CARBON STREAMING

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025

Notice of no auditor review of condensed consolidated interim financial statements

The accompanying unaudited condensed consolidated interim financial statements of Carbon Streaming Corporation (the "**Company**" or "**Carbon Streaming**") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

CARBON STREAMING CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2025
(Unaudited; amounts expressed in thousands of United States dollars, unless otherwise indicated)

	As at September 30, 2025	As at December 31, 2024
Assets		
Current assets		
Cash	**$ 37,603**	$ 37,350
Carbon credit inventory	**4**	10
Prepaid expenses	**585**	591
Other receivables	**30**	828
	38,222	38,779
Non-current assets		
Carbon credit streaming and royalty agreements (Note 6)	**8,007**	9,081
Preferred Shares (Notes 4 and 7)	**625**	625
Finance lease receivable	**78**	198
Total assets	**$ 46,932**	$ 48,683
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 875**	$ 1,359
Warrant liabilities (Note 10)	**116**	188
Current portion of share unit liabilities (Note 13)	**693**	442
Current portion of lease liability	**91**	166
	1,775	2,155
Non-current liabilities		
Non-current portion of share unit liabilities (Note 13)	**47**	67
Non-current portion of lease liability	**-**	45
Total liabilities	**1,822**	2,267
Shareholders' equity		
Share capital (Note 11)	**193,206**	195,337
Share-based compensation reserve	**7,755**	7,660
Deficit	**(155,851)**	(156,581)
Total shareholders' equity	**45,110**	46,416
Total liabilities and shareholders' equity	**$ 46,932**	$ 48,683

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

	Three months ended September 30, 2025	Three months ended September 30, 2024	**Nine months ended September 30, 2025**	Nine months ended September 30, 2024
Revaluation of carbon credit streaming and royalty agreements (Note 6)	**$ 1,018**	$ (11,700)	**$ (428)**	$ (44,965)
Revenue from sale of purchased carbon credits	**3**	53	**29**	595
Cost of purchased carbon credits sold	**(1)**	(31)	**(7)**	(462)
Other operating expenses				
Salaries and fees	**(131)**	(771)	**(592)**	(2,600)
Share-based compensation (Note 13)	**(166)**	103	**(402)**	(824)
Marketing	**(6)**	(111)	**(41)**	(338)
Legal, other professional & regulatory fees	**(577)**	(385)	**(1,025)**	(973)
Consulting fees	**-**	(77)	**(31)**	(365)
Insurance	**(101)**	(135)	**(301)**	(491)
Office and general	**(29)**	(288)	**(84)**	(541)
Foreign exchange (loss) gain	**(419)**	33	**356**	(230)
Litigation & corporate restructuring (Note 5)	**68**	(322)	**(960)**	(2,218)
Other operating expenses	**(1,361)**	(1,953)	**(3,080)**	(8,580)
Operating loss	**(341)**	(13,631)	**(3,486)**	(53,412)
Other items				
Loss from investment in associate	**-**	-	**-**	(25)
Gain on dissolution of associate	**-**	-	**-**	104
Impairment of early deposit interest receivable (Note 8)	**-**	(307)	**-**	(307)
Gain on contract settlement (Note 9)	**650**	-	**833**	-
Revaluation of derivative liabilities	**-**	680	**-**	680
Revaluation of warrant liabilities (Note 10)	**(15)**	532	**72**	599
Finance income	**351**	525	**1,122**	1,924
Net income (loss) and comprehensive income (loss)	**645**	(11,894)	**(1,459)**	(50,437)
Basic earnings (loss) per share ($/share)	**0.01**	(0.23)	**(0.03)**	(1.06)
Diluted earnings (loss) per share ($/share)	**0.01**	(0.23)	**(0.03)**	(1.06)
Weighted average number of Common Shares outstanding – basic	**52,575,200**	52,430,539	**52,747,433**	47,795,684
Weighted average number of Common Shares outstanding – diluted	**52,607,588**	52,430,539	**52,747,433**	47,795,684

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

	Three months ended September 30, 2025	**Three months ended September 30, 2024**	**Nine months ended September 30, 2025**	**Nine months ended September 30, 2024**
Operating activities				
Net income (loss)	**$ 645**	(11,894)	**$ (1,459)**	$ (50,437)
Settlements from carbon credit streaming and royalty agreements (Note 6)	**549**	124	**810**	1,037
Cash paid in settlement of share-unit liabilities	**-**	-	**(18)**	(269)
Items not affecting cash				
Revaluation of carbon credit streaming and royalty agreements (Note 6)	**(1,018)**	11,700	**428**	44,965
Revaluation of derivative liabilities	**-**	(680)	**-**	(680)
Revaluation of warrant liabilities (Note 10)	**15**	(532)	**(72)**	(599)
Impairment of early deposit interest receivable (Note 8)	**-**	-	**-**	307
Gain on contract settlement (Note 9)	**(650)**	-	**(833)**	-
Other non-cash adjustments (Note 16)	**580**	(348)	**57**	794
Changes in non-cash operating working capital items (Note 16)	**(34)**	1,078	**350**	1,550
Net cash generated from (used in) operating activities	**87**	(552)	**(737)**	(3,332)
Investing activities				
Additions to carbon credit streaming and royalty agreements (Note 6)	**-**	(1,058)	**(164)**	(5,885)
Dissolution of associate	**-**	-	**-**	256
Proceeds from contract settlement (Note 9)	**833**	-	**833**	-
Lease payments received from finance lease	**47**	47	**138**	140
Other investment	**-**	-	**-**	(350)
Net cash generated from (used in) investing activities	**880**	(1,011)	**807**	(5,839)
Financing activities				
Lease payments	**(47)**	(46)	**(138)**	(140)
Net cash used in financing activities	**(47)**	(46)	**(138)**	(140)
Net change in cash	**920**	(1,609)	**(68)**	(9,311)
Effect of foreign exchange on cash	**(422)**	39	**321**	(217)
Cash, beginning of period	**37,105**	43,458	**37,350**	51,416
Cash, end of period	**37,603**	41,888	**37,603**	41,888

