BASE CARBON INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTHS ENDED

MARCH 31, 2023

(EXPRESSED IN UNITED STATES DOLLARS)

Introduction

The following is Management's Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Base Carbon Inc. (the "Company" or "Base Carbon") and constitutes management's review of the factors that affected the Company's consolidated financial and operating performance for the three months ended March 31, 2023. This discussion should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three months ending March 31, 2023 (the "consolidated financial statements"), in addition to the audited annual consolidated financial statements of Base Carbon Inc. for the year ended December 31, 2022, and together with the notes thereto. This MD&A is dated as of May 12, 2023, unless otherwise indicated.

Unless otherwise indicated and as hereinafter provided, all financial information contained in this MD&A, and the Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Unless otherwise noted in this MD&A, all monetary amounts are expressed in United States dollars, and "we", "us" and "our" refer to the "Company" or "Base Carbon" including each of its subsidiaries.

Certain statements in this MD&A constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws. The "Caution Regarding Forward-looking Statements" section in this MD&A should be carefully reviewed and do not place undue reliance on any such forward-looking statements.

The Company exists under the *Business Corporations Act* (Ontario). Its registered office is located at 18 King Street East, Suite 902, Toronto, Ontario, M5C 1C4 and its mailing address is 50 Carroll Street, Toronto, Ontario, M4M 3G3.

Caution Regarding Forward-Looking Statements

This MD&A contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities, and legal and regulatory matters. Specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to the Company's anticipated future results, events, plans, strategic initiatives, future liquidity, planned capital investments, such as statements as to expectations for the Company's current carbon credit projects in development and future pipeline opportunities, including the steps involved to realize on such opportunities and the timeline in which such opportunities may be realized, as to the timing and number of carbon credits expected to be generated by such carbon credit projects and the resulting financial performance, and under the headings "Project Updates" and "Outlook".

Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "maintain", "achieve", "grow", "should" and similar expressions, as they relate to the Company and its management. Forward-looking statements reflect the Company's current estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's expectation of operating and financial performance in 2023 is based on certain assumptions including assumptions about operational growth, anticipated cost savings, operating efficiencies, anticipated benefits from strategic initiatives, future liquidity, and planned capital investments. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive, and other uncertainties and contingencies regarding future events and as such, are subject to change. There is no assurance that such estimates, beliefs and assumptions will prove to be correct.

In respect of the Company's carbon credit projects, the Rwanda Cookstoves Project and the Vietnam Household Devices Project, and additional executed and contemplated carbon development projects described herein, certain factors that influence successfully meeting the milestones related to such projects include, among other things: (i) the Company has retained industry leading experts/consultants/advisors to assist with the evaluation, planning, negotiation and execution of such projects, (ii) the timelines for execution of the development of the Rwanda Cookstoves Project and the Vietnam Household Devices Project has to date been in line with (or accelerated from) initial expectations, (iii) in respect of the Rwanda Cookstoves Project and the Vietnam Household Devices Project, relationships with manufacturers and distributors to manufacture and distribute the requisite amount of devices as required under such projects have been secured and such devices have been manufactured as required to date in anticipation for distribution, (iv) the timelines with respect to the execution of additional carbon development projects has to date been in line with expectations, (v) in respect of the Company's additional carbon development projects, the Company does not currently foresee significant conditions precedent after the pertinent definitive documentation has been executed before the related capital for such projects is able to be deployed, and (vi) the Company has sufficient funds on hand to complete the execution of its stated milestones for the Rwanda Cookstoves Project and the Vietnam Household Devices Project, and additional contemplated carbon development projects described herein.

In respect of the Company's carbon credit development projects, the Rwanda Cookstoves Project and the Vietnam Household Devices Project, and additional executed or contemplated carbon development projects described herein, certain assumptions that influence successfully meeting the milestones related to such projects include, among other things: (i) in respect of the Rwanda Cookstoves Project and the Vietnam Household Devices Project, the development thereof remains in line with anticipated timelines and costs, the manufacturers and distributors contracted by the Company in respect thereof satisfy their obligations as expected by the Company and on expected timelines, and the local participants in the project utilize the devices supplied to them in accordance with the expectations under the project, and (ii) in respect of the Company's additional carbon development projects, the Company is able to successfully execute definitive documentation in respect of such projects and on the expected timelines, the execution of such projects remain consistent with anticipated timelines and costs, and the conditions precedent for the deployment of capital thereunder, if any, are satisfied by the counterparties involved in such projects in a timely fashion.

