ANNUAL INFORMATION FORM

For the Financial Year Ended

December 31, 2024

BASE CARBON INC.
As of March 31, 2025

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GENERAL MATTERS

Unless otherwise specified herein, the information contained in this Annual Information Form is presented as of December 31, 2024. Unless the context otherwise requires, all references in this AIF to the "Company", "we", "us" and "our" refer to Base Carbon Inc. and its subsidiaries, collectively.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

In this AIF, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. All references to "dollars", "$" or "C$" are to Canadian dollars and all references to "US$" are to United States (US) dollars. The Bank of Canada's daily average exchange rate for March 28, 2025, the last business day immediately prior to the date of this AIF, was US$1.00=$1.4307 or $1.00=US$0.6990.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This AIF contains "forward-looking statements" and "forward-looking information" (collectively, "**forward-looking statements**") within the meaning of applicable Canadian securities legislation concerning the Company's operations, related markets and other matters. Except for statements of historical fact, statements contained herein constitute forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events, results, achievements, prospects, opportunities or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates", "believes", "proposed", "intends" or "does not intend", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be, or not be, taken, occur or be or not be achieved) are not statements of fact and may be forward-looking statements. Such statements may include, but are not limited to, information regarding our business, financial position, results of operations, operating cash flows, growth plans, strategies, opportunities, operations, plans and objectives and may relate to analyses and other information that are based on forecasts of future market opportunities, results, and estimates of amounts not yet determinable and assumptions of management.

In particular, and without limiting the generality of the foregoing, this AIF contains forward-looking statements concerning:

- The implementation of the Company's current business plans and strategies and future changes thereto;
- expectations regarding carbon market trends, overall carbon market growth rates and prices for carbon credits, including with respect to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and the implementation of Article 6 of the Paris Agreement and the application of Article 6 Authorized Labels;
- potential anticipation or expectation of inclusion eligibility of the Company's carbon credits in compliance markets, such as CORSIA;
- expectations for the Company's current carbon removal and carbon reduction projects, including as to the timing for carbon credit issuances for such projects, the number of carbon credits expected to be generated by such projects;
- expectations with respect to future pipeline opportunities, including the steps involved to realize on such opportunities and the timeline in which such opportunities may be realized;

- future development activities, including acquiring interests in carbon reduction projects and carbon credits and the development of software and technological applications to carbon credit projects and carbon credits;
- implementation of the Paris Agreement and the issuance of correspondingly adjusted carbon credits pursuant to government regulation and existing project agreements;
- performance of obligations of industry participants, such as Carbon Credit Registries and VVBs, and project counterparties;
- the Company's expectations regarding expenses and anticipated cash needs;
- the timing and amount of funding required to execute the Company's business plans;
- the Company's expected capital expenditures;
- anticipated growth of the operations of the Company;
- the effect on the Company of any changes to existing or new legislation or policy or government regulation;

In respect of the Rwanda Cookstoves Project and the Vietnam Household Devices project, certain factors that influence the commercial success of such projects and successfully meeting the milestones related to such projects, including the timing and number of expected carbon credits to be issued, 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 work product, including monitoring reports, of each project's VVB(s), (iii) project costs and carbon credit market prices, (iv) the verification of ongoing project monitoring reports and issuance of carbon credits by Verra, (v) changes to laws and regulation in applicable jurisdictions, and (vi) the Company has sufficient funds on hand to make carbon credit purchase price payments.

In respect of the Rwanda Cookstoves Project and the Vietnam Household Devices Project, certain assumptions that influence the commercial success of such projects, including the timing and number of expected carbon credits to be issued, include among other things: (i) distributed cookstoves and water purifiers perform to specification when used and participating households use the devices as contemplated by project estimates, (ii) the Company's in-country project partners, being the DelAgua Group in the case of the Rwanda Cookstoves Project and SIPCO and the project offtaker in the case of the Vietnam Household Devices Project, perform their obligations in connection with the development and operation of the projects, (iii) there is no further changes in the project methodologies used by the applicable Carbon Credit Registry or otherwise adopted by project proponents which results in less carbon credits being issuable, positive market recognition of the attribute linked to the Company's carbon credits and acceptance of such carbon credit by emissions trading schemes, such as CORSIA (iv) continued participant involvement and public support of the Voluntary Carbon Market.

In respect of the India ARR Project, certain factors that influence the commercial success of the project include, among other things: (i) the Company's expertise with respect to the evaluation, planning and negotiation of the project, (ii) the conduct of the project counterparties, including cooperation with local small-land owners, (iii) project costs and carbon credit market prices, (iv) ongoing project monitoring and issuance of carbon credits by Verra, (v) changes to laws and regulation in the Republic of India, (vi) extreme weather event and natural disasters.

In respect of the India ARR Project, certain assumptions that influence the commercial success of the project include, among other things: (i) the development the project remains in line with anticipated timelines and costs, (ii) project counterparties, including project partner Value Network Ventures Advisory Services Pte. Ltd., its subcontractors and local small-land owners, perform their contractual and/or standard operating procedures, (iii) the survival of trees, (iv) the successful project registration and validation by Verra, (v) the waiver of any carbon credit ownership rights by local project participants, (vi) the growth rates of trees are consistent with the expectations under the project which is then reflected by monitoring reports accepted by Verra, (vii) the Company has sufficient funds on hand to make project payments, (viii) over the life of the project, there is no change the project methodology which results in less carbon credits being issuable from the operation of such project, and (ix) continued participant involvement and public support of the Voluntary Carbon Market.

With respect to such and other forward-looking statements contained in this AIF, additional assumptions have been made regarding, among other things:

- the regulatory framework governing carbon credits and related matters in the jurisdictions in which the Company's carbon removal and carbon reduction projects are located or the Company otherwise carries on business;
- the market framework and standards of the Voluntary Carbon Markets, including but not limited to Carbon Credit Registries, verification and validation bodies, project methodologies and emission trading schemes, such as CORSIA;
- future trends in the pricing, supply and demand of carbon credits;
- the accuracy and veracity of information and projections sourced from third parties respecting, among other things, demand for carbon credits, growth in carbon markets and anticipated carbon pricing;
- future global economic and financial conditions;
- future expenses and capital expenditures to be made by the Company;
- future sources of funding for the Company's business; and
- Management of conflicts of interest and related parties.