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

	Share Capital				
	Number	Amount	Share-based payment reserve	Deficit	Total
Balance, December 31, 2023	**47,421,219**	**$ 194,433**	**$ 7,482**	**$ (89,212)**	**$ 112,703**
Share-based compensation (Note 13)	-	-	174	-	174
Restricted share units converted (Note 13)	549,103	342	-	-	342
Shares issued for acquisition of Blue Dot (Note 4)	4,559,333	503	-	-	503
Net loss and comprehensive loss	-	-	-	(50,437)	(50,437)
Balance, September 30, 2024	**52,529,655**	**$ 195,278**	**$ 7,656**	**$ (139,649)**	**$ 63,285**

	Share Capital				
	Number	Amount	Share-based payment reserve	Deficit	Total
Balance, December 31, 2024	**52,704,753**	**$ 195,337**	**$ 7,660**	**$ (156,581)**	**$ 46,416**
Share-based compensation (Note 13)	**-**	**-**	**95**	**-**	**95**
Shares returned to treasury and cancelled	**(4,539,180)**	**(2,189)**	**-**	**2,189**	**-**
Restricted share units converted (Note 13)	**166,480**	**58**	**-**	**-**	**58**
Net loss and comprehensive loss	**-**	**-**	**-**	**(1,459)**	**(1,459)**
Balance, September 30, 2025	**48,332,053**	**$ 193,206**	**$ 7,755**	**$ (155,851)**	**$ 45,110**

1. Nature of operations

Carbon Streaming Corporation was incorporated on September 13, 2004, under the *Business Corporations Act* (British Columbia).

Carbon Streaming is a carbon credit streaming and royalty company focused on providing capital to carbon projects globally, primarily by entering into or acquiring streaming, royalty or other similar arrangements to purchase carbon credits from the underlying project and then generating cash flow from the sale of carbon credits.

The Company's common shares ("**Common Shares**") are listed on Cboe Canada (formerly the Neo Exchange) under the symbol "NETZ", common share purchase warrants, exercisable at Canadian dollar ("**C$**") 7.50 until March 2, 2026 (the "**March 2026 Warrants**") are listed on Cboe Canada under the symbol "NETZ.WT" and the warrants exercisable at $7.50 until September 19, 2026 ("**September 2026 Warrants**") are listed on Cboe Canada under the symbol "NETZ.WT.B". The Common Shares are also listed on the Frankfurt Stock Exchange under the symbol "M2Q" and trade on the OTCQB Markets under the symbol "OFSTF".

The Company's registered address is Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia, Canada, V6C 2X8.

All financial information in this document is presented in thousands of United States dollars ("**$**" or "**US$**") unless otherwise indicated. The Company has one operating segment related to carbon credit streaming and royalty agreements focused on projects located globally.

These unaudited condensed interim consolidated financial statements (the "**Interim Financial Statements**") of the Company for the three and nine months ended September 30, 2025, were approved and authorized for issue by the Board of Directors on November 7, 2025.

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

2. Statement of compliance and basis of presentation

Statement of compliance

These Interim Financial Statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34, *Interim Financial Reporting*. The accounting policies applied in these Interim Financial Statements are based on the IFRS® Accounting Standards as issued by the International Accounting Standards Board, and have been prepared using the same material accounting policies and methods of application as disclosed in Note 3 to the audited consolidated financial statements for the year ended December 31, 2024 (the "**Annual Financial Statements**") and were consistently applied to all the periods presented unless otherwise stated below.

These Interim Financial Statements do not include all the information and note disclosures required by the IFRS Accounting Standards for annual consolidated financial statements and therefore should be read in conjunction with the Annual Financial Statements.

Basis of presentation

These Interim Financial Statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

These Interim Financial Statements include the financial position, financial performance and cash flows of the Company and its subsidiaries. Intercompany balances, transactions, income and expenses, profits and losses, including gains and losses relating to its subsidiaries, have been eliminated on consolidation. The Company's subsidiaries as at September 30, 2025 are as follows:

Entity	Relationship	Geographic location	Economic interest	Basis of accounting
1253661 B.C. Ltd.	Subsidiary	Canada	100%	Consolidation
Blue Dot Carbon Corp.	Subsidiary	Canada	100%	Consolidation

Adoption of amendments to the IFRS Accounting Standards

For the three and nine months ended September 30, 2025, the Company did not apply any new amendments to the IFRS Accounting Standards. Additionally, the Company has not applied the following amendments to the IFRS Accounting Standards that have been issued but are not yet effective:

- Issuance of IFRS 18, *Presentation and Disclosures in Financial Statements* ("**IFRS 18**") (effective January 1, 2027) that is intended to replace IAS 1, *Presentation of Financial Statements* ("**IAS 1**") by carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements such as presentation of specified categories and defined subtotals in the statement of profit or loss, provision of disclosures on management-defined performance measures in the notes to the financial statements, and improved aggregation and disaggregation. The issuance of IFRS 18 also includes minor amendments to IAS 7, *Statement of Cash Flows* and IAS 33, *Earnings Per Share*. Management is currently assessing the impact of these amendments on the Company's consolidated financial statements in future periods.

