BASE CARBON INC.

UNAUDITED CONDENSED INTERIM

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2023 AND 2022

(EXPRESSED IN UNITED STATES DOLLARS)

Base Carbon Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in United States Dollars)
Unaudited

	Note	September 30 2023	December 31 2022
ASSETS			
Current assets			
Cash and cash equivalents		$ 3,837,984	$ 12,918,436
Short term investment		22,074	22,108
Other receivables		6,767	5,757
Related party loan receivable	4	411,696	-
Prepaid and other assets	5	164,329	139,618
Current investments in carbon credit projects	6	25,634,337	-
		30,077,187	13,085,919
Non-current assets			
Property and equipment		22,531	4,876
Non-current investments in carbon credit projects	6	110,651,904	24,471,230
Investments at fair value	7	2,041,163	1,441,163
Investment in associate	8	-	5,088,008
Total Assets		**$ 142,792,785**	**$ 44,091,196**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		240,295	233,530
Income tax liabilities	9	69,885	-
		$ 310,180	$ 233,530
Non-current liabilities			
Income tax liability	9	4,754,043	-
Total liabilities		$ 5,064,223	$ 233,530
Shareholders' Equity			
Share capital	10	$ 51,603,464	$ 53,337,621
Contributed surplus	11	1,528,751	1,327,662
Retained earnings (deficit)		84,596,347	(17,004,025)
Total equity attributable to shareholders of the Company		137,728,562	37,661,258
Non-controlling interest	12	-	6,196,408
Total shareholders' equity		137,728,562	43,857,666
Total Liabilities and Shareholders' Equity		**$ 142,792,785**	**$ 44,091,196**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Approved and authorized on behalf of the Board of Directors:

Director Michael Costa (signed) Director Margot Naudie (signed)

Base Carbon Inc.

Condensed Interim Consolidated Statement of Operations and Comprehensive Income (Loss)
(Expressed in United States Dollars)
Unaudited

		Three months ended September 30,		Nine months ended September 30,	
	Note	**2023**	**2022**	**2023**	**2022**
Gains on investments in carbon credit projects		-	-	$ 111,102,494	-
Operating expenses					
Consulting		573,084	278,066	1,237,145	675,110
Professional fees		339,488	279,946	669,242	868,936
Salaries and wages		525,761	320,304	1,503,506	846,166
General and administrative		130,311	46,242	368,417	97,575
Travel, marketing, and promotion		173,942	146,851	462,266	336,428
Depreciation		982	405	2,124	1,140
Regulatory expenses		11,576	9,723	38,001	184,834
Insurance		93,775	167,699	334,410	422,748
Share-based compensation		(169,477)	331,731	201,089	965,906
Royalty license fee	4	-	-	160,457	-
Total operating expenses		1,679,442	1,580,967	4,976,657	4,398,843
Operating income (loss) for the period		**$ (1,679,442)**	**$(1,580,967)**	**$ 106,125,837**	**$ (4,398,843)**
Foreign exchange gain (loss)		(110,339)	(1,756,763)	4,992	(2,415,417)
Interest income		44,671	210,180	185,070	372,523
Gain on investments at fair value		-	-	-	189,748
Share of loss of investment in associate		-	(126,265)	(208,433)	(491,347)
Listing expense		-	-	-	(655,444)
Net income (loss) before tax		**$ (1,745,110)**	**$ (3,253,815)**	**$ 106,107,466**	**$ (7,398,780)**
Income tax expense	9	-	-	(4,823,928)	-
Net income (loss) for the period		**$ (1,745,110)**	**$ (3,253,815)**	**$ 101,283,538**	**$ (7,398,780)**
Net loss attributable to:					
Shareholders of the Company		$ (1,745,110)	(3,209,816)	$ 101,283,538	(7,354,781)
Non-controlling interest		-	(43,999)	-	(43,999)
Net income (loss) for the period		**$ (1,745,110)**	**$ (3,253,815)**	**$ 101,283,538**	**$ (7,398,780)**
Comprehensive loss attributable to:					
Shareholders of the Company		$ (1,745,110)	(3,209,816)	$ 101,283,538	$ (7,354,781)
Non-controlling interest		-	(43,999)	-	(43,999)
Comprehensive income (loss)		**$ (1,745,110)**	**$ (3,253,815)**	**$ 101,283,538**	**$ (7,398,780)**
Basic income (loss) per share	13	$ (0.01)	$ (0.03)	$ 0.83	$ (0.06)
Basic weighted average number of common shares		119,447,960	125,617,251	121,416,420	126,217,210
Diluted income (loss) per share	13	$ (0.01)	$ (0.03)	$ 0.83	$ (0.06)
Diluted weighted average number of common shares		119,447,960	125,617,251	121,773,572	126,217,210

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Base Carbon Inc.
Condensed Interim Consolidated Statement of Cash Flows
(Expressed in United States Dollars)
Unaudited

