basecarbon

Base Carbon Reports Second-Quarter 2023 Financial Results

First Vietnam Project Carbon Credits Issued and Monetized

TORONTO, Aug. 02, 2023 -- Base Carbon Inc. (NEO: BCBN) (OTCQX: BCBNF) ("**Base Carbon**", or the "**Company**") is pleased to announce its second-quarter 2023 consolidated financial results. All financial references are denominated in U.S. dollars, unless otherwise noted.

Base Carbon CEO Michael Costa stated: "Our performance in the second quarter of 2023 reflects the incredible work of the team at Base Carbon. Monetizing our first carbon credits issued from the Vietnam Project has been pivotal, as we have now formally transitioned from a development stage business to an entity generating free cash flow. Over the coming quarters we will be actively focused on redeploying portfolio cashflows into our curated project pipeline. We anticipate several announcements related to this effort in the near-term."

Company Highlights for the Three and Six Months Ended June 30, 2023:

- Ended the quarter with $9.96mm in cash and cash equivalents, a $1.4mm increase vs. Q1 2023.
- In May and June 2023, the first tranches of 1,116,221 Verified Carbon Units ("**VCUs**") associated with the Vietnam Household Devices Project ("**Vietnam Project**") were issued and delivered to the project developer, Sustainability Investment Promotion and Development Joint Stock Company, for further delivery to the project off-taker, Citigroup Global Markets Limited.
- In June of 2023, Base Carbon received full contractual settlement proceeds of $6.4mm for VCUs issued and delivered. The realized net gain on this settlement was $1.95mm, net of the Company's $4.47mm ($4.00 per VCU) prepayment cost associated with phase 1 of the Vietnam Project.
- Updated accounting valuation for the Vietnam Project using a discounted cashflow methodology, leading to an unrealized accounting gain of $104.7mm net of the settlement proceeds highlighted above.
- $104.1mm second-quarter 2023 net income, representing $0.85 earnings per share.
- Purchased 3,046,700 common shares for cancellation pursuant to the Company's normal course issuer bid ("**NCIB**") during the first six months of 2023. On June 21, 2023, Base Carbon renewed its NCIB and may purchase up to an additional 7,974,471 common shares during the 12 months following renewal.
- Vietnam Project capital deployment is now 91% complete with contractual, milestone-based payments of $0.25mm during the second quarter.

Financial Highlights:

(in thousands of United States Dollars)	**Three months ended**	**Three months ended**
	June 30, 2023	**June 30, 2022**
Realized and unrealized gains on investments in carbon credit projects	**$ 111,102**	$ -
Total operating expenses	**2,008**	1,578
Operating income (loss) for the period	**109,095**	(1,578)
Income tax expense	**(4,824)**	-
Net income (loss)	**104,129**	(2,936)
Basic income (loss) per share	**0.85**	(0.02)
Diluted income (loss) per share	**$ 0.85**	$ (0.02)
(in thousands of United States Dollars)	**June 30, 2023**	**December 31, 2022**
Cash and Cash Equivalents	**$ 9,961**	$ 12,918
Current investment in carbon credit projects	**25,390**	-
Non-current investment in carbon credit projects	**107,052**	24,471
Total assets	**$ 145,294**	$ 44,091

Project updates:

Vietnam Household Devices Project

As of June 30, 2023, the Company had completed payments totaling $18.9mm which represents 91% of the committed capital associated with the Vietnam Project. Remaining capital expenditures in support of ongoing project monitoring and verification expenses are anticipated to be fully deployed in regular intervals by year-end 2024.

The first VCUs were generated and issued by the project during the second quarter of 2023 and the Company anticipates further issuances of carbon credits approximately every six months over the estimated 10-year life of the project.

Rwanda Cookstoves Project

Distribution of all 250,000 cookstoves associated with the initial project in Rwanda has been completed. As of June 30, 2023, the Company had completed Rwanda project payments totaling $8.825mm, representing 100% of Base Carbon's capital commitment.

Base Carbon expects the first issuance of carbon credits associated with the Rwanda Project to occur in the second half 2023. As of June 30, 2023, the project's independent Validation and Verification Body ("**VVB**") has completed a joint project validation and first issuance verification report which has been submitted to Verra, the project registry, and is currently being reviewed.

About Base Carbon

Base Carbon is a financier of projects involved primarily in the global voluntary carbon markets. We endeavor to be the preferred carbon project partner in providing capital and management resources to carbon removal and abatement projects globally and, where appropriate, will utilize technologies within the evolving environmental industries to enhance efficiencies, commercial credibility, and trading transparency. For more information, please visit www.basecarbon.com.

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Cautionary Statement Regarding Forward Looking Information

This press release contains "forward-looking information" within the meaning of applicable securities laws relating to the focus of Base Carbon's business and the financial results of the Company. 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. 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.

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 management discussion and analysis for the second quarter ended June 30, 2023 and 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.