- Amendments to IFRS 9, *Financial Instruments* (effective for annual periods beginning on or after January 1, 2026) permits an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. The amendments also provide further guidance on the classification of financial assets by enhancing the description of the term 'non-recourse' and clarifying the characteristics of contractually linked instruments. Management is currently assessing the impact of this amendment.

- Amendments to IFRS 7, *Financial Instruments: Disclosures* (effective for annual periods beginning on or after January 1, 2026) requires an entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognized in the period and the fair value gain or loss that relates to investments held at the end of the period. The amendments also require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortized cost or fair value through other comprehensive income and each class of financial liability measured at amortized cost. Management is currently assessing the impact of this amendment.

3. Significant accounting estimates, judgments and assumptions

Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these Interim Financial Statements for the three and nine months ended September 30, 2025, are consistent with those included in Note 4 to the Annual Financial Statements.

4. Acquisition of Blue Dot

On July 3, 2024, the Company completed its previously announced acquisition of Blue Dot, a private company with an equity investment in a carbon project developer and certain option rights to invest in future carbon projects of one of Blue Dot's partners. On closing, the Company issued to the shareholders of Blue Dot an aggregate of 4,559,333 Common Shares of the Company.

The acquisition was accounted for as an asset acquisition, as Blue Dot did not meet the criteria for a business under IFRS 3, *Business Combinations* as the significant inputs and processes that constitute a business were not identified. As a result, the Common Shares issued as consideration were valued at $503 based on the fair value of the assets acquired and liabilities assumed based on available information at the time of the acquisition.

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

	As at July 3, 2024
Assets	
Cash	$ 18
Preferred shares (Note 7)	625
Liabilities	
Accounts payable and accrued liabilities	140
Fair value of the assets acquired and liabilities assumed	**503**

5. Litigation & corporate restructuring

In 2023, the Company initiated an ongoing corporate restructuring plan focused on cash flow optimization that resulted in personnel reductions and lower ongoing operating costs. Additionally, in April 2025, the Company announced that it had filed a lawsuit in the Ontario Superior Court of Justice against several former executives, directors, consultants, and associated entities.

For the three and nine months ended September 30, 2025, the Company recognized a corporate restructuring recovery of $68 and a corporate restructuring charge of $960, respectively (three and nine months ended September 30, 2024 – corporate restructuring charge of $322 and $2,218, respectively) primarily related to litigation costs, severance/other termination benefits, and other professional fees related to the matters above.

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

6. Carbon credit streaming and royalty agreements

The following table is a summary of the changes in carbon credit streaming and royalty agreements for the nine months ended September 30, 2025 and the year ended December 31, 2024:

	Balance December 31, 2024	Additions	Settlements	Fair value adjustments	Balance September 30, 2025
Cerrado Biome Stream	**63**	**-**	**(2)**	**-**	**61**
Waverly Biochar Stream	**1,608**	**-**	**-**	**(341)**	**1,267**
Community Carbon Stream	**3,686**	**-**	**(608)**	**723**	**3,801**
Nalgonda Rice Farming Stream	**946**	**-**	**-**	**(268)**	**678**
Enfield Biochar Stream	**274**	**-**	**-**	**128**	**402**
Azuero Reforestation Stream	**604**	**164**	**-**	**(98)**	**670**
Waverly Biochar Royalty	**392**	**-**	**-**	**(46)**	**346**
Amazon Portfolio Royalty	**1,394**	**-**	**(200)**	**(526)**	**668**
Enfield Biochar Royalty	**114**	**-**	**-**	**-**	**114**
Total	**9,081**	**164**	**(810)**	**(428)**	**8,007**

	Balance December 31, 2023	Additions	Settlements	Fair value adjustments	Balance December 31, 2024
Rimba Raya Stream	33,728	-	-	(33,728)	-
Magdalena Bay Blue Carbon Stream	3,227	-	-	(3,227)	-
Cerrado Biome Stream	456	132	(50)	(475)	63
Waverly Biochar Stream	2,460	750	-	(1,602)	1,608
Sustainable Community Stream	2,972	-	-	(2,972)	-
Community Carbon Stream	7,672	5,126	(1,071)	(8,041)	3,686
Nalgonda Rice Farming Stream	1,212	400	-	(666)	946
Enfield Biochar Stream	822	-	-	(548)	274
Sheep Creek Reforestation Stream	1,435	820	(3)	(2,252)	-
Feather River Reforestation Stream	280	370	(1)	(649)	-
Baccala Ranch Reforestation Stream	-	-	-	-	-
Azuero Reforestation Stream	-	1,066	-	(462)	604
Waverly Biochar Royalty	600	-	-	(208)	392
Bonobo Peace Forest Royalty	1,519	-	-	(1,519)	-
Amazon Portfolio Royalty	3,464	-	(425)	(1,645)	1,394
Enfield Biochar Royalty	275	-	-	(161)	114
Total	**60,122**	**8,663**	**(1,550)**	**(58,155)**	**9,081**

Settlements

Settlements reflect the net cash proceeds generated from the Company's carbon credit streaming and royalty agreements. For the three and nine months ended September 30, 2025, the Company recognized $549 and $810 in settlements, respectively (year ended December 31, 2024 – $1,550).