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash provided by (used in):				
Operating Activities				
Net income (loss) for period	$ (1,745,110)	$ (3,253,815)	$ 101,283,538	$ (7,398,780)
Adjustment for:				
Depreciation	982	405	2,124	1,140
Share-based compensation	(169,477)	331,731	201,089	965,906
Unrealized gain on investment in carbon credit project		-	(104,684,223)	-
Foreign exchange (gain) loss	110,339	1,756,763	(4,992)	2,415,417
Gain on investments at fair value	-	-	-	(189,748)
Share of loss of equity accounted investments	-	126,265	208,433	491,347
Listing expense	-	-	-	655,444
Changes in operating assets and liabilities:				
Other receivables	(6,767)	12,324	(1,010)	(51,517)
Related party loan receivable	312,028	-	(251,239)	-
Related party payable	(160,457)	-	(160,457)	-
Prepaid and other assets	96,255	193,156	(24,711)	(340,077)
Accounts payable and accrued liabilities	220,502	157,053	6,765	63,180
Income tax liability	-	-	69,885	-
Deferred tax liability	-	-	4,754,043	-
Investments in carbon credit projects	(3,844,000)	(8,562,451)	(7,130,788)	(14,159,899)
Net non-cash liabilities acquired on reverse acquisition	-	-	-	(64,715)
Net cash provided used in operating activities	(5,185,705)	(9,238,569)	(5,731,543)	(17,612,302)
Investing Activities				
Purchase of property and equipment	(19,779)	-	(19,779)	(6,348)
Investment in associate	-	-	-	(6,000,000)
Purchase of subsidiary equity from NCI	-	-	(1,600,000)	-
Cash acquired on reverse acquisition	-	-	-	7,834
Net cash used in investing activities	(19,779)	-	(1,619,779)	(5,998,514)
Financing Activities				
Acquisition of non-controlling interest	-	-	-	4,750,000
Funds held in trust	-	-	-	195,618
Proceeds from exercise of options	-	-	-	202,726
Repurchase of shares	(647,054)	(1,180,780)	(1,734,157)	(1,306,401)
Net cash used in financing activities	(647,054)	(1,180,780)	(1,734,157)	3,841,943
Increase (Decrease) in cash and cash equivalents	(5,852,538)	(10,419,349)	(9,085,479)	(19,768,873)
Change in cash related to foreign exchange	(270,221)	(1,754,717)	5,027	(2,413,371)
Cash and cash equivalents, beginning of period	9,960,743	37,013,272	12,918,436	47,021,450
Cash and cash equivalents, end of period	**$ 3,837,984**	**$ 24,839,206**	**$ 3,837,984**	**$ 24,839,206**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Base Carbon Inc.
Condensed Interim Consolidated Statement of Changes in Equity
(Expressed in United States Dollars)
Unaudited

	Attributable to owners of the company					
	Number of Shares	**Common shares**	**Contributed surplus**	**Retained Earnings (Deficit)**	**Non-controlling Interest**	**Shareholders' Equity**
Balance, December 31, 2021	**124,129,300**	**$ 52,127,768**	**$ 284,212**	**$ (1,529,306)**	**$ 1,498,674**	**$ 52,381,348**
Net loss for the period	-	-	-	(7,354,781)	-	(7,354,781)
Shares issued for reverse acquisition	760,004	597,581	-	-	-	597,581
Shares issued for investment in associate	2,324,376	1,836,000	-	-	-	1,836,000
Stock based compensation	-	-	965,906	-	-	965,906
Exercise of options	450,000	354,611	(151,885)	-	-	202,726
Shares purchased and cancelled under NCIB	(3,526,578)	(1,306,401)	-	-	-	(1,306,401)
Non-controlling interest	-	-	-	-	4,707,327	4,707,327
Balance, September 30, 2022	**124,137,102**	**$ 53,609,559**	**$ 1,098,233**	**$ (8,884,087)**	**$ 6,206,001**	**$ 52,029,706**
Balance, December 31, 2022	**123,339,602**	**$ 53,337,621**	**$ 1,327,662**	**$ (17,004,025)**	**$ 6,196,408**	**$ 43,857,666**
Net income for the period	-	-	-	101,283,538	-	101,283,538
Stock based compensation	-	-	201,089	-	-	201,089
Shares purchased and cancelled under NCIB	(4,476,920)	(1,594,503)	-	-	-	(1,594,503)
Shares purchased and cancelled under share purchase agreement	(437,500)	(139,654)	-	-	-	(139,654)
Non-controlling interest	-	-	-	316,834	(6,196,408)	(5,879,574)
Balance, September 30, 2023	**118,425,182**	**$ 51,603,464**	**$ 1,528,751**	**$ 84,596,347**	**-**	**$ 137,728,562**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

1. Nature of operations

Base Carbon Inc. (“Base Carbon”, or the "Company") is in the business of providing capital, development expertise and management operating resources to projects involved primarily in voluntary carbon markets and the broader environmental markets. The Company engages with corporations, sovereign entities, academic institutions, and carbon reduction project developers to produce and commercialize verified carbon credits. Base Carbon seeks to be the preferred and trusted carbon project partner in providing capital and developmental resources to carbon projects globally and, where appropriate, will endeavour to develop and utilize technologies within the evolving carbon industry to enhance efficiencies, commercial credibility, and trading transparency.

Base Carbon Inc. (formerly 1287411 B.C. LTD., or “411 BC”) was incorporated under the laws of British Columbia on February 3, 2021.

On February 23, 2022, Base Carbon Corp. completed an acquisition of 411 BC through a reverse takeover arrangement (the “RTO Transaction”), whereby 411 BC was the resulting reporting issuer, which then changed its name to Base Carbon Inc. Pursuant to the RTO Transaction, all outstanding common shares of Base Carbon Corp. were exchanged for common shares of Base Carbon on a one-for-one basis and the previous shareholders of 411 BC retained an aggregate of 760,004 Base Carbon Inc. shares.

The principal steps of the RTO Transaction were as follows:

(a) 411 BC effected a continuance from the Province of British Columbia to the Province of Ontario such that its governing corporate legislation is now the *Business Corporations Act* (Ontario);

(b) in association with the foregoing continuance, 411 BC:
   i. changed its name to "Base Carbon Inc.";
   ii. authorized preference shares to be issuable in series pursuant to the articles of continuance; and
   iii. all directors of 411 BC resigned and the board was reconstituted with nominees of Base Carbon Corp.;

(c) all officers of 411 BC resigned and were replaced with nominees of Base Carbon Corp.;

(d) 411 BC consolidated its issued and outstanding common shares on the basis of one post-consolidation share of Base Carbon Inc. for every 5.394708449 pre-consolidation common share; and

(e) Pursuant to a three-cornered amalgamation agreement, Base Carbon Corp. and 1000095223 Ontario Inc., a wholly-owned subsidiary of the Company, amalgamated and retained the name Base Carbon Corp., and (i) the common shares in the capital of Base Carbon Corp. were exchanged for shares of Base Carbon Inc. on a one-for-one basis; and (ii) options to acquire common shares of Base Carbon Corp. became exercisable for Base Carbon Inc. shares on the same terms and conditions and on an economically equivalent basis.

