



**BASE CARBON AND CITIGROUP REACH AGREEMENT
WITH DEVELOPER OF CARBON REDUCTION PROJECT IN VIETNAM**

May 27, 2022 – Toronto, Ontario – Base Carbon Inc. (**NEO:BCBN**) (“**Base Carbon**”, or the “**Company**”) is pleased to announce it has executed an agreement, through Base Carbon Capital Partners Corp. (“**Base Carbon Capital**”), to facilitate the development of a cookstove and water purifier carbon reduction project in Vietnam (the “**Project**”) with Sustainability Investment Promotion and Development Joint Stock Company (“**SIPCO**”), as in-country project developer. Citigroup Global Markets Limited (“**Citigroup**”) is the carbon credit offtaker to SIPCO for the Project.

Highlights:

- Entered into project agreement with SIPCO to develop a cookstove and water purifier carbon reduction project in Vietnam;
- Facilitated a Project offtake agreement between Citigroup and SIPCO;
- Anticipated initial investment of approximately US\$20.8 million over 24 months;
- Expected Project generation of approximately 26.6 million carbon credits over a 10-year period;
- Project documentation with SIPCO provides for an anticipated Project net present value (“**NPV**”)* of US\$78.6 million and internal rate of return (“**IRR**”)* of 66% at US\$10.00 (illustrative) carbon credit price; and
- 2.75-year anticipated payback on aggregate capital commitment (from first dollar deployed) irrespective of market-based carbon pricing.

The Project is expected to generate approximately 26.6 million voluntary carbon credits over an estimated 10-year period from the distribution of approximately 850,000 cookstoves and 364,000 water purifiers to participating households in Vietnam. Cookstoves improve household energy efficiency through a reduction in combustible biomass needed for daily household activities such as cooking and heating, while water purifiers can eliminate the need to boil water for safe consumption. Both types of devices are recognized under well-established carbon reduction methodologies with additional and far-reaching social benefits. The Project has been registered with Verra’s VCS program under Project IDs [2548](#) and [2557](#).

Base Carbon Capital will advance an aggregate purchase price prepayment for Project carbon credits of approximately US\$20.8 million in regular payment tranches anticipated over the next 24 months. Pursuant to the terms of the Project agreement with SIPCO, the advanced purchase price payment will primarily finance the manufacturing and distribution of the cookstoves and water purifiers as well as certain costs related to initial distribution and Project monitoring. Each prepayment will be conditional upon key development milestones and conditions such as the delivery and distribution of devices to participating households.

Based on Project documentation, SIPCO will buy back the first 7.4 million carbon credits from the Project for offtake. Further to this, approximately 19.2 million additional carbon credits are expected to be generated which may be sold by Base Carbon Capital to either SIPCO, pursuant to an option agreement, or into the open voluntary carbon credit market (or a combination thereof).

Based on Project documentation with SIPCO and carbon credit generation projections, Base Carbon Capital expects to achieve a 2.75-year payback on aggregate capital deployed and, based on an illustrative sale price of US\$10.00 per carbon credit for the anticipated 19.2 million additional credits, Base Carbon Capital's attributable Project NPV* is estimated to be US\$78.6 million in aggregate with an IRR* of 66%. For clarity, a carbon credit sale price of US\$10.00 is only illustrative, and the price that the carbon credits on the market may be higher or lower at the time of sale.

"The Project is a core addition to Base Carbon's project portfolio and our commitment to the development of the Project furthers our efforts to become the trusted developer, producer, and financier of carbon credits. This capital commitment provides Base Carbon stakeholders with exposure to a carbon reduction asset with expected multiple of money capital returns, sized to Base's balance sheet, with mitigated capital at risk through (i) attractive payback periods, (ii) a partnership with our experienced in-country Project partners, SIPCO, and (iii) a contracted carbon credit offtake between SIPCO and Citigroup. We look forward to furthering our partnership with SIPCO as we collectively see the Project through to completion," said Michael Costa, Chief Executive Officer of Base Carbon.

"The Project is aligned with Base Carbon's business model which is focused on identifying and developing high-quality carbon reduction projects. Base seeks to maximise the combination of economic, environmental and social returns while assisting our partners with their energy transition goals. This transaction structure of the Project will enable our in-country partner, SIPCO, to participate in anticipated Project returns while delivering a noteworthy and measurable social impact in Vietnam," noted Philip Hardwick, Chief Operating Officer of Base Carbon.