The forward-looking statements made herein are subject to a variety of risks 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. Some of these risks and other factors are described or referred to in this AIF under the heading "*Risk Factors*" and in the management's discussion and analysis of the Company for the financial year ended December 31, 2024, a copy of which is available under the Company's profile on SEDAR+ at www.sedarplus.ca. Investors and all readers are also cautioned that such risks and other factors are not exhaustive.

Readers are also cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Should one or more of the risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially and adversely from those described in the forward-looking statements. The Company's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements, 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 contained in this AIF are made as of the date of this AIF 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.

MARKET AND INDUSTRY DATA

This AIF, including under the heading "*Industry Overview*", includes market and industry information and data relevant to the business of the Company that has been obtained from third party sources, including industry publications. The Company believes that the industry information and data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this information and data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Company has not independently verified any of the data from third party sources referred to in this AIF or ascertained the underlying economic assumptions relied upon by such sources.

DEFINITIONS

The following is a glossary of certain terms used in this AIF. Words below importing the singular, where the context requires, include the plural and *vice versa*, and words importing any gender include all genders.

"**Abaxx**" means Abaxx Technologies Inc., a company existing pursuant to the laws of the Province of Alberta;

"**AIF**" means this Annual Information Form;

"**Article 6**" means Article 6 of the Paris Agreement;

"**Article 6 Authorized label**" means the label applied by Verra to carbon credits to indicate they have been authorized for specific uses by host countries under Article 6 of the Paris Agreement;

"**Audit Committee**" has the audit subcommittee of the Board as defined in in NI 52-110;

"**Base Corp**" means Base Carbon Corp., a corporation existing under the laws of the Province of Ontario;

"**Base Corp Shares**" means the common shares in the capital of Base Corp;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended, including the regulations promulgated thereunder;

"**BCCPC**" means Base Carbon Capital Partners Corp., a corporation formed under the laws of Barbados;

"**Board**" means the board of directors of the Company;

"**carbon credit**" means a transferable instrument that represent the reduction or removal from the atmosphere of one metric tonne of CO_2e which is verified by independent certification bodies such as a Carbon Credit Registry;

"**Carbon Credit Registry**" has the meaning ascribed thereto under the heading "*Industry Overview – Overview of Carbon Credit Markets";*

"**carbon reduction project**" or "**carbon removal project**" means a project registered or anticipated to be registered with a Carbon Credit Registry that generates or is expected to generate carbon credits;

"**Co-Benefits**" means any positive impacts, other than direct GHG emissions mitigation, resulting from carbon removal or carbon reduction projects;

"**CO_2**" means carbon dioxide;

"**CO_2e**" means carbon dioxide equivalent, the base reference for the determination of the global warming potential of GHGs in units of CO_2;

"**Company**" means Base Carbon Inc., including any predecessors thereof;

"**Company Consolidation**" means the consolidation of Company Shares on a 1:5.394736842 basis completed as part of the RTO Transaction, resulting at such time in a total of 760,004 Company Shares issued and outstanding;

"**Company Options**" means an option to purchase Company Shares issued pursuant to Company's amended and restated equity incentive compensation plan effective as of May 10, 2024;

"**Company Shares**" means the common shares in the capital of the Company;

"**Consulting and Origination Agreement**" has the meaning ascribed thereto under the heading *"General Development of the Business – Carbon Removal and Carbon Reduction Projects and Business Developments – HCBL Transaction and Restructuring";*

"**CORSIA**" means the Carbon Offsetting and Reduction Scheme for International Aviation;

"**ESG**" means environmental, social and corporate governance;

"**ESG Policy**" has the meaning ascribed thereto under the heading *"Business of the Company – Operational Factors and Considerations – Environmental, Social and Corporate Governance Policy"*;

"**ETS**" has the meaning ascribed thereto under the heading *"Industry Overview – Overview of Carbon Credit Markets";*

"**GHG**" means greenhouse gases;

"**HCBL**" means Hardwick Climate Business Limited, a company formed under the laws of England and Wales;

"**HCBL Shares**" means the issued and outstanding ordinary shares of HCBL;

"**HCBL Transaction**" has the meaning ascribed thereto under the heading "*General Development of the Business – Carbon Removal and Carbon Reduction Projects and Business Developments – HCBL Transaction and Restructuring*";

"India ARR Project" has the meaning ascribed thereto under the heading "*General Development of the Business – Carbon Removal and Carbon Reduction Projects and Business Developments – India Afforestation, Reforestation, and Revegetation (ARR) Project*";

"**Investment Agreement**" has the meaning ascribed thereto under the heading "*General Development of the Business – Carbon Removal and Carbon Reduction Projects and Business Developments – HCBL Transaction and Restructuring*";

"**NDCs**" means nationally determined contribution to lower GHG emissions under the Paris Agreement;

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*;

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended, including the regulations promulgated thereunder;

"**Paris Agreement**" means the legally binding international treaty on climate change and to enhance the implementation of the UNFCCC, adopted at the United Nations Climate Change Conference (COP21) on December 12, 2015 and which entered into force on November 4, 2016;

"**PDD**" means the project design document for a carbon reduction project or carbon removal project;

"**Phase 1**" has the meaning ascribed thereto under the heading "*General Development of the Business – Carbon Removal and Carbon Reduction Projects and Business Developments – HCBL Transaction and Restructuring*";

"**Phase 2**" has *the meaning ascribed thereto under the heading "General Development of the Business – Carbon Removal and Carbon Reduction Projects and Business Developments – HCBL Transaction and Restructuring";*

"**Preference Shares**" means the authorized preference shares set out in the articles of continuance of the Company;

"**RTO Agreement**" means the binding letter agreement dated October 25, 2021, as amended on January 25, 2022, between the Company and Base Corp setting out the terms and conditions of the business combination arrangement, as amended, and reverse take-over;

"**RTO Transaction**" means the business combination and reverse take-over of the Company by Base Corp pursuant to the RTO Agreement;

"Rwanda Cookstoves Project" has the meaning ascribed thereto under the heading "*General Development of the Business – Carbon Removal and Carbon Reduction Projects and Business Developments – Rwanda Cookstoves Project";*

"**SEDAR+**" means the System for Electronic Document Analysis and Retrieval+ operated on behalf of and for the benefit of the Canadian provincial and territorial securities regulatory authorities;

"**SIPCO**" has the meaning ascribed thereto under the heading "*General Development of the Business – Carbon Removal and Carbon Reduction Projects and Business Developments – Vietnam Household Devices* Project";

"**Tax Act**" means the *Income Tax Act* (Canada);

"**Technology License and Royalty Agreement**" has the meaning ascribed thereto in "*General Development of the Business – History*";

"**UN SDGs**" means the United Nations' Seventeen Sustainable Development Goals;

"**UNFCCC**" means the 1992 United Nations Framework Convention on Climate Change;

"**Verified Carbon Standard**" or "**VCS**" means the GHG and carbon credit crediting program established and governed by Verra.