The Company exists under the *Business Corporations Act* (Ontario). The Company’s registered and mailing address is 50 Carroll Street, Toronto, Ontario, M4M 3G3.

(Expressed in United States Dollars)

2. Basis of preparation

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2023, were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34) and do not include all the information required for full annual financial statements. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2022.

The accounting policies as disclosed in the annual financial statements for the year ended December 31, 2022 have been applied consistently to the periods presented in these unaudited condensed interim consolidated financial statements unless otherwise noted under *Note 3 Significant Accounting Policies*.

These financial statements were approved and authorized for issuance by the Board of Directors on November 10, 2023.

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for the Company's financial instruments, stock options, investments in carbon credit projects, and investments at fair value, which are measured at fair value.

(c) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiary companies after eliminating intercompany balances and transactions. Subsidiaries are entities over which the Company has the power to govern financial and operating policies, generally accompanying a shareholding of greater than 50% of the voting rights.

At September 30, 2023, the Company's subsidiaries and consolidation basis are as follows:

			Ownership as at	
Entity name	Functional currency	Place of incorporation	September 30, 2023	December 31, 2022
Base Carbon Capital Partners Corp. (BCCPC)	USD	Barbados	100%	89%
Base Carbon Corp.	USD	Canada	100%	100%
Base Carbon (US) Corp.	USD	United States	100%	100%

For historic details of the Company's investments in subsidiaries, refer to the Company's annual consolidated financial statements for the year ended December 31, 2022.

As at March 31, 2023, the Company held a 78% equity ownership directly, and 11% equity ownership indirectly through BCCPC, for a total of 89% equity ownership in BCCPC. The Company's 11% indirect equity ownership in BCCPC was the result of the Company's 49.9% equity ownership in HCBL, and HCBL's 22% equity ownership in BCCPC as at March 31, 2023 (refer to *Note 8 – Investment in associate*).

On May 10, 2023, the Company purchased the remaining 22% of outstanding shares of BCCPC from HCBL, in exchange for $2,996,000 in total consideration, increasing the Company's direct equity ownership in BCCPC from 78% to 100% (refer to *Note 12– Non-controlling interest*). A total consideration of (i) $1,600,000 was paid in cash, and (ii) a promissory note payable to HCBL for $1,396,000, was issued and cancelled upon the Company reducing its equity ownership in HCBL from 49.9% to 15% (refer to *Note 7 – Investments at fair value* and *Note 8 – Investment is associate).*

3. Significant accounting policies

(a) Use of estimates and assumptions

The preparation of these unaudited condensed interim consolidated financial statements require management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The key areas of estimation include the valuation of investments at fair value, the valuation of investments in carbon credit projects, and the valuation of stock options. The impact of these estimates are disclosed throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

If not separately disclosed, the use of all other estimates and assumptions in these unaudited condensed interim consolidated financial statements have been applied consistently to the Company's audited financial statements for the year ended December 31, 2022.

(b) Investments in carbon credit projects

During the three months ended June 30, 2023, and in accordance with *IFRS 13 Fair Value Measurement*, the Company assessed and determined that based on significant carbon credits issued and contractual cashflows settled, the valuation technique for the project should be changed from the cost approach to the income approach. The income approach uses a discounted cash flow model, summing the future discounted after-tax cashflows from the lifetime of the project to a current net present value. The model reflects market expectations based on key inputs and assumptions, namely the Verified Carbon Unit ("VCU") price, VCU volume, and discount rates. The gains from the remeasurement of investments in carbon credit projects were recorded in the "Gains on investments in carbon credit projects" line in the Consolidated Statement of Operations and Comprehensive Income (Loss). In accordance with *IFRS 9 Financial Instruments*, the "Gains on investments in carbon credit projects" line in the Consolidated Statement of Operations and Comprehensive Income (Loss) also includes the gains from the contractual cash settlement on the disposal of the financial assets.

As at September 30, 2023, the Company's estimate of the valuation of the Vietnam Household Devices Project ("Vietnam Project") increased by $244,000 for the capital deployments made towards the project for the three months ended September 30, 2023. Refer to *Note 6* for details on the Vietnam Project.

The fair value of the Rwanda Cookstoves Project ("Rwanda Project") remained under the cost approach during the period ended September 30, 2023, as the VCUs are at a pre-issuance phase. Refer to *Note 6* for details on the Rwanda Project.

The fair value of the India Afforestation, Reforestation, and Revegetation Project ("India ARR Project") remained under the cost approach during the period ended September 30, 2023, as the VCUs are at a pre-issuance phase. Refer to *Note 6* for details on the India ARR Project.

(c) Investment in associate

Up to, and as at March 31, 2023, the Company recognized HCBL as an investment in associate under IAS 28. In May 2023, the Company completed a restructuring transaction with HCBL, whereby the Company sold and reduced its equity ownership in HCBL from 49.9% to 15% and held no significant influence. As a result, effective May 2023, the Company discontinued its equity accounting treatment of the investment in

(Expressed in United States Dollars)

HCBL and recognized the investment in HCBL as investment at fair value. Refer to *Note 7 – Investments at fair value* and *Note 8 – Investment in associate* for details of the restructuring transaction.