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 SEDAR) 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 MD&A.

The Company's actual results, programs, and financial position could differ materially from those expressed in or implied by the forward-looking statements made herein, and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or that, if any of them do so, what benefits the Company will derive therefrom. The forward-looking statements made herein are made as of the date of this MD&A unless otherwise stated and are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities laws.

General Business Description

Base Carbon is a publicly traded entity which is listed on the NEO Exchange Inc. under the trading symbol "BCBN". Base Carbon runs administrative operations through its wholly owned subsidiaries, Base Carbon Corp. and Base Carbon (US) Corp., and carbon reduction and removal projects through its wholly owned subsidiary Base Carbon Capital Partners Corp. ("BCCPC"), which was until recently a majority-owned venture between the Company and Hardwick Climate Business Limited ("HCBL"). See *Subsequent Events - Consolidation of BCCPC and HCBL Restructuring* for more details.

Base Carbon, through BCCPC, 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.

As part of the Company's strategy, the Company focuses most of its business activities across three fundamental carbon project stages:

- **Identification Stage:** sourcing of high-quality carbon development projects based on a combination of internal and external factors. Internally, potential projects must comply with the Company's environmental, social and governance policy, project structure for risk mitigation and due diligence, economic return objectives, project development timelines and carbon production profiles. Projects that are expected to produce initial credits within three years are considered near-term, between three and seven years are considered medium-term and over seven years are considered long-term. External factors include benchmarking against the United Nations' Sustainable Development Goals. The Company will then seek to enter contractual arrangements setting out the project.

- **Development Stage:** the Company utilizes internal expertise to fulfill its commitment to help facilitate the successful development of each selected high-quality carbon project. Depending upon the project, Base Carbon may introduce select additional project partners and co-investors such as large multinational corporations seeking offtake arrangements to 'decarbonize' their business activities.

- **Operational Stage:** implementing technology and software tools to enhance efficiency and transparency of carbon development projects which will support and develop the broader carbon economy. This can include project management or oversight standards relating to measurement, reporting, verification, and auditing to enhance the efficiencies and credibility of carbon credits.

At this time, the Company is focused on developing projects suited to the growing voluntary carbon markets. The Company intends to monitor the continued evolution of the compliance carbon markets and may consider developing compliance related projects in the future.

Key Events of 2023

Consolidation of BCCPC and HCBL Restructuring

The Company's history with its partner company HCBL are detailed in Base Carbon's audited annual consolidated financial statements, and management's discussion and analysis for the year ended December 31, 2022.

On April 27, 2023, the Company and HCBL agreed to terms whereby the Company purchased the remaining 22% of outstanding shares of BCCPC from HCBL, in exchange for $2,996,000 in total consideration. See *Subsequent Events - Investment in BCCPC and HCBL Restructuring* for more details.

Completion of Project Milestones Ahead of Schedule

On February 22, 2023, Base Carbon announced that all 1,214,000 Vietnam project devices have now been distributed to participating households, four months ahead of the initial schedule and on budget. Initial validation and verification body (VVB) monitoring and reporting work commenced in early January 2023, and upon review and verification of the associated report by carbon registry Verra, the first issuance of project carbon credits is anticipated to be sold to Citigroup via a contracted project offtake agreement. Initial monitoring work has been completed by an independent, Verra-accredited VVB. Submission of the initial monitoring report to Verra in support of the first carbon credit issuance was completed in March 2023 and Verra completed its verification review of the distributed cookstoves in April 2023, with initial project carbon credit generation anticipated in mid-2023.

Distribution of all 250,000 cookstoves associated with the Company's initial project in Rwanda has been completed. Project validation with Verra is anticipated in the near-term with initial monitoring, reporting and verification efforts to commence immediately thereafter. Project partner DelAgua continues to conduct large-scale weekly household visits to further community education and increase efficient use of the cookstoves. Carbon credit sales and marketing activities are currently being coordinated in anticipation of the first carbon credit issuance in mid-2023.

Project Updates

Vietnam Household Devices Project

Device Purchases and Distribution

As at March 31, 2023, all 1,214,000 Vietnam project cookstove and water purifying devices were purchased and distributed to participating households, four months ahead of the initial schedule and on budget.