Fair value adjustments

As at September 30, 2025, management assessed the fair value of the carbon credit streaming and royalty agreements by considering changes in the respective inputs into the fair value model as described below. The Company recognized a net loss on the revaluation of the carbon credit streaming and royalty agreements of $428 for the nine months ended September 30, 2025 (year ended December 31, 2024 – net loss of $58,155). The net loss on revaluation of carbon credit streaming and royalty agreements for the nine months ended September 30, 2025 was primarily related to revisions in expectations of the timing of the delivery and sale of carbon credits, partially offset by accretion due to the passage of time.

In the third quarter of 2025 and October 2025, the Company entered into separate repayment agreements with each of the counterparties to the Amazon Portfolio Royalty. Under the terms of the repayment agreements, the Company expects to collect approximately $1,060 by the second quarter of 2026. During the terms of these repayment agreements, the obligations of each counterparty under the Amazon Portfolio Royalty will be suspended. Upon full receipt of the repayment, the Amazon Portfolio Royalty will be deemed satisfied and terminated, and the parties will have no further rights or obligations related thereto. If either counterparty breaches its respective repayment agreement, that counterparty will remain obligated to fulfill its obligations under the original terms of the Amazon Portfolio Royalty.

During the three months ended September 30, 2025, the Company collected $200 under the repayment agreements, and by October 2025, cumulative collections totaled $400 under the repayment agreements.

The fair value of carbon credit streaming and royalty agreements is estimated using discounted cash flow models, taking into consideration the following observable and non-observable inputs:

- Management's estimates of expected volumes and timing of the delivery and sale of carbon credits ("**carbon credit production and sales profiles**");
- Changes to carbon credit pricing assumptions, taking into consideration historical realized prices and overall market volatility of voluntary carbon credit pricing ("**carbon credit pricing assumptions**");
- Changes to the contractual terms of the underlying stream and royalty agreements;
- Changes in the risk-free interest rate;
- Changes to the inflation assumption applied to the nominal cash flows;
- Changes in project-specific risk factors, taking into consideration, among other things, legal, regulatory, political, and methodology risks; and
- Accretion due to the passage of time.

The following significant level 3 unobservable inputs were used to measure the Company's carbon credit streaming and royalty agreements using the discounted cash flow models. Note that the carbon credit production and sales estimated values provided in the table below are per individual project on a 100% project basis and not aggregated.

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

Description of unobservable inputs	**Range of unobservable inputs for carbon credit streaming and royalty agreements – Nine months ended September 30, 2025**	**Range of unobservable inputs for carbon credit streaming and royalty agreements – Year ended December 31, 2024**
Carbon credit production and sales profiles	**Agriculture, forestry and other land-use projects:** 0.002 million to 0.099 million carbon credits produced and sold per year, over 24-year terms, with an average of 0.036 million carbon credits per year.	**Agriculture, forestry and other land-use projects:** 0.002 million to 0.160 million carbon credits produced and sold per year, over 24-year terms, with an average of 0.038 million carbon credits per year.
	Other nature-based projects: 0.026 million to 0.441 million carbon credits produced and sold per year, over 9-year to 26-year terms, with an average of 0.161 million carbon credits per year.	**Other nature-based projects**: 0.026 to 0.441 million carbon credits produced and sold per year, over 9-year to 26-year terms, with an average of 0.161 million carbon credits per year.
	Biochar projects: 0.003 million to 0.012 million carbon credits produced and sold per year, over 25-year to 26-year terms, with an average of 0.007 million carbon credits per year.	**Biochar projects**: 0.001 million to 0.011 million carbon credits produced and sold per year, over 25-year to 30-year terms, with an average of 0.006 million carbon credits per year.
	Other projects: 0.002 million to 1.539 million carbon credits produced and sold per year, over 11-year terms, with an average of 1.334 million carbon credits per year.	**Other projects**: 0.002 million to 1.539 million carbon credits produced and sold per year, over 11-year terms, with an average of 1.334 million carbon credits per year.

The relationship of the unobservable input to fair value is that as carbon credit production and sales profiles increase, the fair value increases.

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

Description of unobservable inputs	Range of unobservable inputs for carbon credit streaming and royalty agreements – Nine months ended September 30, 2025	Range of unobservable inputs for carbon credit streaming and royalty agreements – Year ended December 31, 2024
Carbon credit pricing assumptions	**Agriculture, forestry and other land-use projects:** $5.00 per carbon credit produced and sold.	**Agriculture, forestry and other land-use projects:** $5.00 per carbon credit produced and sold.
	Other nature-based projects: $8.00 to $75.00 per carbon credit produced and sold.	**Other nature-based projects**: $8.00 to $75.00 per carbon credit produced and sold.
	Biochar projects: $110.00 per carbon credit produced and sold.	**Biochar projects**: $110.00 per carbon credit produced and sold.
	Other projects: $2.00 to $3.50 per carbon credit produced and sold.	**Other projects**: $2.00 to $3.50 per carbon credit produced and sold.