(d) Functional and foreign currency translation

The presentation currency of these financial statements is United States dollars. The functional currency of the Company is also the United States dollar. The functional currency for the Company is determined by the currency of the primary economic environment in which it operates.

4. Related party receivable

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 $553,773 (CAD $750,000), 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% royalty licensing fee payments that Base Carbon would owe to Abaxx (as obligated per the technology, IP and royalty agreement with Abaxx).

During the nine months ended September 30, 2023, the Company generated $6,418,271 in realized gain from the cash settlement of carbon credits, resulting in an Abaxx royalty license fee payable of $160,456. This royalty fee was accrued at June 30, 2023 and was netted against the loan receivable from Abaxx as at September 30, 2023.

Interest income of $8,886 was recognized in the three months ended September 30, 2023, and $18,380 in the nine months ended September 30, 2023, in relation to the loan.

5. Prepaid and other assets

Prepaid and other assets comprise of prepayments made by the Company, for which the expenses are expected to be incurred within twelve months of the current reporting period. Prepaid and other assets are amortized and expensed during the period the expenses are incurred.

As at	September 30, 2023	December 31, 2022
Balance, beginning of the period	**$ 139,618**	**$ 394,384**
Additions to prepaid and other assets in period	381,290	761,957
Recognition of expense in period	(356,579)	(1,016,723)
Balance, end of the period	**$ 164,329**	**$ 139,618**

The prepaid and other assets balance at September 30, 2023, is primarily comprised of director and officer liability insurance.

(Expressed in United States Dollars)

6. Investments in carbon credit projects

Investments in Carbon Credit Project Balances

The following table summarizes the current and non-current balances of investments in carbon credit projects as at September 30, 2023 and December 31, 2022:

Investments in Carbon Credit Projects	**30-Sep-23**	**31-Dec-22**
Current Investments in Carbon Credit Projects		
Vietnam Household Devices Project	25,634,337	-
Total Current Investments in Carbon Credit Projects	**25,634,337**	**-**
Non-current Investments in Carbon Credit Projects		
Rwanda Cookstoves Project	8,825,000	8,450,000
Vietnam Household Devices Project	98,226,904	16,021,230
India ARR Project	3,600,000	-
Total Non-current Investments in Carbon Credit Projects	**110,651,904**	**24,471,230**

Rwanda Cookstoves Project

On January 25, 2022, the Company, through BCCPC, entered into a carbon reduction project agreement with a subsidiary of the DelAgua Group (“DelAgua”) to supply cookstoves in Rwanda. Per the agreement terms, Base Carbon invested $8,825,000 to fund the manufacturing, distribution and monitoring of approximately 250,000 cookstoves across rural Rwanda in exchange for a revenue sharing agreement with respect to the first 7.5 million carbon credits which are expected to be generated by the project.

The first 7.5 million carbon credits to which revenue sharing agreement applies to will then be sold into the voluntary carbon market pursuant to a sales and marketing agreement to be entered into between BCCPC and the DelAgua Group. BCCPC maintains a contractual preferential share of the revenues anticipated from the first 2,187,500 carbon credits generated by the project. As of February 2023, DelAgua completed distribution of all 250,000 cookstoves to participating households.

During the nine months ended September 30, 2023, the Company made its final investment of $375,000 into the project.

The history of payments made into the investment in the Rwanda Project are shown below:

Rwanda Cookstoves Project	**Nine Months Ended September 30, 2023**	**Year Ended December 31, 2022**
Balance, beginning of the period	**$ 8,450,000**	**$ -**
Capital deployed in the project during the period	375,000	8,450,000
Balance, end of the period	**$ 8,825,000**	**$ 8,450,000**

As of September 30, 2023, as the project remained at pre-issuance phase, management has assessed that the fair value of the investments in carbon projects approximates the cash payments disbursed of $8,825,000. The fair value assessment of the Rwanda Project has taken into consideration the contractual terms of the underlying project agreements, operating milestones for each project, recent trading prices for comparable carbon credit methodologies and vintages, contractual sale agreements and overall market volatility of voluntary carbon credit pricing for the three and nine months ended September 30, 2023.

(Expressed in United States Dollars)

The Rwanda Cookstoves Project investment balance of $8,825,000 is categorized as a non-current asset as at September 30, 2023.

Vietnam Household Devices Project

On May 27, 2022, the Company, through BCCPC, entered into a project agreement with Sustainability Investment Promotion and Development Joint Stock Company ("SIPCO") as in-country project developer, to facilitate the Vietnam Project. Per the agreement terms, Base Carbon will invest $20,828,600 to fund the manufacturing, distribution and monitoring of approximately 850,000 cookstoves and 364,000 water purifiers across several provinces of Vietnam.

Per agreement terms, SIPCO will buy back from BCCPC the first 7.4 million carbon credits for subsequent offtake by Citigroup Global Markets Limited ("Citigroup"). BCCPC has the right but not the obligation to purchase the additional carbon credits generated by the project at a prescribed price from SIPCO. If BCCPC exercises this option to buy all the additional carbon credits, BCCPC may then sell such carbon credits to either SIPCO, pursuant to a buyback option (two thirds of which may be for offtake to Citigroup) or into the open voluntary carbon credit market (or a combination thereof).

As of February 2023, SIPCO has completed full distribution of all devices.

During the nine months ended September 30, 2023, $3,155,788 in cash payments for investments in carbon credit projects were made in accordance with project milestones and subject to conditions being met by all parties within the agreements. During the three months ended September 30, 2023, the company made a total of $244,000 in payments towards the SIPCO project, which were added to the SIPCO current investment balance.

In May 2023, the first issuance totaling 1,020,903 VCUs associated with the cookstove component of the Vietnam Project were issued to the Company. The 1,020,903 VCUs were delivered to SIPCO for the contractually agreed payment of $5,870,192, who then transferred the VCUs to the project off-taker, Citigroup. In June 2023, the Company received the full payment of $5,870,192.