Vietnam Capital Deployment

As at March 31, 2023, the Company made payments totalling $18,687,335. These payments were made in accordance with specific project milestones and subject to certain conditions continually being met by SIPCO.

Vietnam Capital Deployment	Amount
Committed capital deployment at project execution	$ 20,828,600,
Capital deployed as at December 31, 2022	(16,021,230)
Capital deployed in Q1 2023	(2,666,105)
Total capital deployed as at May 9, 2023	$ (18,687,335)
Remaining capital deployment as at May 9, 2023	$ 2,141,265

As at May 9, 2023, Base Carbon has spent 90% of the aggregate capital deployment for the Vietnam Household Devices project. This capital expenditure is ahead of schedule due to the expedited purchase and delivery of the devices outlined in the tables above. Base Carbon completed distribution of all household devices in January 2023, approximately four months earlier than the initial plan of May 2023. Remaining capital expenditures in support of ongoing project monitoring and verification expenses is anticipated to be fully deployed in regular intervals by year end 2024.

Expected Timing of Carbon Credit Issuances

Base Carbon expects the first issuance of carbon credits relating to the devices to occur in mid-2023. Precise timing of issuance may be influenced by potential project validation and issuance verification delays associated with carbon registry Verra. Project validation involves independent validation and verification bodies that audit the project with respect to methodology and submit a report to Verra for confirmation prior to carbon credit issuance.

Rwanda Cookstoves Project

As at March 31, 2023, distribution of all 250,000 cookstoves associated with the initial project in Rwanda has been completed.

Rwanda Capital Deployment

As at March 31, 2023, the Company had completed the project payments totalling $8,825,000 relating to Rwanda. These payments were made in accordance with specific project milestones and subject to certain conditions being met by DelAgua.

Rwanda Capital Deployment	Amount
Committed capital deployment	$ 8,825,000
Capital deployed as at December 31, 2022	(8,450,000)
Capital deployed in Q1 2023	(375,000)
Remaining capital deployment	$ -

Expected Timing of Carbon Credit Issuances

Base Carbon expects the first issuance of carbon credits associated with the Rwanda Cookstoves Project to occur in mid-2023. Precise timing of issuance may be influenced by potential project validation and issuance verification delays associated with carbon registry Verra. Project validation involves independent validation and verification bodies that audit the project with respect to methodology and submit a report to Verra for confirmation prior to carbon credit issuance.

Outlook

Carbon Development Projects

The Company has identified a significant pipeline of potential carbon development projects at an early stage of assessment, and with the exception of that below, have not yet been advanced to ongoing assessment, diligence and/or structural negotiations, consistent with the Identification Stage outlined in the Company's three fundamental carbon project stages.

The Company is actively working towards the execution of a specific afforestation and reforestation carbon removal project. Project scoping is still in progress therefore it is not possible to provide an estimated capital investment as at the date of this MD&A. If executed, initial capital deployment is anticipated to commence immediately following project execution.

Technology and Software Tools

The Company is in the initial development stage of technology and software tools for carbon development projects with an anticipated 2023 capital investment of approximately $500,000.

Results of Operations

Quarterly results for the three months ended March 31,	2023	2022	$ Change	% Change
Revenue	-	-	-	-
Operating expenses	1,289,322	1,240,257	49,065	4%
Net loss	1,100,253	1,208,596	(108,343)	(9%)

Total Revenue

The Company did not generate revenue during the period ended March 31, 2023, and during the same prior period in 2022, as revenue streams remain in the development stage.

Operating Expenses

Base Carbon incurred $1.3 million in operating expenses during the period ended March 31, 2023, an increase of $49,065 from the same period in 2022.

This is primarily due to the following quarter over quarter increases:

- Salaries and wages expense increased by $191,195 due to an additional seven salaried employees as at March 31, 2023.
- Consulting expense increased by $102,948 due to the increased use of industry experts and specialists as Base Carbon continues to grow in 2023.
- Travel, marketing and promotions expenses increased by $82,542 due to advertising and marketing expenditures as well as the addition of team members who are directly involved in the market development and growth of Base Carbon's business.
- Insurance expense increased by $72,140 due to the full quarterly amortization of Directors and Officers ("D&O") insurance in 2023 when compared to a partial quarterly amortization of the D&O insurance in 2022.
- General and admin expense increased by $25,302 due to technology software and subscription fees, communication and internet costs and other office charges as Base Carbon continues to develop its business.