The relationship of the unobservable input to fair value is that as the carbon credit pricing assumptions increase, the fair value also increases.

Description of unobservable inputs	Range of unobservable inputs for carbon credit streaming and royalty agreements – Nine months ended September 30, 2025	Range of unobservable inputs for carbon credit streaming and royalty agreements – Year ended December 31, 2024
Risk-adjusted discount rate	**Agriculture, forestry and other land-use projects:** 25.6% to 33.3%, with an average discount rate of 29.4%.	**Agriculture, forestry and other land-use projects:** 25.6% to 26.3%, with an average discount rate of 25.9%.
	Other nature-based projects: 20.4% to 29.2%, with an average discount rate of 24.8%.	**Other nature-based projects**: 18.1% to 27.2%, with an average discount rate of 22.6%.
	Biochar projects: 26.0% to 28.0%, with an average discount rate of 27.0%.	**Biochar projects**: 26.0% to 28.0%, with an average discount rate of 27.0%.
	Other projects: 29.8%	**Other projects**: 29.8%

The relationship of the unobservable input to fair value is that as the risk-adjusted discount rate increases, the fair value decreases.

For the nine months ended September 30, 2025, the impact of a 10% increase and 10% decrease in the estimated carbon credit production and sales profiles, with all other variables held constant, would result in an increase and decrease in the fair value of the carbon credit streaming and royalty agreements of $563 and $618, respectively (year ended December 31, 2024 – $608 and $612, respectively).

For the nine months ended September 30, 2025, the impact of a 10% increase and 10% decrease in the estimated carbon credit pricing assumptions, with all other variables held constant, would result in an increase and decrease in the fair value of the carbon credit streaming and royalty agreements of $549 and $606, respectively (year ended December 31, 2024 – $556 and $559, respectively).

For the nine months ended September 30, 2025, the impact of a 10% increase and 10% decrease in the risk-adjusted discount rate (as a percentage increase or decrease applied to the risk-adjusted discount rate), with all other variables held constant, would result in a decrease and increase in the fair value of the carbon credit streaming and royalty agreements of $702 and $777, respectively (year ended December 31, 2024 – $845 and $1,004, respectively).

7. Preferred Shares

In July 2024, the Company acquired 0.2 million preferred shares in Imperative Global Group Inc. ("**Imperative**") through the acquisition of Blue Dot described in Note 4. Holders of preferred shares in Imperative vote as a single class together with other equity holders of Imperative. In the event of any voluntary or involuntary liquidation, dissolution or winding up of Imperative or a deemed liquidation event, the holders of preferred shares of Imperative then outstanding shall be entitled to be paid out of the assets of Imperative available for distribution prior to the other equity holders.

As there are no observable quoted prices for the preferred shares of Imperative (the "**Preferred Shares**"), management evaluated both investee-specific and market-based factors to determine whether a significant change in the fair value of the Preferred Shares may have occurred. Factors that were considered include changes in the performance of the investee, changes in the market price for carbon credits, changes in interest rates, changes in the valuation of comparable publicly-traded entities, and evidence from other transactions in the investee's equity. Changes to these variables could result in an increase or decrease in the fair value of the Preferred Shares. There was no change to the fair value of the Preferred Shares as at September 30, 2025.

8. Early deposit interest receivable

On July 12, 2022, the Company executed a term sheet with Citadelle Maple Syrup Producers' Cooperative ("**Citadelle**") pursuant to which the Company provided $307 of upfront funding for a grouped sugar maple afforestation, reforestation, revegetation and ecosystem restoration project in Quebec, Canada. The initial funding from the Company enabled Citadelle to achieve initial planting in the Fall 2022 and was intended to support additional plantings. In the third quarter of 2023, the Company chose not to move forward with the project and due to continued uncertainty regarding the timing and collectability of the early deposit interest receivable, the Company recognized an impairment loss on the entire carrying amount of $307 in the quarter ended June 30, 2024.

9. Contract Settlement

In the second quarter of 2025, the Company reached a settlement with Citadelle under which it would receive $183 in full and final resolution of the initial funding provided by the Company. The settlement amount of $183 was recognized as a gain from contract settlement in June 2025 and was collected in July 2025.

During the third quarter of 2025, the Company completed the implementation of the terms of the settlement agreements entered into in July 2025 (the "**IE Settlement Agreements**") with InfiniteEARTH Limited, its Indonesian subsidiary PT InfiniteEARTH Nusantara, and certain shareholders and principals of InfiniteEARTH (collectively, "**InfiniteEARTH**"), in connection with the Rimba Raya Stream. As part of the settlement, the Company received $650 in cash from InfiniteEARTH; certain principals of InfiniteEARTH surrendered for cancellation, 4,539,180 Common Shares in the capital of the Company issued in connection with the Strategic Alliance Agreement; all existing contracts and legal relationships between Carbon Streaming and InfiniteEARTH were terminated; and the arbitration proceedings and the civil claim in the Ontario Superior Court of Justice were dismissed.

The 4,539,180 Common Shares of the Company surrendered and cancelled were deducted from share capital at a value of $2,189, which is based on the share price of the Company's Common Shares as at the date of settlement. The corresponding adjustment has been recognized in the Company's deficit during the three and nine months ended September 30, 2025. The $650 received from InfiniteEARTH has been recognized as a gain from contract settlement in the Company's profit or loss for the three and nine months ended September 30, 2025.