*"***Verra***"* means the Carbon Credit Registry and nonprofit organization commonly referred to as Verra;

"**Vietnam Household Devices Project**" has the meaning ascribed thereto under the heading "*General Development of the Business – Carbon Removal and Carbon Reduction Projects and Business Developments – Vietnam Household Devices Project*";

"**VM0050**" means VCS project methodology "VM0050 Energy Efficiency and Fuel-Switch Measures in Cookstoves, v1.0";

"**VNV**" means Value Network Ventures Pte. Ltd.;

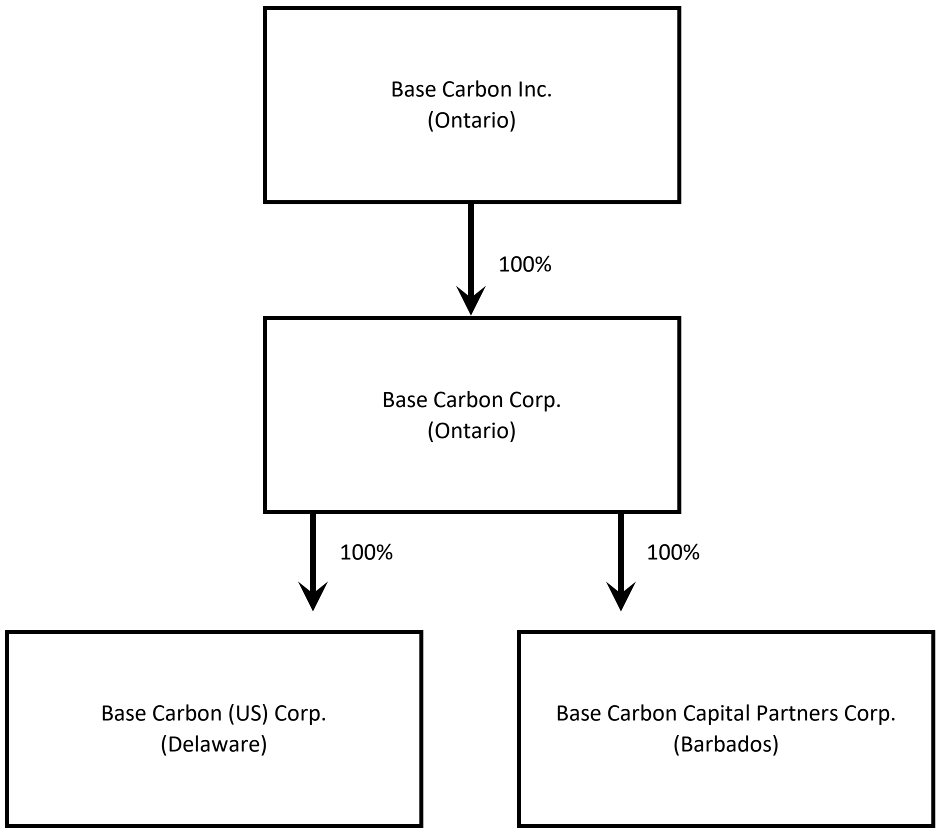
"**Voluntary Carbon Market**" has the meaning ascribed thereto in "*Industry Overview – Overview of Carbon Credit Markets"; and*

"**VVB**" means independent third-party validation and verification body pursuant to the rules and regulations of the applicable Carbon Credit Registry.

CORPORATE STRUCUTRE

The Company was incorporated under the BCBCA on February 3, 2021 with the name "1287411 B.C. Ltd.". In connection with the closing of the RTO Transaction, on February 23, 2022, the Company was continued pursuant to the OBCA and changed its name to "Base Carbon Inc.". The Company's head and registered office is now located at 50 Carroll Street, Toronto, ON, M4M 3G3. The Company's telephone number is 1-647-264-5305 and its website address is **www.basecarbon.com**. The Company has a fiscal year end of December 31.

The current organizational chart of the Company setting out its subsidiaries and their jurisdiction of incorporation, formation or organization is set forth below:



GENERAL DEVELOPMENT OF THE BUSINESS

History

As described above, the Company was incorporated under the BCBCA on February 3, 2021 with the name "1287411 B.C. Ltd.". In connection with the closing of the RTO Transaction, on February 23, 2022, the Company was continued pursuant to the OBCA and changed its name to "Base Carbon Inc.". The Company is currently a reporting issuer in the provinces of Ontario, British Columbia and Alberta.

On April 21, 2021, the Company and 1289625 B.C. Ltd. ("**625 BC Ltd**"), the original owner of all of the initial incorporation Company Shares, completed a plan of arrangement whereby 625 BC Ltd spun off each of its subsidiaries, including the Company. Pursuant to the plan of arrangement, each of the shareholders of 625 BC Ltd received 100,000 Company Shares in exchange for each common share of 625 BC Ltd held by such shareholder and, as a result of which, the Company became a separate reporting issuer and 625 BC Ltd no longer held an interest in the Company.

Prior to the RTO Transaction, the Company had no business operations other than its search for an acquisition of an active business that led to the RTO Transaction.

Base Corp was incorporated on July 12, 2021 pursuant to the OBCA and upon incorporation was majority beneficially owned by Abaxx. Base Corp was formed to pursue the business of providing capital, developmental and operating resources to carbon reduction and carbon removal projects involved in the global Voluntary Carbon Markets.

The Company and Base Corp entered into the RTO Agreement on October 25, 2021, pursuant to which the Company became the direct holder of all of the issued and outstanding shares of Base Corp and the shareholders of Base Corp became shareholders of the Company. See "*General Development of the Business – RTO Transaction and Exchange Listing*".