This is partially offset by quarter over quarter decreases in the following accounts:

- Professional fees decreased by $171,277 and regulatory expense decreased by $138,314 from fees that were not incurred in the current period relating to Base Carbon's public listing in February 2022.
- Share-based compensation expense decreased by $115,713 due to cancelled/forfeited stock options during 2022 which lowered the share-based compensation expense in 2023.

Net loss

Base Carbon incurred a net loss of $1.1 million during the period ended March 31, 2023, a decrease in losses of $125,054 from the same period in 2022.

This is primarily due to the following quarter over quarter cost movements:

- Listing expense decreased by $655,444 due to no listing expenses incurred in the current period, while all $655,444 was incurred in the prior period during Base Carbon's RTO.
- Share of loss of investment in associate HCBL decreased by $21,286 due to lower quarterly losses reported to the Company by HCBL.

This is partially offset by quarter over quarter cost movements:

- The foreign exchange gain decreased by $347,467 due to transactions and balances denominated in Canadian dollars and the strengthening of the United States dollar throughout the period ended March 31, 2023 when compared to the same prior period.
- The gain on investment at fair value decreased by $189,748 due to no gain being recognized in the current period, while a gain on fair value was recognized in the 2022 prior period.

Liquidity and Financial Position

	31-Mar-23	31-Dec-22	$ Change	% Change
Cash and cash equivalents	8,560,940	12,918,436	(4,357,496)	(34%)
Short term investment	23,281	22,108	1,173	5%
Other receivables	5,757	5,757	-	-
Related party loan receivable	225,580	-	225,580	100%
Prepaid and other assets	357,191	139,618	217,573	156%
Accounts payable and accrued liabilities	(320,424)	(233,530)	(86,894)	37%
Net Working Capital	**8,852,325**	**12,852,389**	**(4,000,064)**	**(31%)**
Property and equipment	4,305	4,876	(571)	(12%)
Investments in carbon credit projects	27,512,335	24,471,230	3,041,105	12%
Investment in associate	4,931,390	5,088,008	(156,618)	(3%)
Investment at fair value	1,441,163	1,441,163	-	-
Tangible Capital	**42,741,518**	**43,857,666**	**(1,116,148)**	**(3%)**

Cash and Cash Equivalents

As at March 31, 2023, Base Carbon had $8.6 million in cash and cash equivalents, a decrease of $4.4 million from the prior period. This net cash outflow is primarily attributable to $3.0 million in investments made for carbon credit projects and $1.3 million incurred on operating expenses. See the Statement of Cash Flows from the consolidated financial statements for the three months ended March 31, 2023, for more information.

Related Party Loan Receivable

As at March 31, 2023, the Company had $0.2 million in related party loan receivable, an increase of $0.2 million from the prior period. This is due to the issuance of two short term, related party loans to HCBL in the current period.

Prepaid and Other Assets

As at March 31, 2023, the Company had an increase in prepaid and other assets of $0.2 million compared to December 31, 2022. This increase is due to the Company having entered a new D&O insurance policy which is expected to reduce annualized premiums by approximately 50%.

Investments in Carbon Credit Projects

As at March 31, 2023, Base Carbon had $27.5 million in investments in carbon credit projects, an increase of $3.0 million from December 31, 2022. This is due to payments of $375,000 and $2,666,105 made to DelAgua and SIPCO, respectively, in the current period.

Capital Resources

A key element of the Company's financing strategy is to fund its operations primarily through the issuance of equity instruments. The Company may also enter into credit facilities or other financing arrangements in future periods to capitalize on market opportunities.

As at March 31, 2023, the Company has a net working capital position of $8.9 million. The Company has a strong liquid position consisting of $8.6 million of cash and cash equivalents and $0.4 million of prepaid and other assets.

The Company believes its net working capital balance is sufficient to fund expected requirements of current commitments for the next 12 months. These include investment in its revenue model, marketing expenditures to promote the growth of the business and exploring additional opportunities to create shareholder value. The Company may require additional funds for new commitments such as new carbon credit projects, for which the Company plans to raise funds through equity or debt financing. The Company has no long-term debt or material contractual payment obligations nonwithstanding the ongoing Vietnam capital commitments. The Company's working capital will be used for further business development.