In June 2023, the first issuance totaling 95,318 VCUs associated with the water purifier component of the Vietnam Project were issued to the Company. The 95,318 VCUs were delivered to SIPCO for the contractually agreed payment of $548,079, who then transferred the VCUs to the off-taker, Citigroup. In June 2023, the Company received the full payment of $548,079.

The table below summarizes the changes in the Vietnam Project during the period ended September 30, 2023:

Vietnam Household Devices Project	**September 30, 2023**	**December 31, 2022**
Balance, beginning of the period	**$ 16,021,230**	**$ -**
Capital deployed in the project during the period	3,155,788	16,021,230
Q2 2023 Unrealized gain on investment in carbon credit projects (i)	104,684,223	-
Q2 2023 Realized gain on investment in carbon credit projects (ii)	6,418,271	-
Q2 2023 Settlements of investment in carbon credit projects (ii)	(6,418,271)	-
Balance, end of the period	**$ 123,861,241**	**$ 16,021,230**

(i) Unrealized gain on investment in carbon credit projects

During the three and nine months ended September 30, 2023, the Company evaluated the investment's performance after the successful verification, delivery and cash settlement of the first tranche of VCUs.

The Company considers the $6,418,271 in cash proceeds received from the disposal of VCUs as significant cashflow from the project. This significant cashflow demonstrates that:

- The project is operating in line with approved Verra methodologies, leading to the generation of carbon credits;
    - Verra is an organization that develops and manages standards for various sustainability initiatives. Verra manages a global carbon markets program, the Verified Carbon Standard (VCS) Program. Subject to their VCS program requirements, Verra certifies, verifies and monitors carbon reduction projects, and approves VCU issuance from the projects.
- The project is on schedule to generate verified carbon credits;
    - The project can achieve timely milestones, including verification of carbon credits by Verra, delivery of the credits to SIPCO, transfer of the credits to Citi and receipt of contractual cashflows.

Prior to this assessment, the Company was strictly at the capital deployment stage without earnings from the project.

In accordance with IFRS 13, the Company determined that the valuation technique for the project should be changed from the cost approach to the income approach. The income approach uses a discounted cash flow (“DCF”) model, totalling the future discounted after-tax cashflows from the lifetime of the project. The Company considers the income valuation technique to be the most relevant and reliable in representing the fair value of the Vietnam Project now that the project has issued VCUs.

The VCU price, VCU volume and discount rate inputs are unobservable inputs that have the most significant impact on the valuation of the investment.

i) *VCU Price:*

Excluding the fixed off-take volumes of 7,400,000 VCUs for Phase 1 of the project, a price curve ranging from $9.27 to $10.07 was used as pricing inputs for up to 39,018,271 volumes during Phase 2 of the project. The price curve used was from an independent carbon reduction credit pricing source.

ii) *VCU Volumes:*

During Phase 1 of the project, from 2023 to 2024, the project is expected to generate an estimate 7,400,000 VCUs.

During Phase 2 of the project, from 2024 to 2032, based on the latest project monitoring reports, the project design document (“PDD”), current project methodology, and other factors, including expected used of cookstoves and water purifiers by participating households and the performance of such devices, the project is projected to generate up to 39,018,271 VCUs.

Failing to meet these projected VCU volumes in the future will result in significant impairment to the investment value, resulting in losses of unrealized gains.

iii) *Discount Rates:*

During Phase 1 of the project, from 2023 to 2024, the discount rate used is 8%.

During Phase 2 of the project, from 2024 to 2032, the discount rate used is 15%.

(Expressed in United States Dollars)

The discount rates account for conditions and risk factors of the project, including;

- Methodology risk relating to carbon reduction projects
- Uncertainty of VCU volumes
- Uncertainty of carbon credit prices and market conditions
- Foreign operations and political risk

Refer to the *DCF model sensitivity analysis* for details on the inputs' impact on the financial statements.

Unrealized Gain on Investments in Carbon Credit Project.

The Company will continue to update its evaluation of the Vietnam Project on a quarterly basis, based on the project performance, market conditions, and various risk factors.

The Rwanda Project and the India ARR Project remain in the developmental stage and are pre-issuance of VCUs. The projects remain at the cost basis as at September 30, 2023 in measurement of fair value.

There is no active market or observable market data for the investments in carbon credit projects, and it is classified as Level 3 in the fair value hierarchy.

During the three and nine months ended September 30, 2023, there were no transfers of assets between Level 1, Level 2 and Level 3 for investments in carbon credit projects.

(ii) Realized gain on investments in carbon credit projects

From the June 2023 disposition of carbon credits, the contractual settlement in cashflows of $6,418,271 for the delivery of VCUs represents the amount derecognized from the financial asset balance of the investment in the Vietnam Project. As a result, $6,418,271 was recognized as a realized gain on investments in carbon credit projects during the three months ended June 30, 2023.

In the first phase of the Vietnam Household Devices Project, management contractually agreed a prepayment price of $4 per VCU generated, and as a result assessed the prepayment cost of $4,466,884 relating to the total VCUs delivered in the period. This resulted in a contractual gain for this portion of phase 1 of the arrangement of $1,951,387.

During the three months ended September 30, 2023, there were no delivery and disposition of VCUs, hence no realized gain on investments in carbon credits.