Following the completion of the RTO Transaction, the business of Base Corp became the business of the Company. In particular, and as described further herein, the Company now, through its operating entity BCCPC, is in the business of providing capital, development expertise and management operating resources to projects involved primarily in the global Voluntary Carbon Markets and the broader environmental markets. The Company seeks to be the preferred and trusted carbon project partner in providing capital and developmental resources to carbon projects globally and, where appropriate, endeavours to develop and utilize technologies within the evolving carbon industry to enhance efficiencies, commercial credibility, and trading transparency. The Company is committed to, and places significant nonmonetary value on, the beneficial environmental and social impacts of carbon removal and reduction projects, but the commercial goal of the Company is to monetize carbon credits produced from the carbon removal and carbon reduction projects to which it has it has a participating interest, through either key strategic relationships with carbon emitters or via brokered open market sales.

Prior to the RTO Transaction, Base Corp entered into a revenue royalty and license agreement (the "**Technology License and Royalty Agreement**") with a subsidiary of Abaxx on September 7, 2021. Pursuant to the Technology License and Royalty Agreement, Abaxx granted Base Corp a right to use certain of its intellectual property on a non-exclusive and irrevocable basis in exchange for a royalty payment of 2.5% of Base Corp's future earned revenue. The license is indefinite and may only be terminated upon the occurrence of a material breach of the Technology License and Royalty Agreement. Base Corp has the option to purchase the license with no further royalty payments for one-time payment of US$150,000,000. As a technology company, Abaxx holds and develops intellectual property and general know-how that the Company believes may help facilitate efficient and transparent management and ongoing monitoring of carbon removal or reduction projects and carbon credits.

RTO Transaction and Exchange Listing

On February 23, 2022, the 1287411 B.C. Ltd and Base Corp completed the RTO Transaction pursuant to the terms and conditions of the RTO Agreement. The RTO Transaction resulted in a reverse take-over of 1287411 B.C. Ltd by Base Corp pursuant to which the Base Corp shareholders received Company Shares on a one-for-one basis, the previous shareholders of the 1287411 B.C. Ltd retained an aggregate of 760,004 Company Shares (following the Company Consolidation), 1287411 B.C. Ltd. (the Company) was renamed Base Carbon Inc., and Base Corp became a wholly-owned subsidiary of the Company. In connection with completing the RTO Transaction, the Company Shares were listed and commenced trading on Cboe Canada under the symbol "BCBN" on March 3, 2022, and commenced trading on the OTCQX Best Market, under the symbol "BCBNF" on August 18, 2022.

The principal steps of the RTO Transaction were as follows:

(a) the Company effected a continuance from the Province of British Columbia to the Province of Ontario such that its governing corporate legislation is now the OBCA;

(b) in association with the foregoing continuance, the Company:

   (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 the Company resigned and the Board was reconstituted with nominees of Base Corp;

(c) all officers of the Company resigned and were replaced with nominees of Base Corp;

(d) the Company completed the Company Consolidation;

(e) Base Corp and 1000095223 Ontario Inc., a newly formed wholly-owned subsidiary of the Company, completed an amalgamation to form an amalgamated entity named “Base Carbon Corp.” pursuant to a three-cornered amalgamation agreement, and the:

   (i) holders of Base Corp Shares exchanged their Base Corp Shares for Company Shares on a one-for-one basis; and

   (ii) outstanding options of Base Corp to purchase Base Corp Shares were assumed by the Company to entitle the holders thereof to acquire Company Shares on the same terms and conditions and on an economically equivalent basis; and

(f) the Company became the holder of all outstanding Base Corp Shares.

The RTO Transaction was accounted for as a reverse take-over under International Financial Reporting Standards.

Carbon Removal and Carbon Reduction Projects and Other Business Developments

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 with respect to supplying cookstoves in the country of Rwanda (the “**Rwanda Cookstoves Project**”) as part of an expansion of an existing carbon reduction project previously registered as a clean development mechanism (or CDM) project governed by the United Nations pursuant to the Kyoto Protocol and the sharing of revenue from the sale of carbon credits. Pursuant to the terms of the agreement, the project expansion involves the distribution of approximately 250,000 cookstoves and the re-registration of the project with Verra, the Carbon Credit Registry. See “*Business of the Company – Carbon Removal and Reduction Projects – Rwanda Cookstoves Project*” below for further details regarding the Rwanda Cookstoves Project.

Vietnam Household Devices Project

On May 27, 2022, the Company, through BCCPC, entered into transaction documents to facilitate the development of a cookstove and water purifier carbon reduction project in the country of Vietnam (the “**Vietnam Household Devices Project**”) with Sustainability Investment Promotion and Development Joint Stock Company (“**SIPCO**”), as in-country project developer. Citigroup Global Markets Limited is the carbon credit offtaker to SIPCO for the Vietnam Household Devices Project. The Vietnam Household Devices Project involves the distribution of approximately 850,000 cookstoves and 364,000 water purifiers to participating households in Vietnam. See “*Business of the Company – Carbon Removal and Reduction*

Projects – Vietnam Household Devices Project" below for further details regarding the Vietnam Household Devices Project.

India Afforestation, Reforestation, and Revegetation (ARR) Project

As announced on August 8, 2023, the Company, through BCCPC, entered into an agreement to facilitate the development of a nature-based carbon removal project and expected planting of 6.5 million trees for the afforestation and reforestation of degraded rural farmlands in the northern Indian state of Uttar Pradesh (the "India Afforestation, Reforestation, and Revegetation Project" or "India ARR Project"). Value Network Ventures Advisory Services Pte. Ltd. is the Company's project development partner. See "Business of the Company – Carbon Removal and Reduction Projects – India Afforestation, Reforestation, and Revegetation (ARR) Project" below for further details regarding the India ARR Project.

Institutional Investor Vehicle with STX Group

The Company announced on December 18, 2023, the execution of a letter-of-intent to partner with the STX Group, a leading global environmental commodity trader, to collaborate on the establishment and launch of an innovative investment vehicle for institutional investors to participate in a curated portfolio of high-quality carbon removal projects. Due to several changes of STX's central project personnel, the parties are no longer actively engaged in discussions to formalize a partnership as originally intended. The Company remains open to continuing discussions and collaborations, including collaborations with other similar businesses.