Commitments and Contractual Obligations

SIPCO Payments

Base Carbon has contracted to make payments totalling $20,828,600 in tranches, subject to conditions set out in the Vietnam Household Devices Project agreement. As at March 31, 2023, the remaining contractual commitments are $2,141,265.

The Company had no other major commitments or contractual obligations during the period ended March 31, 2023.

Off-Balance Sheet Arrangements

There are currently no off-balance sheet arrangements which could influence current or future results or operations, or the financial condition of the Company.

Subsequent Events

Loan Issued to Abaxx Technologies Inc.

In April 2023, the Company issued a loan to its related party Abaxx Technologies Inc. ("Abaxx"). Per the loan agreement, the unsecured loan has a principal amount of $750,000 Canadian Dollars, matures on October 15, 2023, and bears an annualized interest rate of 9%, compounded monthly. The loan and interest must be paid by the maturity date, and the loan balance can be offset against the 2.5% revenue royalty payments that Base Carbon would owe to Abaxx (as obligated per the technology, IP and royalty agreement with Abaxx).

Loan Issued to HCBL

In April 2023, the Company issued an additional loan of $188,814 to its related party HCBL to support its operating costs. The loan was non-interest bearing, and on May 10, 2023, was netted against the approximate $830,000 in fixed origination and consulting fee due to HCBL, as part of the agreed-upon terms of the HCBL restructuring agreement.

Consolidation of BCCPC and HCBL Restructuring

On April 27, 2023, the Company and HCBL agreed to terms whereby the Company purchased the remaining 22% of outstanding shares of BCCPC from HCBL, in exchange for $2,996,000 in total consideration. The consideration is comprised of (i) $1,600,000 in cash, and (ii) a promissory note payable to HCBL for $1,396,000, which will be cancelled upon the Company reducing its equity ownership in HCBL from 49.9% to 15%.

As part of the restructuring transaction, the Company entered into a consulting and origination agreement with HCBL, whereby HCBL will continue to originate and present carbon reduction and removal project opportunities to the Company for investment, partnership, or development until June 30, 2024. The Company has agreed to pay HCBL milestone-driven project origination fees of up to 3.5% in aggregate of the Company's required capital investment for qualified carbon reduction or removal projects which are sourced by HCBL and executed by Base Carbon. 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 during the term.

In connection with the HCBL restructuring transaction, pursuant to a new escrow agreement, Philip Hardwick resigned as Chief Operating Officer of Base Carbon and reverted 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 were placed into escrow until June 30, 2024. Philip Hardwick also entered into an individual consulting agreement with the Company and was 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 vested immediately and the remaining amount will vest in equal tranches on the first and second anniversaries of closing.

On May 10, 2023, the Company completed a payment of $1,600,000 to HCBL as part of the considerations to purchase 22% equity ownership of BCCPC from HCBL. Additionally, as part of the purchase considerations, the company issued and settled its $1,396,000 promissory note payable to HCBL by reducing its equity ownership in HCBL from 49.9% to 15%.

The Company has 100% equity ownership in BCCPC as a result of the transactions, and the Company retained a 15% equity ownership in HCBL.

Going Concern Assumption

Going concern presentation of the consolidated interim financial statements assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due, and the Company can obtain sufficient financing to cover planned operations throughout the next twelve-month period in addition to funding working capital.

Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives, including funding of future growth opportunities and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and adjusts according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, contributed surplus, deficit and non-controlling interest which totaled $42,741,518 as at March 31, 2023.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. There were no changes in the Company's approach to capital risk management during the three months ended March 31, 2023, and the Company is not subject to any externally imposed capital requirements.

Financial Risk Factors

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of valuation inputs (Level 1, 2 or 3).

The fair value hierarchy has the following levels:

- Level 1 – quoted prices represent unadjusted quoted prices for identical instruments exchanged in active markets.
- Level 2 – significant other observable inputs includes directly or indirectly observable inputs, other than quoted prices for identical instruments exchanged in active markets.
- Level 3 – significant unobservable inputs include inputs that are not based on observable market data.

The fair value of financial assets and financial liabilities are considered to be their carrying value when they are of short duration or when the instrument's interest rate approximates current observable market rates.

The fair value of cash and cash equivalents, short term investment, and other receivables approximates their carrying amounts due to the relatively short period to maturity.