Additionally, in the third quarter of 2025, the Company reached a settlement with Fundación MarVivo México, A.C. and MarVivo Corporation (collectively, "**MarVivo**") in connection with the Magdalena Bay Blue Carbon Stream. The Company accepted the abandonment of the project by the counterparties, retained certain rights for a seven-year period should the project be reactivated, and all parties agreed to a mutual release.

10. Warrant liabilities

The following table summarizes the changes in the warrant liabilities for the Company's C$ denominated warrants for the nine months ended September 30, 2025 and the year ended December 31, 2024:

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

	Number of warrants		Amount
Balance, December 31, 2023	**12,309,539**	**$**	**830**
Revaluation of warrant liabilities	-		(642)
Balance, December 31, 2024	**12,309,539**	**$**	**188**
Expiries – April 22, 2025	(312,000)		-
Revaluation of warrant liabilities	-		(72)
Balance, September 30, 2025	**11,997,539**	**$**	**116**

The March 2026 Warrants are C$ denominated and listed on Cboe Canada. For these warrants, the fair value has been determined by reference to the quoted closing price at the date of the statement of financial position. The fair value of the Company's remaining C$ denominated unlisted warrants has been determined using the Black-Scholes Option Pricing Model and the following weighted average assumptions:

		As at September 30, 2025		As at December 31, 2024
Spot price (in C$)	**$**	**0.70**	$	0.50
Risk-free interest rate		**2.41 % to 2.42 %**		2.92 %
Expected annual volatility		**87 %**		89 %
Expected life (years)		**0.09**		0.30
Dividend		**Nil**		nil

The following table reflects the Company's C$ denominated warrants outstanding and exercisable as at December 31, 2024:

Expiry date	Warrants outstanding and exercisable	Weighted average exercise price (C$)	Fair value methodology
April 22, 2025	312,000	0.625	Black-Scholes Option Pricing Model
December 16, 2025	128,000	0.625	Black-Scholes Option Pricing Model
December 22, 2025	648,000	0.625	Black-Scholes Option Pricing Model
January 27, 2026	2,615,500	3.75	Black-Scholes Option Pricing Model
March 2, 2026	8,606,039	7.50	Quoted price
	12,309,539	**6.10**	

The following table reflects the Company's C$ denominated warrants outstanding and exercisable as at September 30, 2025:

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

Expiry date	Warrants outstanding and exercisable	Weighted average exercise price (C$)	Fair value methodology
December 16, 2025	128,000	0.625	Black-Scholes Option Pricing Model
December 22, 2025	648,000	0.625	Black-Scholes Option Pricing Model
January 27, 2026	2,615,500	3.75	Black-Scholes Option Pricing Model
March 2, 2026	8,606,039	7.50	Quoted price
	11,997,539	**6.24**	

11. Share capital

Authorized share capital
The Company has an unlimited number of voting Common Shares without par value and unlimited number of preferred shares without par value authorized.

Issued share capital
As at September 30, 2025, there were 48,332,053 issued and fully paid Common Shares (December 31, 2024 – 52,704,753).

During the nine months ended September 30, 2025, the Company issued 166,480 Common Shares for the settlement of RSUs.

During the three and nine months ended September 30, 2025, pursuant to the IE Settlement Agreements, the Company received 4,539,180 of its own Common Shares from the principals of InfiniteEARTH; these shares were immediately cancelled upon receipt. The corresponding adjustment was recognized in the Company's deficit at the share price of the Company's Common Shares as at the date of settlement. Please refer to Note 9 for further information.

During the year ended December 31, 2024, the Company issued 4,559,333 Common Shares to the shareholders of Blue Dot as consideration for the acquisition of Blue Dot. The common shares were valued at the fair value of the assets acquired and liabilities assumed of $503. Please refer to Note 4 for further information.

During the year ended December 31, 2024, the Company also issued 724,201 Common Shares for the settlement of RSUs.

12. Warrants

During the three months ended September 30, 2025, there was no activity with respect to the issued warrants of the Company; during the nine months ended September 30, 2025, 312,000 warrants with an exercise price of C$0.625 expired on April 22, 2025. During the three and nine months ended September 30, 2024, there was no activity with respect to the issued warrants of the Company. As at September 30, 2025, the total number of outstanding warrants issued by the Company was 32,918,789 (as at September 30, 2024 – 33,230,789).

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

The weighted average exercise price of the C$ and US$ denominated warrants was C$6.24 and US$7.50, respectively. The following table reflects all of the Company's warrants outstanding and exercisable as at September 30, 2025:

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	Warrants outstanding and exercisable	Exercise price
December 16, 2025	128,000	C$ 0.625
December 22, 2025	648,000	C$ 0.625
January 27, 2026	2,615,500	C$ 3.75
March 2, 2026 (March 2026 Warrants)	8,606,039	C$ 7.50
September 19, 2026 (September 2026 Warrants)	20,921,250	US$ 7.50
	32,918,789	

13. Stock options and share unit liabilities

The Company has a long-term incentive plan ("**LTIP**") that was last approved by the shareholders on July 24, 2024, at the annual and special general meeting of shareholders. The Company adopted the LTIP as a means to provide incentives to eligible directors, officers, employees and advisors. The LTIP facilitates the grant of stock options, restricted share units (“**RSUs**”), and performance share units (“**PSUs**”), representing the right to receive one Common Share of the Company (and in the case of RSUs or PSUs, one Common Share of the Company, the cash equivalent of one Common Share of the Company, or a combination thereof) in accordance with the terms of the LTIP.