AirCarbon Share Purchase

On September 23, 2021, Base Corp purchased 1,488,745 class C preference shares in the capital of AirCarbon Pte Ltd., for an aggregate purchase price of approximately US$1.1 million. The shares were subsequently exchanged, on one-for-one basis, for shares of ACX Holdings Ltd., a holding company newly formed under the laws of Abu Dhabi ("**AirCarbon**"). AirCarbon is a technology company which is developing trading infrastructure that will allow, among other things, for the securitization of carbon credits. As at December 31, 2024, the Company evaluated its fair value investment in AirCarbon. Based on operating financial results, commercial transactions, and share capitalization, the Company determined that based on declining operating financial results of AirCarbon, a loss on investments at fair value was warranted, resulting in a complete write-down of the Company's investment in AirCarbon.

HCBL Transaction and Restructuring

On November 4, 2021, Base Corp entered into an investment agreement (the "**Investment Agreement**") between, among others, Philip Hardwick and HCBL, that sets out a series of transactions (collectively, the "**HCBL Transaction**") providing for investments in HCBL by Base Corp, the establishment and funding of a joint venture entity (being BCCPC) between Base Corp and HCBL to invest in carbon reduction projects, various consulting arrangements and the potential purchase of all issued and outstanding shares of HCBL over three phases, each conditional upon parties satisfying certain conditions including business deliverables. The immediate impact of the Investment Agreement was to allow access to HCBL's expertise and its pipeline of carbon reduction project opportunities.

Pursuant to the first phase ("**Phase 1**") of the HCBL Transaction which closed on November 11, 2021, Base Corp purchased a 19.9% equity interest in HCBL. Base Corp and HCBL also established BCCPC for the purpose of joint investments by Base Corp and HCBL in carbon reduction projects through BCCPC. At the time of closing Phase 1, Base Corp contributed US$4,000,000 into BCCPC, a subscription representing an initial 73% equity interest in BCCPC, and HCBL contributed US$1,500,000 into BCCPC for an initial 27% equity interest BCCPC.

As part of the Phase 1 closing, Base Corp paid an aggregate of US$3,250,000 in cash for a subscription of HCBL Shares and US$750,000 to Philip Hardwick for the direct purchase of HCBL Shares resulting in an aggregate acquisition of a 19.9% equity interest in HCBL. An amount equal to US$1,500,000 paid to HCBL as part of the subscription price was redirected to BCCPC to fund HCBL's initial subscription of its 27% equity interest in BCCPC.

Pursuant to the second phase ("**Phase 2**") of the HCBL Transaction which closed on March 1, 2022, the Company, through Base Corp, purchased, taking into account the HCBL Shares acquired in Phase 1, an aggregate 49.9% interest in HCBL. As part of the Phase 2 closing, the Company, through Base Corp, subscribed for an additional US$18,000,000 of equity in BCCPC and HCBL subscribed for an additional US$4,750,000 of equity in BCCPC resulting in a 78% equity interest held by Base Corp and a 22% equity interest held by HCBL.

As part of the Phase 2 closing, Base Corp paid an aggregate of US$6,000,000 in cash for a subscription of HCBL Shares and 2,324,376 Company Shares were issued (at an issue price of $1.00 per share) to Philip Hardwick, as consideration for the direct purchase of HCBL Shares, together, after taking into account HCBL Shares acquired in Phase 1, resulted in an aggregate acquisition of a 49.9% equity interest in HCBL. An amount equal to US$4,750,000 as part of the subscription price paid to HCBL was redirected to BCCPC to fund the Phase 2 subscription of additional equity in BCCPC by HCBL.

On May 10, 2023, the Company completed a restructuring of the HCBL Transaction which included the termination of the Investment Agreement and the purchase of the remaining 22% of outstanding shares of BCCPC from HCBL, in exchange for US$2,996,000 in total consideration. The consideration was comprised of (i) US$1,600,000 in cash, and (ii) a promissory note payable to HCBL for $1,396,000, which was 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 (the "**Consulting and Origination Agreement**"), whereby during the agreement's term, which expired on June 30, 2024, HCBL continued to originate and present carbon reduction and removal project opportunities to the Company for investment, partnership, or development and to provide certain consulting services with respect to the Company's carbon project portfolio for a fixed, cost-based fee of approximately US$830,000 during the term.

The Company assessed that based on declining operating financial results of HCBL, particularly with its profitability and cashflow, a loss on investments at fair value was warranted, resulting in a complete write-down of the Company's investment in HCBL, as of December 31, 2024.

BUSINESS OF THE COMPANY

Prior to the RTO Transaction, the Company had no business operations other than its search for an acquisition of an active business that led to the RTO Transaction. Upon completion of the RTO Transaction on February 23, 2022, the Company became the direct holder of all the issued and outstanding shares of Base Corp and the shareholders of Base Corp became shareholders of the Company. See "*General Developments of the Business – RTO Transaction and Exchange Listing*" above. Following the completion of the RTO Transaction, the Company adopted the business of Base Corp.

General Business Description

The Company, through BCCPC, is in the business of providing capital, development expertise and management operating resources to projects involved primarily in the global Voluntary Carbon Markets and the broader environmental markets. The Company seeks to be the preferred and trusted carbon project partner in providing capital and developmental resources to carbon projects globally and, where appropriate, endeavours to develop and utilize technologies within the evolving carbon industry to enhance efficiencies, commercial credibility, and trading transparency. As further described below under the heading "*Industry Overview*", the Company believes that the Voluntary Carbon Market is rapidly evolving and will continue to grow as global corporations and sovereign entities seek to reduce carbon dioxide and other greenhouse gas emissions and voluntarily implement strategies to reduce emissions and to 'decarbonize' their business activities.

The Company is committed to, and places significant nonmonetary value on, the beneficial environmental and social impacts of carbon removal and reduction projects, but the commercial goal of the Company is to monetize carbon credits produced from the carbon removal and carbon reduction projects to which it has a participating interest, through either key strategic relationships with carbon emitters or via brokered open market sales. See "*Industry Overview – What are Carbon Credits?*" for a further description of carbon credits. See "*Risk Factors"* below for a further discussion of the risk and uncertainties relating to the business of the Company.

The Company is focused on high-quality carbon removal and carbon reduction projects suited to the growing Voluntary Carbon Markets, however, it is a priority that the Company be well positioned to realize upon the opportunities resulting from the expanding interconnections of the compliance and Voluntary Carbon Market, such as having Company carbon credits eligible for sale into CORSIA and other ETSs. The Company has, and is, actively investigating expansion into boarder environmental industrials, such as investments in biochar facilities which, in addition to generating carbon credits, produces a biochar product which has commercial uses across numerous industries, such as an agricultural fertilizer and a concrete additive for construction, and other marketable gas and oil by-products. For an overview of the compliance and Voluntary Carbon Markets, please see the section entitled *"Industry Overview – Overview of Carbon Credit Markets"*, below.

