, strategic initiatives, executive and employee compensation, and operational updates to assist with Board of Directors decision-making.

228. Mr. Cochrane, Mr. Kearns, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by failing to act in the best interest of CSC. Mr. Cochrane, Mr. Kearns, Mr. Tester, and Ms. Usonis breached their fiduciary duties to CSC by approving and/or allowing payments for "advisory fees" and "consulting fees" to advisors and consultants that provided little or no *bona fide* services, allowing CSC to enter into an employment agreement with Mr. Sawkins for above-market-rate compensation, and approving and/or allowing payments for excessive expenses that violated the CSC Travel and Expense Policy. As a director, executive, manager, principal, officer, associate, and/or employee of for Regent, Ms. Usonis should reasonably have known that Regent and/or Mr. Beck were providing little or no *bona fide* services under the Regent Advisors Consulting Agreement.

229. Mr. Tester and Ms. Usonis also breached their fiduciary duties to CSC by approving and/or allowing contracts and payments that were disadvantageous to CSC's interests. Mr. Cochrane and

Mr. Kearns further breached their fiduciary duties to CSC by failing to disclose their conflicts of interest with Mr. Milewski, Oregon Group and Black Vulcan. Mr. Tester also failed to declare that he worked as an ESG Consultant for Oregon Group and therefore was in a conflict of interest.

230. As a director and member of the Board of Directors, Mr. Swan was aware that Mr. Cochrane, Mr. Kearns, Mr. Tester, and Ms. Usonis were in a fiduciary relationship with CSC and were engaging in dishonest conduct. Mr. Swan participated in and assisted the dishonest conduct of Mr. Cochrane, Mr. Kearns, Mr. Tester, and Ms. Usonis.

iii. Wilful Misconduct

231. Mr. Swan engaged in wilful misconduct within the meaning of the carve-out at Section 2 of the Resignation and Mutual Release. Mr. Swan acted deliberately, intentionally, and with reckless indifference. His wilful misconduct includes but is not limited to:

- (a) approving and/or allowing payments for “advisory fees” to advisors where the advisor provided no evidence that the advisor had provided *bona fide* services to justify the advisory fee, including but not limited approving and/or allowing the US \$900,000 Rimba Raya Advisory Fee.
- (b) approving and/or allowing payments for “consulting fees” to consultants that provided little or no bona fide services, including but not limited to payments made to Black Vulcan, Regent, Angstrom Capital, Carbon Advisors LLC, Mr. Beck and Mr. Milewski.
- (c) approving and/or allowing payments for excessive expenses and lavish corporate retreats contrary to the Travel and Expense Policy and contrary to the best interests of CSC.

(d) failing to disclose the payments for the “advisory fees” and “consulting fees” mentioned above.

(e) Approving and/or allowing CSC to enter into an Employment Agreement with Mr. Sawkins with excessive and overly generous employment terms, including compensation that went far beyond the market rate.

iv. Fraudulent Misrepresentation / Deceit

232. Mr. Swan is liable in fraudulent misrepresentation and/or deceit resulting from numerous implied representations and omissions made to the Plaintiff which induced the Plaintiff to act to its detriment, including by failing to disclose the conflict of interest between Mr. Cochrane, Mr. Kearns, Oregon Group, Black Vulcan and Mr. Milewski, which ultimately benefitted Mr. Cochrane, Mr. Kearns, Mr. Milewski, and Oregon Group. Mr. Swan had knowledge that Mr. Cochrane had entered into the Advisory Services Agreement with Oregon Group but had failed to disclose the agreement to CSC. Mr. Swan also knew that Mr. Cochrane had caused CSC to pay an “advisory fee” of US \$1.5 million to Oregon Group despite the fact that neither Oregon Group nor Mr. Milewski played any role in securing the investment partnership with IE.