DCF model sensitivity analysis

The Company considers VCU prices, VCU volumes, and the discount rates used in the DCF model as the main inputs impacting the valuation of the investment in the Vietnam Project. Based on a 10% increase or decrease in each of the inputs when compared to the base case inputs used in the DCF model, the Company's valuation would have the following estimate impacts on net income for the period ended September 30, 2023:

Key Input and Change in Assumption	**Impact on Net Income for the Nine Months Ended September 30, 2023**
Carbon credit price input increased by 10%	$5,984,432 increase in net income and total assets
Carbon credit price input decreased by 10%	$18,710,537 decrease in net income and total assets
VCU volume input increased by 10%	$12,361,724 increase in net income and total assets
VCU volume input decreased by 10%	$12,361,724 decrease in net income and total assets
Discount rates input increased by 10%	$5,659,228 decrease in net income and total assets
Discount rates input decreased by 10%	$6,155,555 increase in net income and total assets

Current and Non-current Investment Balance

As at September 30, 2023, the current balance of the investment in the Vietnam Project is $25,634,337. This balance represents the discounted after-tax cashflows of the project expected to be received within the next twelve months of the balance sheet date.

As at September 30, 2023, the non-current balance of the investment in the Vietnam Project is $98,226,904. This balance represents the discounted after-tax cashflows of the project expected to be received beyond the next twelve months of the balance sheet date.

India Afforestation, Reforestation, and Revegetation (ARR) Project

On August 8, 2023, the Company, through BCCPC, entered into an agreement to facilitate the development of a nature-based carbon removal project, focused on the reforestation of degraded rural farmlands in the northern Indian state of Uttar Pradesh. Value Network Ventures Advisory Services Pte Ltd. (“VNV”) is Base Carbon’s Project development partner.

The project will facilitate the planting of approximately 6,500,000 trees on rural farmlands and deserted lands in northern India.

The project is expected to generate an estimated 1,600,000 nature-based removal carbon credits issued over an expected 20-year Project life. First issuance is expected in early 2025.

Per the agreement terms, the Company will invest an initial project capital expenditure of $7,300,000, which is anticipated to be drawn through Q1 2024 to capitalize the reforestation and associated agroforestry infrastructure. The Company will invest an additional $6,300,000, representing primarily maintenance capital, which will be deployed over a subsequent 10-year period. Base Carbon anticipates reinvesting a portion of proceeds from project credit sales to fund maintenance capital requirements.

During the three and nine months ended September 30, 2023, the Company deployed $3,600,000 towards the India ARR project. The India ARR Project remains in the developmental stage and is pre-issuance of VCUs. The project’s fair value was measured at cost basis as at September 30, 2023.

7. Investments at fair value

ACX Holdings

As at September 30, 2023, the Company evaluated its fair value investment in ACX Holdings. Based on operating financial results, commercial transactions, and share capitalization, the Company determined that no changes to its fair value was necessary subsequent to the year ended December 31, 2022, including the period ended September 30, 2023. The balance of the investment in ACX Holdings as at September 30, 2023, was $1,441,163.

Hardwick Climate Business Limited

In May 2023, the Company completed the restructuring agreement with HCBL, whereby the Company sold and reduced its equity ownership in HCBL from 49.9% to 15% and held no significant influence (refer to *Note 8 – Investment in associate* for details of the transaction). As a result of the restructuring, the Company discontinued the equity method of accounting for its investment in associate, HCBL. The fair value measured and recognized as the Company’s investment in HCBL post restructuring was $600,000. In the period ended September 30, 2023, the Company assessed that based on operating financial results, commercial transactions, and share capitalization, no further changes to the fair value were necessary. The balance of the investment in HCBL as at September 30, 2023, was $600,000.

Upon restructuring with HCBL, and the classification of HCBL as investment at fair value, the Company assessed that there is no active market for HCBL, and it is classified as Level 3 in the fair value hierarchy.

During the nine months ended September 30, 2023, $600,000 in fair value of HCBL was transferred into Level 3 of the Company's fair value hierarchy balance. Refer to details of the Company's fair value hierarchy and disclosure in *Note 15Risk Management.*

8. Investment in associate

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. On May 10, 2023, the consideration of (i) $1,600,000 was paid in cash, and (ii) a promissory note payable to HCBL for $1,396,000, was issued and cancelled upon the Company reducing its equity ownership in HCBL from 49.9% to 15% (refer to *Note 2 – Basis of preparation*). A gain of $316,834 was recognized from the restructuring transaction, which was reported through retained earnings in the Consolidated Statement of Changes in Equity.

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"). One third of the Options vested immediately and the remaining amount will vest in equal tranches on the first and second anniversaries of closing, which was May 10, 2023.

For the period April 1, 2023 to May 9, 2023, the date prior to the completion of restructuring, the Company recognized $51,816 in share of loss from the investment in associate. The share of loss from investment in associate for the nine months ended September 30, 2023 was $208,433. The share of loss of investment in associate was reduced from the investment in associate balance prior to the restructuring transaction.

As a result of the restructuring transaction, a net amount of $316,834 was reported through the retained earnings in the statement of changes in equity. The $316,834 figure represents the difference between the fair value of the outstanding shares of BCCPC, the total consideration of (i) and (ii) for the outstanding BCCPC shares, and the historic losses of BCCPC attributable to non-controlling interest.

As at September 30, 2023, the Company held 15% of the voting power of HCBL which is less than the 20% voting power generally required to demonstrate significant influence or control. Additionally, the Company does not share any key management personnel, and does not exhibit any other demonstratable factors which would indicate significant influence. Therefore, the Company has discontinued the equity method for its investment in associate – HCBL. The investment in HCBL is reported within the investments at fair value balance.

(Expressed in United States Dollars)

Loans Issued to HCBL

During the nine months ended September 30, 2023, the Company issued three loans totalling $414,394 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.

9. Income tax expense

For the nine months ended September 30, 2023, $69,885 in income tax expense is attributable to the current tax within the period. The company had taxable income of $1,270,643 in Barbados and applied an effective tax rate of 5.5%.

During the nine months ended September 30, 2023, the Company had a deferred tax liability of $4,754,043 that arose from the unrealized gain on the investment in Vietnam Project.