Business Activities Across Carbon Removal or Carbon Reduction Project Stages

As part of its business strategy, the Company focuses the majority of its business activities across three fundamental carbon project stages: (i) sourcing high-quality carbon removal and reduction projects suitable for registration by a Carbon Credit Registry necessary to produce carbon credits (Identification Stage of a Carbon Removal or Carbon Reduction Project), (ii) developing select high-quality carbon removal and reduction projects (Development Stage of a Carbon Removal or Carbon Reduction Project), and (iii) Monetizing carbon credits and implementing technology and software tools, where appropriate, to enhance efficiency and transparency of carbon reduction projects which will support and develop the broader carbon economy (Operational Stage of a carbon removal or reduction project). Also refer to the section below entitled *"Industry Overview – Lifecycle of Carbon Removal and Carbon Reduction Projects"* for, among other things, general information regarding carbon reduction projects and a description of the typical lifecycle of a carbon removal and carbon reduction project.

Identification Stage of a Carbon Removal or Carbon Reduction Project

Initially, the Company works to identify what it believes to be high quality carbon reduction projects based on an assessment of project and methodology risk, broader community social benefits (including the UN SDGs), project economics and potential investment structures. The Company assesses a multitude of factors when selecting suitable high-quality projects and the following describes a few of such factors. Beyond a strict financial analysis evaluating the risk-reward of various project attributes, all projects are assessed with reference to the Company's Environmental, Social and Governance Policy. It is a common industry practice that projects be assessed against the United Nations' seventeen (17) Sustainable Development Goals, which the Company does follow and observe, however the Company believes assessing potential projects against its robust ESG Policy is more determinative when selecting high quality projects. Project structure is carefully considered with an emphasis on risk mitigation, and diligence is conducted on any project development partners and/or consultants with a keen focus and strong preference and positive risking to parties with a proven history and credible reputation. The Company considers the project development timelines and carbon credit production profiles in order to categorize opportunities into near-term, medium-term and long-term carbon reduction projects. Projects that are expected to produce initial credits within 3 years are considered near-term producing projects. Medium-term development projects are expected to produce initial carbon credits within 3 to 7 years, and projects producing initial carbon credits greater than 7 years following initial capital deployment are considered long-term projects. The Company believes it is important to build towards and then maintain a diversified portfolio of projects in each of these categories. If initial diligence deems a project to be of suitable high-quality, the Company will then seek to enter into contractual arrangements setting out project terms which may include, among others, investment exclusivity, development related services, credible third-party project due diligence, and other project management or oversight standards relating to measurement, reporting and verification.

The Company has identified a pipeline of potential high-quality projects. See "*Business of the Company – Carbon Removal and Reduction Projects – Potential Pipeline of Carbon Removal and Reduction Projects"* for further description of the Company's potential project pipeline.

Development Stage of a Carbon Removal or Reduction Project

As part of developing a project, the Company utilizes internal expertise and third-party consultants to fulfill its commitment to help facilitate the successful development of each selected high-quality carbon reduction project. Depending on the particular project, an in-country project developer, such as VNV for the Company's India ARR Project, SIPCO for the Vietnam Household Devices Project or DelAgua Group for the Rwanda Cookstoves Project, will augment the skills required including but not limited to certain country, methodology, development and/or other carbon business expertise. Depending upon the particular project, the Company may deploy its own capital and/or may introduce select additional project partners and co-investors which may include large multinational corporations seeking off-take arrangements to 'decarbonize' their business activities or intermediaries seeking to assist clients with their decarbonization efforts or to warehouse carbon credits.

Operational Stage of a Carbon Removal or Reduction Project

As part of the operational stage of a carbon reduction project, the Company intends to emphasize the implementation of: project management or oversight standards relating to measurement, reporting, verification and auditing to enhance the efficiencies and credibility of carbon credits. While still in early-stage development, the Company plans to utilize the Technology License and Royalty Agreement with Abaxx to develop software-based Measurement, Reporting and Verification (MRV) and/or integrated services built on open Digital Identity standards (WC3 Verified Credentials and DID Resolvers). The Company's goal is to facilitate the commercial operating system of carbon reduction projects by connecting disparate data stores, an execution of real-time audits and carbon credit authentications. The Company believes that drone, satellite environment monitoring, data management and machine learning software tools remain in early-stage development, such technology will be critical to enhancing trust and verification in the evolving Voluntary Carbon Market. See the discussion under the heading "*Risk Factors"*, including, but not limited to, *"Risk Factors – Risk Factors Relating to Carbon Removal and Reduction Projects*" below for further description of certain risks and uncertainties relating to the business of the Company and carbon reduction projects.

Carbon Removal and Reduction Projects

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 to supply cookstoves in the country of Rwanda as part of an expansion of its existing carbon reduction project previously registered as a clean development mechanism (or CDM) project governed by the United Nations pursuant to the Kyoto Protocol. Pursuant to the terms of the agreement, BCCPC invested US$8,825,000 to fund the manufacturing, distribution and monitoring of approximately 250,000 cookstoves across rural Rwanda in exchange for a revenue sharing arrangement with respect to the proceeds from the sale of the first 7.5 million carbon credits expected to be generated by such fleet of cookstoves. The distribution of all 250,000 cookstoves to participating project households was completed in early 2023 and the project has been registered with Verra under project ID #4150, with the PDD (project design document) available on Verra's website.

The project partner, the DelAgua Group, has been active in Rwanda since 2012 and has collaborated with the Rwandan government to provide free, innovative, high-performance stoves to both urban and rural households that rely nearly entirely on biomass for cooking and related purposes. Pursuant to the project agreement, the DelAgua Group has the primary responsibility for the ongoing project monitoring reports and the verification of such reports by a VVB. The project agreement provides BCCPC with the ongoing right to monitor the operation of the project and to receive regular project performance updates.

The first carbon credits were issued with respect to the Rwanda Cookstoves Project during 2024 and, as of December 31, 2024, BCCPC held 1,712,193 Article 6 Authorized labeled (described further below) carbon credits as inventory available for sale.