Where other financial assets and financial liabilities are of longer duration, then fair value is determined using the discounted cash flow method using discount rates based on adjusted observable market rates.
The following table illustrates the classification of the Company's consolidated financial instruments within the fair value hierarchy as at March 31, 2023, according to the significance and reliability of the inputs used in determining fair value measurements. During the period there were no transfers of assets between Level 1, Level 2, and Level 3.

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$8,560,940	$ -	$ -	$8,560,940
Short term investment	23,281	-	-	23,281
Other receivables	5,757	-	-	$5,757
Investment at fair value	-	-	1,441,163	1,441,163
Investment in carbon credit projects	-	-	27,512,335	27,512,335
	$8,589,978	**$ -**	**$ 28,953,498**	**$ 37,543,476**

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is attributable to cash and cash equivalents, short term investment, other receivables, prepaid and other assets, and investments in carbon credit projects. Cash and cash equivalents and short-term investment are on deposit with a Canadian chartered bank, from which management believes the risk of loss is remote. Other receivables are due from Canada Revenue Agency, from which management believes the risk of loss to be remote.

The Company manages credit risk from cash, prepaid and other assets, short term investments, other receivables, and from its investments in carbon credit projects by:

- assessing credit profile and worthiness of, and completing due diligence on counterparties prior to agreements;

- structuring agreements with defined services or benefits, terms, and remuneration, enforcing the Company's rights from such agreements, and;
- conducting post disbursement monitoring and executing dispute resolution processes.

The Company's maximum exposure to credit risk as at March 31, 2023, is the carrying value of cash and cash equivalents, short term investment, other receivables, prepaid and other assets, and investments in carbon credit projects.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due, including commitments arising from investments in carbon credit projects. As at March 31, 2023, the Company had current assets of $9,172,749 to settle current liabilities of $320,424. All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market forces including, but not limited to, interest rates, equity prices, voluntary carbon credit prices and foreign exchange.

Foreign currency risk

The Company's functional and reporting currency is the United States dollar. Major purchases and investments are transacted in United States dollars. As at March 31, 2023, the Company is exposed to foreign currency risk with respect to a cash balance of $5,727,553 which is denominated in Canadian dollars.

Sensitivity analysis

The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash and cash equivalents, investments, and accounts payable and accrued liabilities. As at March 31, 2023, the net loss and comprehensive loss would have increased by $271,545 had the United States dollar strengthened by 5%. Had the US dollar weakened by 5% at March 31, 2023, the net loss and comprehensive loss would have decreased by $271,545. This is based on the results of foreign exchange gains/losses on translation of Canadian dollar denominated financial instruments related to cash and cash equivalents, investments, and accounts payable and accrued liabilities.

Related Party Transactions

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at fair value. Senior management is defined as those with authority and responsibility for planning, directing, and controlling activities of the Company, including directors and the executive team.

During the three months ended March 31, 2023, key management and directors received $255,718 in cash compensation, and $64,830 in share-based compensation from the Company.

Loan Issued to HCBL

During the period ended March 31, 2023, the Company issued two loans totalling $225,580 to HCBL to support its operating costs. The loans were non-interest bearing, and on May 10, 2023, were netted against the approximate $830,000 in fixed origination and consulting fee due to HCBL, as part of the agreed-upon terms of the HCBL restructuring agreement (*see Subsequent Events – Consolidation of BCCPC and HCBL Restructuring*).

Invoice from Abaxx

The Company was invoiced approximately $80,000 ($107,555 Canadian Dollars) from Abaxx (the Company's related party), for marketing and promotional services provided to the Company.

Outstanding Share Capital Data

As of May 9, 2023, the Company had 122,550,102 common shares issued and outstanding, and 7,340,000 options outstanding, each option exercisable for the purchase of one common share.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As of March 31, 2023, the Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of its disclosure controls and procedures, as defined by the Canadian securities regulatory authorities, and have concluded that the Company's disclosure controls and procedures are effective.

Internal control over financial reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. These controls include policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

All control systems contain inherent limitations, no matter how well designed. As a result, the Company's management acknowledges that its internal control over financial reporting will not prevent or detect all misstatements due to error or fraud. In addition, management's evaluation of controls can provide only reasonable, not absolute, assurance that all control issues that may result in material misstatements, if any, have been detected.

There have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the period ended March 31, 2023.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com.