10. Share capital

Common shares issued are as follows:

	Number of common shares	**Amount**
Balance, December 31, 2021	124,129,300	$52,127,768
Share offering (b)	760,004	597,581
Share offering (b)	2,324,376	1,836,000
Exercise of options (c)	450,000	354,611
Shares repurchased and cancelled (d)	(3,526,578)	(1,306,401)
Balance, September 30, 2022	**124,137,102**	**$53,609,559**

	Number of common shares	**Amount**
Balance, December 31, 2022	123,339,602	$ 53,337,621
Shares repurchased and cancelled under NCIB (d)	(4,476,920)	(1,594,503)
Shares repurchased and cancelled under share purchase agreement (e)	(437,500)	(139,654)
Balance, September 30, 2023	**118,425,182**	**$ 51,603,464**

Common Shares

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

No shares were issued for the nine months ended September 30, 2023.

During the nine months ended September 30, 2022, 760,004 shares were issued at a price of $0.79 for $597,581 in consideration, and 2,324,376 shares were issued at a price of $0.79 for $1,836,000 in consideration.

(c) Exercised

No options were exercised for shares for the nine months ended September 30, 2023.

During the nine months ended September 30, 2022, a total of 450,000 stock options were exercised for a total consideration of $354,611.

(d) Repurchased and cancelled under NCIB

Pursuant to a normal course issuer bid (“NCIB”), Base Carbon was authorized to purchase, from time to time, over a period of 12 months beginning June 17, 2022, and ending June 16, 2023, up to 8,716,601 common shares representing approximately 7% of the total 127,663,680 issued and outstanding common shares and 10% of the Company’s public float as of June 16, 2022. On any given day during the NCIB, Base Carbon was authorized to purchase up to 105,626 common shares, which was equivalent to 25% of the average daily trading volume prior to commencement of the NCIB. Block trades for a greater number of common shares may be made once per calendar week.

For this first NCIB period, Base Carbon purchased a cumulative 7,370,778 common shares for cancellation under the NCIB, of which 3,046,700 were purchased and cancelled during the six months ended June 30, 2023.

On June 21, 2023, the Company renewed its NCIB. Base Carbon may purchase over a period of 12 months starting June 21, 2023, and ending June 20, 2024, up to 7,974,471 Common Shares representing approximately 6.6% of the total 121,108,302 issued and outstanding Common Shares and 10% of the Company’s public float as of June 9, 2023. On any given day during the NCIB, Base Carbon may purchase up to 14,678 Common Shares which is equivalent to 25% of the average daily trading volume of 58,713 for the previous six months, which excludes purchases made under the current normal course issuer bid. Block trades for a greater number of Common Shares may be made once per calendar week.

For this second NCIB period, Base Carbon purchased a cumulative 1,430,220 common shares for cancellation under the NCIB, all of which were purchased and cancelled during the three months ended September 30, 2023.

(e) Repurchased and cancelled under Share Purchase Agreement

Pursuant to a share purchase agreement with a company shareholder, on September 22, 2023, the Company purchased 437,500 shares at $0.3192 per share, for a total purchase consideration of $139,654. The Company then cancelled these 437,500 shares that were purchased.

(Expressed in United States Dollars)

11. Contributed surplus

Contributed surplus consists of stock option expense. As at September 30, 2023 and 2022, the Company had the following outstanding stock options:

	Number of stock options	Weighted average exercise price
Balance, December 31, 2021	2,500,000	$0.32
Granted during the period	6,890,000	$0.78
Exercised during the period	(450,000)	($0.45)
Forfeited during the period	(2,930,000)	($0.77)
Balance, September 30, 2022	**6,010,000**	**$0.61**
Balance, December 31, 2022	7,340,000	$0.61
Granted during the period	1,040,000	$0.72
Forfeited during the period	(1,296,667)	($0.76)
Balance, September 30, 2023	**7,083,333**	**$0.60**

During the period ended September 30, 2023, 1,040,000 options were granted to staff members and a consultant, which had a weighted average exercise price of $0.72.

There were no options exercised during the period ended September 30, 2023.

There were 1,296,667 options forfeited during the period ended September 30, 2023, which had a weighted average exercise price of $0.76.

The weighted average exercise price per option outstanding as at September 30, 2023 was $0.60.

The fair value of share-based awards is determined using the Black-Scholes Option Pricing Model. The model utilizes certain subjective assumptions including the expected life of the option and expected future stock price volatility. Changes in these assumptions can materially affect the estimated fair value of the Company's stock options. The Company used the Black-Scholes Option Pricing Model for its stock options granted.

The following Black-Scholes model inputs were used for option tranches granted in respective periods:

	Nine Months Ended September 30, 2023	Year Ended December 31, 2022
Risk-free interest rate	3%	0.75%-3.00%
Exercise prices	$0.371 - $0.747	$0.364 - $0.785
Expected life of the option – employees & consultants	3 years	3 years
Expected life of the option – officers	3 years	2.5 years
Expected life of the option – directors	3 years	3 years
Expected dividend per share	$nil per share	$nil per share
Expected volatility of the Company's shares	76.2%	77.5%

During the three months ended September 30, 2023, the share-based compensation expense was a contra amount of $169,477, due to the reversal of share-based compensation expense for unvested forfeited options which were expensed in prior periods. For the nine months ended September 30, 2023, the vested shared-based compensation expense was $201,089 ($965,906 during the nine months ended September 30, 2022).

(Expressed in United States Dollars)

12. Non-controlling interest

Refer to the Company's annual audited financial statements ending December 31, 2022 for historic details of the Company's investment in its subsidiary BCCPC, and the non-controlling interest balance of the investment.