As announced during December 2023, the Government of Rwanda issued a letter of authorization (the "**LOA**") with respect to the Rwanda Cookstoves Project which resulted in Verra issuing its first ever "Article 6 Authorized" label for a carbon removal or reduction project. The Article 6 Authorized label is applied to carbon credits generated by a carbon removal or reduction project where the project host country agrees to apply to the corresponding adjustment concept with respect to such project. As described further under the heading "*Industry Overview – Global Carbon Credit Framework and Policies*", a corresponding adjustment is a concept included in Article 6 of the Paris Agreement and is intended to address the potential issue of double counting emission reductions. By applying a corresponding adjustment, the project host country agrees that the emission reductions from project under its jurisdiction will not count towards such country's national commitment (NDC under the Paris Agreement) to lower carbon emissions.

According to the LOA, a copy of which may be found on Verra's website under project ID 4150, 2% of any issued Article 6 Authorized labeled carbon credits are to be immediately retired to help offset global emissions, 10% of such carbon credits are to be transferred to the Government of Rwanda to help achieve its nationally determined emission reduction targets, and 5% of revenues generated from the initial sale of the remaining Article 6 Authorized labeled issued carbon credits will be remitted to the United Nations' Rwanda Green Fund ("**RGF**").

In April 2024, BCCPC and DelAgua Group executed an amended and restated project agreement to facilitate the implementation of the LOA pursuant to which BCCPC will contribute US$0.20 per carbon credit to RGF for the first 1,925,000 Article 6 Authorized labeled carbon credits and the parties will split the 5% RGF remittance attributable to sales revenue from remaining Article 6 Authorized labeled carbon credits based upon each party's pro rata share of the proceeds from each carbon credit sale. Article 6 Authorized labeled carbon credits received by the parties will be net of the 12% volume reduction outlined in the LOA which, assuming all carbon credits from the Rwanda Cookstoves Project are issued with an Article 6 Authorized label, results in an aggregate of approximately 6.6 million carbon credits being subject to the revenue sharing arrangement between BCCPC and the DelAgua Group.

In October 2024, Verra published an updated methodology for cookstove projects (VM0050 Energy Efficiency and Fuel-Switch Measures in Cookstoves, v1.0), which must be implemented with respect to cookstove carbon credits generated during or after the year 2027. When compared to the project methodology currently used in connection with the Rwanda Cookstoves Project, the application of the new cookstove methodology will result in a reduction of the number of carbon credits expected to be generated by each project cookstove over the life of the project. In December of 2024, the Company and the DelAgua Group made the decision that the new cookstove project methodology VM0050, recently published by Verra, the project registry, should be applied to the project in order to be potentially eligible for carbon credit sales into compliance programs like the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) as well as to expand other sales channels and potential enhanced pricing. If, and when, the VM0050 methodology is applied to the project, the Company may, at its option, have such methodology applied to the previously issued carbon credits from the project that it holds.

The actual number of carbon credits issued with respect to the project and subject to the revenue sharing arrangement will depend upon, amongst other things, number of Article 6 Authorized labelled carbon credits issued, the terms of project methodologies applied and the calculated amount of CO_2e reduced by the project, as set out in each of the project audit and compliance monitoring reports verified by a VVB and accepted by Verra over the life of the project. The adoption of new project methodologies, including VM0050, may also negatively impact the number of carbon credits issued from the project. A significant deviation of the operations and/or performance of the project set out in an audit and compliance monitoring report for a particular time period (or verification period) from the established project operations and/or performance expectations, may negatively impact the number of carbon credits issued with respect to such verification period.

Readers should also refer to the discussion under the heading "*Risk Factors*", including, but not limited to, "*Risk Factors – Risk Factors Relating to Carbon Removal and Reduction Projects*", "*Risk Factors – Risk Factors Relating to Carbon Credits and the Voluntary Carbon Market – Carbon Credit Generation may be Impacted by Legislation, Regulations and/or Direct Government Intervention from Project Host Countries*", "*Risk Factors – Risk Factors Relating to Carbon Credits and the Voluntary Carbon Market – The Implementation of Article 6 of the Paris Agreement may result in Project Host Countries claiming Carbon Credits against Nationally Determined Contribution*" and "*Risk Factors – Risk Factors Relating to the Company – Foreign Operation and Political Risk*" below for further description of certain risks and uncertainties relating to the business of the Company and carbon reduction projects, including the Rwanda Cookstoves Project.

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 Household Devices Project. Pursuant to the terms of the agreement, BCCPC has fully funded its capital commitment of US$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 which were fully distributed in early 2023. The distribution of the household devices was completed in February 2023. BCCPC has the option to expand the project up to an aggregate total of 1,200,000 cookstoves and 600,000 water purifiers for an additional prepayment. Other than with respect to expansion option prepayment, BCCPC has no further capital expenditure obligations.

Project documentation provides that during the initial project carbon credit generation phase, SIPCO will sell and transfer to BCCPC, and SIPCO will then buy back from BCCPC the first 7.4 million carbon credits for subsequent offtake by Citigroup Global Markets Limited pursuant to a fixed price off-take arrangement. BCCPC has the option to purchase all further carbon credits generated by the project on a yearly basis for US$5 per carbon credit.

Project documentation also provides BCCPC with monitoring rights through all stages of the project and broad rights, including with respect to the project's Carbon Credit Registry account, to step in and perform the obligations and functions of SIPCO in the event of a failure to perform by SIPCO.

The first carbon credits from the Vietnam Household Devices Project were issued during 2023 and, as of December 31, 2024, an aggregate of approximately 7 million carbon credits had been generated by the project. The Company received aggregate cash payments of approximately US$32.5 million from the sale, pursuant to project documentation, of these carbon credits.

The Vietnam Household Devices Project is registered with Verra under project IDs #2923 (cookstoves) and #2557 (water purifiers) with PDDs available on Verra's website. In October 2024, Verra published an updated methodology for cookstove projects VM0050, which must be implemented with respect to cookstove carbon credits generated during or after the year 2027. When compared to the project methodology currently used in connection with the Vietnam Household Devices Project, the application of the new cookstove methodology will result in a reduction of the number of carbon credits expected to be generated by each project cookstove. Based on the implementation of this updated methodology beginning with respect to the cookstove carbon credits generated during the year 2025 by the Vietnam Household Devices Project, the project is currently estimated to generate an aggregate of approximately 17.5 million carbon credits over the life of the project. If the project is expanded to a total of 1,200,000 cookstoves and 600,000 water purifiers and the updated methodology is implemented beginning with respect to the carbon credits generated during the year 2025, an additional 6.1 million carbon credits are estimated to be generated over the life of the project.