Additionally, the Company adopted a phantom share unit plan and a deferred share unit plan to provide additional incentives to eligible directors. The Company’s phantom share unit plan facilitates the grant of phantom share units (“**Phantom Units**”) to directors representing the right to receive the cash equivalent of one Common Share of the Company. The Company’s deferred share unit plan facilitates the grant of director share units (“**DSUs**”) to directors representing the right to receive the cash equivalent of one Common Share of the Company upon departure from the Company’s Board of Directors. The DSUs are recorded as a current liability in the statements of financial position of the Company.

Stock options

The following table reflects the continuity of stock options for the nine months ended September 30, 2025 and the year ended December 31, 2024:

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

	Number of stock options	Weighted average exercise price (C$)
Balance, December 31, 2023	1,191,000	9.64
Grants	650,000	0.92
Forfeitures	(346,000)	2.72
Expiries	(338,667)	8.18
Balance, December 31, 2024	1,156,333	7.24

	Number of stock options	Weighted average exercise price (C$)
Balance, December 31, 2024	**1,156,333**	**7.24**
Cancellation	(200,000)	0.87
Expiries	(674,333)	8.50
Balance, September 30, 2025	**282,000**	**5.28**

For the three and nine months ended September 30, 2025, the Company recorded share-based compensation expense for these stock options of $6 and $95, respectively (three and nine months ended September 30, 2024 – $138 and $363, respectively).

The following table reflects the Company's stock options outstanding and exercisable as at September 30, 2025:

Options outstanding	Options exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life (years)	Expiry Date
50,000	50,000	3.75	0.50	March 31, 2026
72,000	72,000	14.13	1.17	December 1, 2026
10,000	10,000	15.43	1.28	January 10, 2027
150,000	-	0.87	3.78	July 11, 2029
282,000	**132,000**	**5.28**	**2.44**	

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

RSUs, PSUs, Phantom Units, and DSUs

The following table reflects the continuity of RSUs, PSUs, Phantom Units, and DSUs for the nine months ended September 30, 2025 and the year ended December 31, 2024:

	Number of RSUs	Number of PSUs	Number of Phantom Units	Number of DSUs
Balance, December 31, 2023	1,120,339	314,514	523,000	-
Granted	915,000	-	-	870,000
Forfeitures	(85,909)	(33,795)	-	-
Converted into Common Shares and cash	(918,336)	-	(386,328)	(270,000)
Balance, December 31, 2024	1,031,093	280,719	136,672	600,000

	Number of RSUs	Number of PSUs	Number of Phantom Units	Number of DSUs
Balance, December 31, 2024	**1,031,093**	**280,719**	**136,672**	**600,000**
Forfeitures	(196,804)	(10,277)	-	-
Converted into Common Shares and cash	(222,621)	-	-	-
Balance, September 30, 2025	**611,668**	**270,442**	**136,672**	**600,000**

During the nine months ended September 30, 2025, the Company granted nil RSUs and nil DSUs (nine months ended September 30, 2024 – 915,000 RSUs and 870,000 DSUs) to officers, directors, employees and advisors.

As at September 30, 2025, the fair value of RSUs, PSUs, Phantom Units, and DSUs was $740, of which the Company considers $693 to be the current portion of the liabilities, with the remaining $47 considered non-current.

For these RSUs, PSUs, Phantom Units, and DSUs, the Company recorded a share-based compensation expense of $161 and $307 for the three and nine months ended September 30, 2025, respectively (three and nine months ended September 30, 2024 – share-based compensation recovery of $240 and share-based compensation expense of $462, respectively).

14. Financial instrument fair value and risk factors

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the three and nine months ended September 30, 2025 and the three months ended September 30, 2024, no transfers took place. During the nine months ended September 30, 2024, the preferred shares in the parent company of Mast, Droneseed Co. d/b/a Mast Reforestation were reclassified from Level 2 to Level 3 of the fair value hierarchy. This reclassification was driven by the increased passage of time between the reporting date and the initial transaction date, thus requiring a more comprehensive valuation approach, reflecting evolving market conditions and the availability of observable inputs.

The Company's financial instruments include cash, other receivables, carbon credit streaming and royalty agreements, Preferred Shares, accounts payable and accrued liabilities, warrant liabilities and derivative liabilities. The carrying value of cash, other receivables, and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. Cash is measured at fair value based on Level 1 of the fair value hierarchy. Certain C$ denominated warrant liabilities with a quoted trading price are valued based on Level 1 of the fair value hierarchy. Certain C$ denominated warrant liabilities (Level 2) where no quoted prices exist have been valued using a Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, the spot market price of the Common Shares, volatility of the expected market price of the Common Shares and the expected life of the warrants (see Note 10). The Preferred Shares (Level 3) are valued by taking into consideration various observable and unobservable inputs, including changes in the performance of the investee, changes in the market price for carbon credits, changes in interest rates, changes in the valuation of comparable public-traded entities and evidence from other transactions in the investees' equity. Carbon credit streaming and royalty agreements and the derivative liabilities (Level 3) are valued by taking into consideration various observable and unobservable inputs, including the carbon credit production and sales profiles, the carbon credit pricing assumptions, an applicable risk-adjusted discount rate and other contractual terms of the agreements (see Note 6).