**NPV (or net present value) is defined as the difference between the sum of the present value of cash inflows and the sum of the present value of cash outflows for the Project. For the purposes of the Project (in aggregate), the NPV is shown on a pre-tax basis and is calculated over a period of approximately 10 years with a discount rate of 5%. IRR (or internal rate of return) is defined as the rate of return that makes the NPV of all cash flows equal to zero and is calculated for the Project using the same time periods set out above and shown on a pre-tax basis.*

About Base Carbon

Base Carbon is in the business of providing capital, development expertise and management operating resources to projects involved primarily in voluntary carbon markets and the broader ESG economy. Base Carbon seeks to be the preferred carbon project partner in providing capital and developmental resources to carbon projects globally and, where appropriate, will endeavour to utilize technologies within the evolving carbon industry to enhance efficiencies, commercial credibility, and trading transparency. For more information, please visit www.basecarbon.com.

About Sustainability Investment Promotion and Development Joint Stock Company (SIPCO)

SIPCO was founded in 2019 and is primarily focused on establishing a highly competitive carbon portfolio under the direction of the board of directors of Investment and Trade Consultancy Company Limited ("INTRACO"). INTRACO, owner and managing director of SIPCO, was founded in 2001 as an environmental

and safety management consulting firm and has been focusing on clean development mechanism (CDM) carbon credit projects since 2007. INTRACO has grown into a specialised, experienced, and market-leading firm in the consultation and development of CDM projects in Vietnam, with 113 CDM projects and 8 programs of activities (POAs) completed too far. INTRACO's portfolio includes projects in nearly every CDM sector, including oil and gas, renewable energy, biogas, biomass, energy efficiency, and fuel switching. INTRACO carries out programmes that provide people with energy-efficient cookstoves, clean drinking water, and renewable electricity in partnership with many well-known institutional clients.

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Michael Costa, Chief Executive Officer, and Ryan Hornby, Chief Legal Officer are responsible for this press release.

Cautionary Statements Regarding Forward Looking Information

This news release contains "forward-looking information" within the meaning of applicable securities laws relating to the Project, the focus of Base Carbon's business and financial results of the Company. Any such forward-looking statements may be identified by words such as "expects", "anticipates", "intends", "contemplates", "believes", "projects", "plans" and similar expressions. Readers are cautioned not to place undue reliance on forward-looking statements.

Statements about, among other things, the successful generation of carbon credits from the Project, the projected and estimated Project cashflows and costs including NPV and IRR estimates, Project timelines including anticipated schedules for capital deployment and payback periods and Base Carbon's general strategic plans are all forward-looking information. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements.

In respect of the Project, certain factors that influence the commercial success of the Project include, among other things: (i) the Company's expertise with respect to the evaluation, planning and negotiation of the Project, (ii) the conduct of the Project counterparties, (iii) Project costs and carbon credit market prices, and (iv) ongoing project monitoring and issuance of carbon credits by Verra. In respect of the Project, certain assumptions that influence the commercial success of the Project include, among other things: (i) the development the Project remains in line with anticipated timelines and costs, (ii) Project counterparties, including SIPCO and Verra, preform their contractual and/or standard operating procedures, (iii) the manufacturers and distributors contracted by the Company and SIPCO in respect the cookstoves and water purifiers satisfy their obligations as expected and on expected timelines, (iv) local participating households utilize the cookstoves and water purifiers supplied to them in accordance with the expectations under the Project which is then reflected by monitor reports accepted by Verra, and (v) the Company has sufficient funds on hand to make carbon credit purchase price payments.

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The calculation of NPV and IRR using projected and estimated Project cost and cashflows derived from the Project documentation. Many of the factors and assumption which may influence the accuracy of such forward looking calculations are the same as those which influence the success of the Project. These statements should not be read as guarantees of future performance or results.

Base Carbon assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances or actual results unless required by applicable law. When available, readers are encouraged to refer to the MD&A for the Company available on www.sedar.com" www.sedar.com for information as to the risks and other factors which may affect Base Carbon's business objectives and strategic plans.