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. On May 10, 2023, the consideration of (i) $1,600,000 was paid in cash, and (ii) a promissory note payable to HCBL for $1,396,000, was issued and cancelled upon the Company reducing its equity ownership in HCBL from 49.9% to 15% (refer to *Note 2 – Basis of preparation*).

As a result of the transaction, the Company retained 100% equity ownership in BCCPC, and no longer reports non-controlling interest as at September 30, 2023. During the nine months ended September 30, 2023, a gain of $316,834 was recognized from the restructuring transaction, which was reported through retained earnings in the Consolidated Statement of Changes in Equity.

13. Earnings per share

For the three and nine months ended September 30, 2023, basic and diluted earnings per share has been calculated based on the net income attributable to common shareholders and the weighted average number of common shares outstanding. Diluted earnings per share includes the effect of stock options that are in-the-money, as shown below.

	For the three months ended		**For the nine months ended**	
	September 30, 2023	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Basic earnings (loss) per common share				
Net income (loss) attributable to common shareholders	$ (1,745,110)	$ (3,209,816)	$ 101,283,538	$ (7,354,781)
Weighted average number of common shares outstanding	119,447,960	125,617,251	121,416,420	126,217,210
Basic earnings (loss) per common share	**$ (0.01)**	**$ (0.03)**	**$ 0.83**	**$ (0.06)**
Diluted earnings (loss) per common share				
Net income (loss) attributable to common shareholders	$ (1,745,110)	$ (3,209,816)	$ 101,283,538	$ (7,354,781)
Weighted average number of common shares outstanding	119,447,960	125,617,251	121,416,420	126,217,210
Adjustments to average shares due to stock options and others	-	-	357,152	-
Weighted average number of diluted common shares outstanding	119,447,960	125,617,251	121,773,572	126,217,210
Diluted earnings (loss) per common share	**$ (0.01)**	**$ (0.03)**	**$ 0.83**	**$ (0.06)**

14. 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 shareholders' equity, comprising of share capital, contributed surplus, and retained earnings, which totaled $137,728,562 as at September 30, 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 and nine months ended September 30, 2023, and the Company is not subject to any externally imposed capital requirements.

15. Risk Management

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 other than those that are short term in nature and classified as amortized cost within the fair value hierarchy as at September 30, 2023, according to the significance and reliability of the inputs used in determining fair value measurements. During the period, $600,000 was transferred into Level 3 of fair value hierarchy for the Company's investment in HCBL. There were no other transfers of assets between Level 1, Level 2 and Level 3.

	Level 1	Level 2	Level 3	Total
Cash and cash equivalent	$ 3,837,984	$ -	$ -	$ 3,837,984
Short term investment	22,074	-	-	22,074
Related party receivable		-	411,696	411,696
Investments at fair value	-	-	2,041,163	2,041,163
Current investments in carbon credit projects	-	-	25,634,337	25,634,337
Non-current investments in carbon credit projects	-	-	110,651,904	110,651,904
	$ 3,860,058	**$ -**	**$ 138,739,100**	**$ 142,599,158**

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, related party receivable, 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 revenue authorities, from which management believes the risk of loss to be remote. The Company's maximum exposure to credit risk as at September 30, 2023 is the sum of the carrying value of the aforementioned asset accounts.

The Company manages credit risk of the aforementioned asset accounts 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.

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 September 30, 2023, the Company had current assets of $30,077,187 to settle current liabilities of $ $310,180. 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

As at September 30, 2023, the Company is exposed to foreign currency risk with respect to a cash balance of $1,722,057 which is denominated in Canadian dollars, and a cash balance of $28,015 which is denominated in Barbadian dollars. As at December 31, 2022, the Company is exposed to foreign currency risk with respect to a cash balance of $6,477,933 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 September 30, 2023, the net income would have decreased by $93,468, had the United States dollar strengthened by 5%. Had the US dollar weakened by 5% at September 30, 2023, the net income would have increased by $93,468.

As at December 31, 2022, the net loss and comprehensive loss would have decreased by $314,553, had the United States dollar strengthened by 5%. Had the US dollar weakened by 5% at December 31, 2022, the net loss and comprehensive loss would have increased by $314,553.

These changes are 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.

16. 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 prevailing exchange rates. 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 nine months ended September 30, 2023, key management and directors received $833,532 in cash compensation, and $177,586 in share-based compensation from the Company. In the same period, 440,000 stock options were granted to senior management staff members. Further, 116,667 stock options were forfeited by a director of the Company.

During the nine months ended September 30, 2022, key management and directors received $508,454 in cash for salary compensation, and $512,697 in share-based compensation from the Company.

Invoice from Abaxx

During the nine months ended September 30, 2023, the Company was invoiced approximately $193,898 from Abaxx (the Company's related party), for marketing, promotional and consulting services provided to the Company. The Company paid the invoices in full within the period.

Loan Issued to Abaxx

Refer to note 4 for details on the loan issued to Abaxx.

17. Commitments

SIPCO Payments

Base Carbon has contracted to make payments totalling $20,828,600 in tranches, subject to conditions set out in the Vietnam Project agreement. As at September 30, 2023, the remaining contractual commitments are $1,651,582. These payments are anticipated to be due by June 2024, based on contractual milestones.

India ARR Payments

Base Carbon has contracted to make payments totalling $13,621,033 in tranches, subject to conditions set out in the India ARR project agreement. As at September 30, 2023, the remaining contractual commitments are $10,021,033. These payments are anticipated to be due by October 2032, based on contractual milestones.

The Company had no other major commitments or contractual obligations during the period ended September 30, 2023.

18. Subsequent events

Payment Towards the India ARR Project

In November 2023, the Company deployed $800,000 towards the India ARR project. This payment was made in accordance with specific project milestones and subject to certain conditions being met by VNV, the Company's in-country development partner.