Risk Factors

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Carbon Market Risk

Carbon market risk is the risk that the fair value of a financial instrument will fluctuate from changes in market forces including, but not limited to, interest rates, voluntary carbon credit prices, and timing and number of anticipated carbon credit deliveries and sales.

Credit Risk

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

Currency Risk

Foreign currency risk is the risk that the fair value of financial instruments will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs certain expenditures that are denominated in Canadian dollars while its functional and presentation currency is the United States dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. As at September 30, 2025, the Company held cash of C$37.7 million in Canadian dollars and had accounts payable and other monetary liabilities of C$1.3 million in Canadian dollars. Assuming all other variables remain constant, a 5% weakening or strengthening of the US dollar against the Canadian dollar would result in a change of approximately $1,245 to profit or loss.

Interest Rate Risk

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

Liquidity Risk

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

15. Commitments

In connection with the acquisition of carbon credit streaming and royalty agreements, the Company pays an upfront deposit to the project partner for the stream or investment. In certain instances, the payment of the upfront deposit is paid in installments, subject to certain milestones and conditions being met. While the timing of such payments is event-driven, the Company has made assumptions on the timing and likelihood of such payments, based on the information currently available. As at September 30, 2025, such conditions had not been met.

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

As at September 30, 2025, the Company had the following commitments relating to its carbon credit streaming and royalty agreements:

Less than 1 year	$ 6,304
1 to 3 years	2,742
Over 3 years	968
Total	**$ 10,014**

Under its carbon credit streaming and royalty agreements, the Company pays an upfront deposit to its project partner as specified negotiated milestones are reached by the project and/or achieved by the project partners. The Company regularly assesses the likelihood of its project partners meeting various milestones and adjusts its estimates for commitments accordingly. Commitments are disclosed in the table above unless the possibility of their occurring is assessed to be remote.

Under its carbon credit streaming agreements, the Company is typically required to make an ongoing delivery payment to the project partner for each carbon credit that is delivered to the Company and sold under the stream. The timing and amount of such payments are dependent on the timing of delivery and sale of carbon credits, the net realized price obtained on the sale of the carbon credits and the terms of the applicable carbon credit streaming agreement.

From time to time, the Company may enter into sales contracts with customers for the future sale of carbon credits. Under these agreements, payment and delivery of the credits may occur at a future date, once credits are delivered to the Company.

OR Royalties Inc. (formerly known as Osisko Gold Royalties Ltd) ("**OR Royalties**") and the Company entered into an investor rights agreement dated February 18, 2021 which governed various aspects of the relationship between OR Royalties and the Company (the "**IRA**"). Under the IRA, OR Royalties had various rights, including to participate in certain stream, forward sale, prepay, royalty, off-take or similar transactions between the Company, as purchaser and/or creditor, and one or more third-party counterparties and to nominate a director to the Company's board. OR Royalties previously participated in the Magdalena Bay Blue Carbon Stream, but did not exercise any of such other rights under the IRA. The IRA was automatically terminated in accordance with its terms in the third quarter of 2025.

In the second quarter of 2025, the Company initiated arbitration proceedings against Will Solutions Inc. ("**Will Solutions**") in connection with the termination of the Sustainable Community Stream. The termination, which was exercised by the Company in the third quarter of 2024, followed Will Solutions' failure to meet a key milestone related to the registration of its Ontario project and ongoing non-compliance with the project plan, including delays in development activities and lower-than-expected enrollment. In July 2025, Will Solutions filed a counterclaim in response to the arbitration. The Company believes the counterclaim is without merit and, based on its assessment of the facts and current legal advice, considers the probability of an economic outflow to be remote.

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

In April 2025, the Company filed a claim in the Ontario Superior Court of Justice against several former executives, directors, consultants and associated entities. During the third quarter of 2025 and in October 2025, certain defendants in the claim filed counterclaims against the Company. The Company, in consultation with its external legal counsel, has reviewed the counterclaims and, based on the facts and available evidence, considers them to be without merit. As a result of this assessment, and because an outflow of economic resources is considered remote and a reliable estimate of any possible obligation cannot be made at this time, no provision has been recognised in these Interim Financial Statements.

16. Supplemental cash flow information

	Three months ended September 30, 2025	**Three months ended September 30, 2024**	**Nine months ended September 30, 2025**	**Nine months ended September 30, 2024**
Other non-cash adjustments				
Foreign exchange loss (gain)	**$ 414**	$ (34)	**$ (345)**	$ 235
Accretion (net of interest income on sub-lease)	**-**	-	**-**	-
Share-based compensation	**166**	(314)	**402**	638
Gain on dissolution of investment in associate	**-**	-	-	(104)
Loss from investment in associate	**-**	-	**-**	25
Total other non-cash adjustments	**$ 580**	$ (348)	**$ 57**	$ 794

Change in non-cash operating working capital items				
Prepaid	**$ (276)**	$ (312)	**$ 6**	$ 15
Other receivables	**190**	203	**798**	463
Carbon credit inventory	**1**	16	**6**	188
Accounts payable and accrued liabilities	**51**	1,171	**(460)**	884
Total change in non-cash operating working capital items	**$ (34)**	$ 1,078	**$ 350**	$ 1,550