233. Mr. Swan’s implied representations and omissions caused the Plaintiff to have a false understanding about the finances of the Company. The Plaintiff relied on its false understanding of CSC’s finances in making all manner of business decisions and in assessing their legal rights and options. The Plaintiff would not have entered into any agreement with Oregon Group if it had known that Mr. Cochrane and Mr. Kearns had a concurrent relationship with Mr. Milewski. The Plaintiff would similarly not have entered into any agreement with Black Vulcan had it known that Mr. Cochrane and Mr. Kearns had a concurrent relationship with Mr. Milewski and that Black Vulcan provided overlapping services with Oregon Group.

v. The Plaintiff's Losses

234. The Plaintiff suffered losses resulting from Mr. Swan's wilful misconduct, including:

- (a) CSC paid a total of US \$1.5 Million to Oregon Group and Mr. Milewski in advisory fees and received little or no *bona fide* services or services overlapping with Black Vulcan.
- (b) CSC paid a total of US \$1,485,732.94 to Black Vulcan and Mr. Milewski and received little or no *bona fide* services or services overlapping with Oregon Group.
- (c) CSC paid a total of US \$853,864.37 to Regent and Mr. Beck and received little or no *bona fide* services or services overlapping with Carbon Advisors LLC.
- (d) CSC paid a total of US \$400,000 to Carbon Advisors LLC, Mr. Beck and Mr. Milewski and received little or no *bona fide* services or services overlapping with Carbon Advisors LLC.
- (e) CSC paid at least US \$100,000 for corporate retreats and excessive expenses that served little or no business purpose and were performed contrary to the Travel and Expense Policy.
- (f) CSC overpaid Mr. Sawkins under his Employment Agreement in an amount to be particularized at trial.
- (g) CSC paid Angstrom Capital equity-based compensation in the form of CSC shares, and received little or no *bona fide* services.

***H. Andrew Scott Tester***

i. Breach of Fiduciary Duties

235. As a director, Mr. Tester owed CSC common law and statutory fiduciary duties under section 142 of the *BCBCA*, including duties of loyalty and disclosure that required him to act honestly and in good faith with a view to the best interests of CSC. This duty includes the obligation to place the interests of CSC first and refrain from making decisions that are tainted by self-interest and self-dealing. The Plaintiff reasonably expected that Mr. Tester would avoid conflicts between the interests of CSC and opposing interests, including his own.

236. Since Mr. Tester's resignation, the Plaintiff has discovered instances of Mr. Tester breaching his fiduciary duties to CSC.

237. Mr. Tester acted deliberately or with reckless indifference when he breached his fiduciary duties by engaging in the following activities, among others:

- (a) Approving and/or allowing payments for "advisory fees" to advisors where the advisor provided no evidence that the advisor had provided *bona fide* services to justify the advisory fee, including but not limited approving the US \$900,000 Rimba Raya Advisory Fee and the US \$500,000 UpEnergy Advisory Fee to Oregon Group;
- (b) Approving and/or allowing payments for "consulting fees" to consultants that provided little or no *bona fide* services, including but not limited to payments, including equity-based compensation, made to Black Vulcan Resources LLC, including the US \$500,000 "YE 2022 annual bonus", Regent, Angstrom Capital, Carbon Advisors LLC, Mr. Beck and Mr. Milewski;

- (c) Failing to disclose the payments for the “advisory fees” and “consulting fees” mentioned above;
- (d) Approving and/or allowing payments for excessive expenses and lavish corporate retreats contrary to the Travel and Expense Policy and contrary to the best interests of CSC;
- (e) Failing to declare that he had a conflict of interest with Oregon Group because he worked as an “ESG Consultant” for Oregon Group.
- (f) Approving and/or allowing CSC to enter into an Employment Agreement with Mr. Sawkins with excessive and overly generous employment terms, including compensation that went far beyond the market rate.

