



Base Carbon Consolidates Ownership in Operating Company and Provides Project Update

TORONTO, April 27, 2023 -- Base Carbon Inc. (NEO: BCBN) (OTCQX: BCBNF) ("**Base Carbon**", or the "**Company**"), a financier and developer of emission reduction, removal and related climate action projects, announces the execution of an agreement to consolidate ownership of Base Carbon Capital Partners Corp. ("**BCCPC**"), and the restructuring of its partnership with Hardwick Climate Business Limited ("**HCBL**"). All financial references are denominated in U.S. dollars, unless otherwise noted.

Base Carbon and HCBL (collectively, the "**Parties**") have been working both collaboratively and proactively to simplify ongoing project sourcing activities, optimize expertise within the companies and to consolidate the ownership structures of both BCCPC and HCBL (the "**HCBL Restructuring Transaction**"). The Company will hold an investor update call on Thursday, May 4, 2023. Registration instructions are published below.

Key Business and Transaction Highlights:

- The Company will purchase HCBL's minority interest in the carbon project development entity BCCPC, simplifying its ownership structure to 100% Base Carbon.
- HCBL will continue to provide sourcing, project advisory and carbon market support to Base Carbon and its project portfolio.
- BCCPC purchase consideration includes \$1.6 million in cash and a redemption of ownership in HCBL (non-cash) currently valued at \$1.396 million.
- The transaction is intended to better align the interests of both Parties and is anticipated to be accretive to shareholders. Post reorganization, Base Carbon is expected to retain a 15% equity position in HCBL.
- Carbon credit registry Verra has completed its verification review of the cookstoves distributed in the Vietnam household devices project. The process to complete the first issuance of Vietnam cookstove carbon credits is now underway.
- Base Carbon will host its first investor update call at 11:00 a.m. EDT on May 4, 2023.

Base Carbon and HCBL have mutually agreed to not complete the proposed acquisition of HCBL by Base Carbon. Instead, the Parties will continue collaborating on the development of the current and prospective projects within the pipeline under a new Consulting and Origination Agreement (as defined and further discussed below).

To date, BCCPC has committed \$29.7 million in capital directly to carbon reduction projects in Rwanda and Vietnam. Both projects have completed the household device distribution phase of the projects. Base Carbon has been informed by SIPCO, the project developer, that Verra has completed verification review of the cookstove portion of the Vietnam project and is progressing toward credit issuance ahead of schedule. Citigroup is contracted to purchase the initial 7.4 million carbon credits generated from the Vietnam project.

"This transaction represents a new chapter in our ongoing working relationship with our partners at HCBL. In restructuring our relationship, Base Carbon has provided operational simplicity for its existing and prospective shareholders as we transition to revenue generation in 2023. We look forward to continuing to collaborate closely with Phil and the HCBL organization under our new working arrangement," Michael Costa, CEO of Base Carbon.

"The new, simplified ownership structure and partnership between Base Carbon and HCBL will serve to better align our organizations as well as the competencies and experience within our respective teams. We continue to incubate a pipeline of quality carbon development opportunities and are excited to support the growth of Base Carbon and its project development portfolio," stated Phil Hardwick, CEO of HCBL.

HCBL Restructuring Transaction Overview

Pursuant to the HCBL Restructuring Transaction, the Parties have executed an agreement (the "**Restructuring Agreement**") whereby Base Carbon will purchase HCBL's full equity interest in BCCPC for an aggregate purchase price of US\$2,996,000. The purchase price is comprised of (i) a cash payment of US\$1,600,000 and (ii) the delivery of a promissory note to HCBL in the amount of US\$1,396,000 (the "**Promissory Note**"). Base Carbon has agreed to reduce its equity ownership in HCBL by way of a share capital reduction and the cancellation of the Promissory Note, and upon closing of the transaction and anticipated ancillary steps thereto is expected to result in 15% retained equity interest in HCBL. The Parties have entered into an amended and restated shareholder agreement with respect to HCBL in connection with the Restructuring Agreement. The transactions set out in the Restructuring Agreement are expected to close within 6 business days. Upon completion of the transactions set out in the Restructuring Agreement, Base Carbon will own 100% of BCCPC which holds its full investment in both the Vietnam and Rwanda carbon reduction projects, as well as rights to other carbon reduction and removal development projects.

As part of the HCBL Restructuring Transaction, the Parties have entered into a consulting and origination agreement (the “**Consulting and Origination Agreement**”) whereby HCBL will continue to originate and present opportunities to the Company for investment, partnership and/or development with respect to carbon reduction and removal projects until June 30, 2024. The Company has agreed to pay HCBL success-based project origination fees of up to 3.5% in aggregate. Origination fees from Base to HCBL will be based upon the Company’s required investment capital for qualified carbon credit development projects which are sourced by HCBL and executed by Base Carbon. All applicable project origination fees will be payable in stages according to pre-determined project milestones, and a portion of project origination fees may be payable in Base Carbon common shares at the Company’s election. During the term of the Consulting and Origination Agreement, HCBL will also provide certain consulting services to the Company with respect to the Company’s carbon project portfolio for a fixed, cost-based fee of approximately \$830,000 (the “**Consulting Fee**”).

In connection with the HCBL Restructuring Transaction, pursuant to a new escrow agreement, Philip Hardwick will resign as Chief Operating Officer of Base Carbon and revert to his role as CEO of HCBL. 2,324,376 common shares of the Company previously issued to Philip Hardwick under the terms of the original investment agreement will be placed into escrow until June 30, 2024. Philip Hardwick will also enter into an individual consulting agreement with the Company and will be issued 500,000 Base Carbon common share purchase options with an exercise price of C\$1.00 per common share (the “**Options**”). 1/3 of the Options will vest immediately and the remaining amount will vest in equal tranches on the first and second anniversaries of closing.