238. The full particulars of Mr. Tester’s unlawful conduct are not known to the Plaintiff because Mr. Tester and the other Defendants have taken ongoing steps to conceal their wrongdoing.

ii. Knowing Assistance of Breach of Fiduciary Duties

239. Mr. Tester knowingly assisted in the breach of fiduciary duty by Mr. Cochrane, Mr. Kearns, Mr. Swan, and Ms. Usonis.

240. As a director, member on the Board of Directors, and member of the Compensation Committee, Mr. Tester frequently consulted Mr. Cochrane, Mr. Kearns, Mr. Swan, and Ms. Usonis on various matters including financial performance, strategic initiatives, executive and employee compensation, and operational updates to assist with Board of Directors decision-making.

241. Mr. Cochrane, Mr. Kearns, Mr. Swan, and Ms. Usonis breached their fiduciary duties to CSC by failing to act in the best interest of CSC. Mr. Kearns, Mr. Cochrane, Mr. Swan, and Ms.

Usonis breached their fiduciary duties to CSC by approving and/or allowing payments for “advisory fees” and “consulting fees” to advisors and consultants that provided little or no *bona fide* services, allowing CSC to enter into an employment agreement with Mr. Sawkins for above-market-rate compensation, and approving and/or allowing payments for excessive expenses that violated the CSC Travel and Expense Policy. As a director, executive, manager, principal, officer, associate, and/or employee of for Regent, Ms. Usonis should reasonably have known that Regent and/or Mr. Beck were providing little or no *bona fide* services under the Regent Advisors Consulting Agreement.

242. Mr. Swan and Ms. Usonis also breached their fiduciary duties to CSC by approving contracts and payments that were disadvantageous to CSC’s interests. Mr. Cochrane and Mr. Kearns further breached their fiduciary duties to CSC by failing to disclose their conflict of interest with Mr. Milewski, Oregon Group, and Black Vulcan.

243. As a Director and member of the Board of Directors, Mr. Tester was aware that Mr. Cochrane, Mr. Kearns, Mr. Swan, and Ms. Usonis were in a fiduciary relationship with CSC and were engaging in dishonest conduct. Mr. Tester participated in and assisted in Mr. Cochrane, Mr. Kearns’, Mr. Swan and Ms. Usonis’ dishonest conduct.

iii. Fraudulent Misrepresentation / Deceit

244. Mr. Tester is liable in fraudulent misrepresentation and/or deceit resulting from numerous implied representations and omissions made to the Plaintiff which induced the Plaintiff to act to its detriment, including by failing to disclose that he worked as an ESG consultant for Oregon Group and was therefore in a conflict of interest with Oregon Group and Mr. Milewski.

245. The Plaintiff would not have entered into any agreement with Oregon Group if it had known that Mr. Tester had a concurrent relationship with Mr. Milewski and Oregon Group. The Plaintiff would similarly not have entered into any agreement with Black Vulcan had it known that Mr. Tester had a concurrent relationship with Mr. Milewski.

iv. The Plaintiff's Losses

246. The Plaintiff suffered losses resulting from Mr. Tester's unlawful misconduct, including:

- (a) CSC paid a total of US \$1.5 Million to Oregon Group and Mr. Milewski in advisory fees and received little or no *bona fide* services or services overlapping with Black Vulcan.
- (b) CSC paid a total of US \$1,485,732.94 to Black Vulcan and Mr. Milewski and received little or no *bona fide* services or services overlapping with Oregon Group.
- (c) CSC paid a total of US \$853,864.37 to Regent and Mr. Beck and received little or no *bona fide* services or services overlapping with Carbon Advisors LLC.
- (d) CSC paid a total of US \$400,000 to Carbon Advisors LLC, Mr. Beck and Mr. Milewski and received little or no *bona fide* services or services overlapping with Carbon Advisors LLC.
- (e) CSC paid over US \$100,000 for corporate retreats and excessive expenses that served little or no business purpose and were performed contrary to the Travel and Expense Policy.
- (f) CSC overpaid Mr. Sawkins under his Employment Agreement in an amount to be particularized at trial.

(g) CSC paid Angstrom Capital equity-based compensation in the form of CSC shares, and received little or no *bona fide* services.

***I. Jeanne Usonis***

***i. Breach of Fiduciary Duties***

247. As a director, Ms. Usonis owed CSC common law and statutory fiduciary duties under section 142 of the *BCBCA*, including duties of loyalty and disclosure that required her to act honestly and in good faith with a view to the best interests of CSC. This duty includes the obligation to place the interests of CSC first and refrain from making decisions that are tainted by self-interest and self-dealing. The Plaintiff reasonably expected that Ms. Usonis would avoid conflicts between the interests of CSC and opposing interests, including her own. However, Ms. Usonis held a director position for both CSC and Regent, which presented a conflict of interest concerning the Regent Advisors Consulting Agreement.

248. Since Ms. Usonis' resignation, the Plaintiff has discovered instances of Ms. Usonis breaching her fiduciary duties to CSC.

249. Ms. Usonis breached her fiduciary duties by failing to appropriately oversee the operations of CSC and by engaging in the following activities, among others:

(a) approving and/or allowing payments for "consulting fees" to consultants that provided little or no *bona fide* services, including but not limited to payments, including equity-based compensation, made to Black Vulcan, Regent, Angstrom Capital, Carbon Advisors LLC, Mr. Beck and Mr. Milewski. As a director, executive, manager, principal, officer, associate, and/or employee of for Regent, Ms. Usonis should

reasonably have known that Regent and/or Mr. Beck were providing little or no *bona fide* services under the Regent Advisors Consulting Agreement.

(b) failing to disclose the payments for “consulting fees” mentioned above.

(c) approving and/or allowing payments for excessive expenses and lavish corporate retreats contrary to the Travel and Expense Policy and contrary to the best interests of CSC.

250. The full particulars of Ms. Usonis’ unlawful conduct are not known to the Plaintiff because Ms. Usonis and the other Defendants have taken ongoing steps to conceal their wrongdoing.

ii. Knowing Assistance of Breach of Fiduciary Duties

251. Ms. Usonis knowingly assisted in the breach of fiduciary duty by Mr. Cochrane, Mr. Kearns, Mr. Swan, and Mr. Tester.

252. As a director and member on the Board of Directors, Ms. Usonis frequently consulted Mr. Cochrane, Mr. Kearns, Mr. Swan, and Mr. Tester on various matters including financial performance, strategic initiatives, and operational updates to assist with Board of Directors decision-making.

253. Mr. Cochrane, Mr. Kearns, and Mr. Swan breached their fiduciary duties to CSC by failing to act in the best interest of CSC. Mr. Kearns, Mr. Cochrane, Mr. Swan, and Mr. Tester breached their fiduciary duties to CSC by approving and/or allowing payments for “advisory fees” and “consulting fees” to advisors and consultants that provided little or no *bona fide* services and approving and/or allowing payments for excessive expenses that violated the CSC Travel and Expense Policy.

254. Mr. Swan and Mr. Tester breached their fiduciary duties to CSC by approving and/or allowing contracts and payments that were disadvantageous to CSC's interests. Mr. Cochrane and Mr. Kearns further breached their fiduciary duties to CSC by failing to disclose their conflict of interest with Mr. Milewski, Oregon Group and Black Vulcan. Mr. Tester also failed to declare that he worked as an ESG Consultant for Oregon Group and therefore was in a conflict of interest.