For further details on the historical investment agreement and transactions between the Parties, please refer to the Company’s public disclosure available on www.sedar.com.

Carbon Project Updates

The Company has committed aggregate funding of \$29.7 million to the Rwanda cookstove project and Vietnam household devices project and anticipates moving both from a development stage to revenue generation within 2023. Device distribution has been completed in both countries and the Company is currently working with its development partners to complete the verification and issuance process with carbon credit registry Verra. In respect of the Vietnam project, Verra has completed its verification review of the cookstove devices and the process to complete the first issuance of Vietnam cookstove carbon credits is now underway. First carbon credits associated with the project are anticipated to be issued over the coming weeks and will be delivered to Citigroup Global Markets Limited (“Citigroup”) under the terms of the project offtake agreement. Citigroup is contracted to purchase the initial 7.4 million carbon credits generated from the Vietnam project. The Rwanda project remains on track for first carbon credit issuance in mid-2023.

Investor Update Call

Michael Costa, Chief Executive Officer, will host an investor call to provide a business update and to respond to investor questions. The Company will host the call via Zoom Meetings on Thursday, May 4, 2023, at 11:00 a.m. Eastern Daylight Time Zone (EDT). The Company invites current and prospective shareholders to attend this business update call and Q&A session.

DATE: Thursday, May 4, 2023

TIME: 11:00 a.m. EDT

LOCATION: Zoom Meeting. To receive the meeting link and passcode, please register [here](#).

QUESTIONS: Please submit questions ahead of time to: investorrelations@basecarbon.com.

About Base Carbon

Base Carbon provides capital, development expertise and management operating resources to projects involved in the voluntary carbon markets. The company 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.

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

Cautionary Statement Regarding Forward Looking Information

This press release contains “forward-looking information” within the meaning of applicable securities laws with respect of the Company, including but not limited to, statements relating to the focus of Base Carbon’s business, the anticipated closing of the HCBL reorganization transaction and the Company’s carbon reduction projects. In some cases, but not necessarily in all cases, forward-looking information may be identified by the use of forward-looking terminology such as “expects”, “anticipates”, “intends”, “contemplates”, “believes”, “projects”, “plans” or variations of such words and similar expressions or

state that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events. Statements about, among other things, Base Carbon's strategic plans, the anticipated closing of the HCBL reorganization transaction and details of development and revenue generation timelines of current projects (including statements regarding the first anticipated issuance of carbon credits from the Company's carbon development projects) are all forward-looking information. These statements should not be read as guarantees of future performance, results, or achievements.

Although management believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking information are based upon reasonable assumptions and expectations, readers should not place undue reliance on forward-looking information because it involves assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking information.

In respect of the Company's carbon credit projects, the Rwanda project and the Vietnam project, certain factors that influence successfully meeting the anticipated first issuance of carbon credits associated with such projects include, among other things: (i) the Company has retained industry leading experts/consultants/advisors to assist with the planning and execution of such projects, (ii) the timelines for execution of the development of the Rwanda project and the Vietnam project has to date been in line with (or accelerated from) initial expectations, and (iii) the Company has sufficient funds on hand to complete the execution of its milestones stated herein for the Rwanda project and the Vietnam project.

In respect of the Company's carbon credit projects, the Rwanda project and the Vietnam project, certain assumptions that influence successfully meeting the anticipated first issuance of carbon credits associated with such projects include, among other things: (i) the Company's project partners satisfy their obligations as expected by the Company and on expected timelines, (ii) the household participants in the projects utilize the devices supplied to them in accordance with the expectations under the projects, (iii) the validation process in respect of the Rwanda project, being undertaken with Verra, the organization that has been appointed as the carbon credit registry for such project, occurs mid-2023, (iv) the completion and submission to Verra of the initial Rwanda project monitoring report prepared by the project Validation and Verification Body (“VVB”) occurs mid-2023, and (v) the initial acceptance of the verification by Verra of the performance of the projects set out in the VVB reports against the project methodology in order to enable the first issuance of the resulting carbon credits occurs mid-2023, which timeline is reflective of the Company's observation of Verra's current timeline for the verification of similar carbon reduction projects being undertaken by other parties.

The evaluation and negotiation by the Company of new additional projects described herein is in respect of potential opportunities which are non-binding proposals only and which are subject to due diligence and/or negotiation of definitive documentation by the Company as of the date of this press release. Readers are cautioned that there can be no assurance that the Company will be able to enter into definitive agreements for, or otherwise proceed with or realize upon, such potential opportunities on a timely basis or at all, nor that the nature and scope of such potential opportunities will ultimately be as described herein or as to the extent of any financial, operational or other benefits which may be realized by the Company in proceeding with such potential opportunities. Potential projects may be removed from the Company's pipeline from time to time or at any time as a result of, among other things, unsatisfactory results from the Company's due diligence or negotiation of terms and conditions in respect of such potential projects.

The forward-looking statements made herein are subject to a variety of risk factors and uncertainties, many of which are beyond the Company's control, which could cause actual events or results to differ materially and adversely from those reflected in the forward-looking statements. Readers are cautioned that forward-looking statements are not guarantees of future performance. Specific reference is made to the most recent Annual Information Form on file with the Canadian provincial securities regulatory authorities (and available on www.sedar.com) for a more detailed discussion of some of the factors underlying forward-looking statements and the risks that may affect the Company's ability to achieve the expectations set forth in the forward-looking statements contained in this press release.

Should one or more of the risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual events or results may vary materially and adversely from those described in the forward-looking information. The forward-looking information contained in this press release is provided as of the date of this press release, and the Company expressly disclaims any obligation to update or alter statements containing any forward-looking information, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law.