255. As a director and member of the Board of Directors, Ms. Usonis was aware that Mr. Cochrane, Mr. Kearns, Mr. Swan, and Mr. Tester were in a fiduciary relationship with CSC and were engaging in dishonest conduct. Ms. Usonis participated in and assisted in Mr. Cochrane, Mr. Kearns, Mr. Swan's, and Mr. Tester's dishonest conduct.

iii. The Plaintiff's Losses

256. The Plaintiff suffered losses resulting from Ms. Usonis' unlawful conduct, including:

- (a) CSC paid a total of US \$1.5 Million to Oregon Group and Mr. Milewski in advisory fees and received little or no *bona fide* services or services overlapping with Black Vulcan.
- (b) CSC paid a total of US \$1,485,732.94 to Black Vulcan and Mr. Milewski and received little or no *bona fide* services or services overlapping with Oregon Group.
- (c) CSC paid a total of US \$853,864.37 to Regent and Mr. Beck and received little or no *bona fide* services or services overlapping with Carbon Advisors LLC.
- (d) CSC paid a total of US \$400,000 to Carbon Advisors LLC, Mr. Beck and Mr. Milewski and received little or no *bona fide* services or services overlapping with Carbon Advisors LLC.

(e) CSC paid at least US \$100,000 for corporate retreats and excessive expenses that served little or no business purpose and were performed contrary to the Travel and Expense Policy.

(f) CSC paid Angstrom Capital equity-based compensation in the form of CSC shares, and received little or no *bona fide* services.

***J. Anthony Milewski is liable for the Misconduct of Black Vulcan, Oregon Group, and Carbon Advisors LLC***

257. Mr. Milewski is liable for the misconduct of Black Vulcan and Oregon Group because, among other things:

(a) Black Vulcan, Oregon Group, and Carbon Advisors LLC are completely dominated and controlled by Mr. Milewski and were being used as a shield for improper conduct.

(b) Black Vulcan, Oregon Group, and Carbon Advisors LLC were agents of Mr. Milewski.

(c) Black Vulcan, Oregon Group, and Carbon Advisors LLC were incorporated for improper purposes including but not limited to being vehicles to receive funds stemming from consulting or advisory contracts for which Black Vulcan, Oregon Group and Carbon Advisors LLC provided little or no *bona fide* services.

***K. Michael Beck is Liable for the Misconduct of Regent, Carbon Advisors LLC, and Angstrom Capital***

258. Mr. Beck is liable for the acts of Regent, Carbon Advisors LLC, and Angstrom Capital because, among other things:

(a) Regent, Carbon Advisors LLC, and Angstrom Capital are completely dominated and controlled by Mr. Beck and were being used as a shield for improper conduct.

(b) Regent, Carbon Advisors LLC, and Angstrom Capital were agents of Mr. Beck.

(c) Regent, Carbon Advisors LLC, and Angstrom Capital were incorporated for improper purposes including but not limited to being vehicles to receive compensation, including funds and equity-based compensation stemming from consulting or advisory contracts pursuant to which Regent, Carbon Advisors LLC, and Angstrom Capital provided little or no *bona fide* services.

## **V. Punitive Damages**

259. The deceptive and self-serving actions taken by the Defendants, as described above, were deliberate, high-handed, egregious and warrant an award of punitive damages.

## **VI. Service Outside Ontario**

260. The Plaintiff is entitled to serve the Statement of Claim outside of Ontario without in leave in accordance with Rule 17.02.

## **VII. Costs**

261. The Plaintiff seeks payment of its legal costs on a full indemnity basis given the nature of the Defendants' action.

## **VIII. Relevant Legislation**

262. The Plaintiff pleads and relies on the *Courts of Justice Act*, RSO 1990; the *British Columbia Business Corporations Act* [SBC 2002] c. 57; and the *Ontario Rules of Civil Procedure* RRO 1990, Reg. 194, rules 1.04, 14, 17, and 25.

## **IX. Place of Trial**

263. The Plaintiff proposes that this action be tried in the Ontario Superior Court of Justice, in the City of Toronto, in the Province of Ontario.

April 14, 2025

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Counsel for the Plaintiff

**CARBON STREAMING CORPORATION**  
Plaintiff

-and-

**JUSTIN COCHRANE ET AL.**  
Defendants

Court File No.:

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
Proceeding commenced at Toronto, Ontario

**STATEMENT OF CLAIM**

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