The actual number of carbon credits issued with respect to the project will depend upon, amongst other things, the terms of project methodologies applied and the calculated amount of CO_2e reduced by the project, as set out in each of the project audit and compliance monitoring reports verified by a VVB and accepted by Verra over the life of the project. The adoption of new project methodologies, including VM0050, may also negatively impact the number of carbon credits issued by the project. A significant deviation of the operations and/or performance of the project set out in an audit and compliance monitoring report for a particular time period (or verification period) from the established project operations and/or performance expectations, may negatively impact the number of carbon credits issued with respect to such verification period. Also see the discussion under the heading "*Risk Factors – Risk Factors Relating to Carbon Removal and Reduction Projects – Existing Methodologies Relating to Existing Carbon Reduction Projects May Change Over Time*".

Carbon credits from the Vietnam Household Devices Project are expected to be issued approximately every six months over the estimated 10-year life of the project. Precise timing of issuances is dependent upon the completion of a project audit and compliance monitoring report verified by a VVB for each six-month project verification period and the subsequent acceptance of such report by Verra. The VVBs and Verra (and all other Carbon Credit Registries) are independent of the Company and the Company will have little to no control with respect to the timing or delays of the process conducted by such third parties. See also the discussion under the heading "*Risk Factors – Risk Factors Relating to Carbon Removal and Reduction Projects – Project Specific Risks*".

Readers should also refer to the discussion under the heading "*Risk Factors*" below, including, but not limited to, the risk factors listed above with respect to the Rwanda Cookstoves Project for further description of certain risks and uncertainties relating to the business of the Company and carbon reduction projects, including the Vietnam Household Devices Project.

India Afforestation, Reforestation, and Revegetation (ARR) Project

As announced 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 afforestation and reforestation of degraded rural farmlands in the northern Indian state of Uttar Pradesh. Value Network Ventures Advisory Services Pte. Ltd. is the Company's project development partner.

The project's aim is to facilitate the planting of approximately 6.5 million trees on degraded rural farmlands and fertile but arid deserted lands in northern India, which was complete as of December 31, 2025. Project listing documents, including the PDD, were submitted to Verra during December 2023 and the project is identified under the project ID#4892 on Verra's website.

Based on methodology and PDD submitted to Verra, the project is currently anticipated to generate an estimated 1.6 million carbon credits issued in relatively equal annual tranches over an expected 20-year project life with the initial issuance expected during 2025. The number of carbon credits issued will depend upon the project methodologies and the actual amount of carbon reduced by a project as monitored and then verified by the VVB. A significant deviation of the operations and/or performance of a project, including the survival and growth rates of the planted project trees, from the estimates to be set out in the PDD or project methodology may negatively impact the number of carbon credits issued. Downward revisions to methodologies over the project life may also negatively impact the number of carbon credits issued. Also see the discussion under the heading "*Risk Factors – Risk Factors Relating to Carbon Removal and Reduction Projects – Existing Methodologies Relating to Existing Carbon Reduction Projects May Change Over Time*".

As per the terms of the agreement and subsequent to condition precedents being met by VNV, BCCPC had deployed US$6.1 million in the project as at December 31, 2024. The remaining commitment of an additional US$7.5 million, consisting of growth, maintenance and sustaining capital is expected to be deployed by the end of 2032, with approximately 40% expected to be deployed over the next 12 months, which anticipated to be funded by reinvesting a portion of proceeds from project carbon credit sales in relatively equal tranches over the remaining life of the project. BCCPC maintains a right of first refusal relating to an extension or expansion of the project, including any additional future phases of the project beyond the expected 20-year project life.

The project has been designed around the needs of local farming communities, with a high-level of community-centric stakeholder engagement, ownership, input, and feedback, and is expected to have a significant positive impact on local rural farming communities' food security, long-term income generation and diversification, climate change adaptation and drought resilience, among several other Co-Benefits.
As selected through the community engagement process, the project plan involves the planting of 16 different species of trees primarily on smallholder lands of five hectares or less, including a variety of native and naturalized tree species, such as Citrus and Guava, as well as medicinal and culturally significant trees, such as Mahua trees.

In addition to sequestering carbon from the atmosphere as they grow, and as part of the project's equitable benefit sharing mechanism, fruits and nuts produced by trees will be available to the participating individuals and communities, providing food security and income diversification and incremental and diversified income generating opportunities.

Potential Pipeline of Carbon Removal and Reduction Projects

The Company has identified a robust pipeline of potential carbon reduction projects at an early stage of assessment, but which have not yet been advanced to ongoing assessment, diligence and/or structural negotiations, consistent with the stage one activities described above under the heading "*Business of the Company – Identification Stage of a Carbon Removal or Carbon Reduction Project*". The identified pipeline of potential carbon removal projects and carbon reduction projects consists of diverse project types and methodologies across the globe, including energy efficiency (cookstoves/water purifiers), carbon removal forestry (afforestation/reforestation), carbon removal biochar and carbon removal direct air capture projects as well as blue carbon and other nascent projects such as mangroves, seagrass and regenerative agriculture projects. It is expected that project types and methodologies will continue to evolve over the coming decades as they have done historically. See the discussion under the heading "*Risk Factors"*, including, but not limited to, *"Risk Factors – Risk Factors Relating to Carbon Removal and Reduction Projects*" below for further description of certain risks and uncertainties relating to the business of the Company and carbon reduction projects.

In order to achieve its business objectives, the Company is actively working to deploy capital to develop and grow its portfolio of investments by identifying and developing suitable high-quality carbon removal and reduction projects and investing in project management technology. All material investments into carbon removal and reduction projects are subject to rigorous due diligence. The Company is targeting investments that demonstrate credible, high-quality emissions reductions and/or removals and offer the potential to create meaningful social impact. Environmental and social impacts that can be quantified will be examined during project due diligence, however consideration is also given to potential intangible benefits that cannot be quantified or measured. The Company has conducted in-country diligence monitoring by visiting select participating households for both the Rwanda and Vietnam projects and recently completed in-country diligence in India to review the reforestation planting process.

See the discussion under the heading "*Risk Factors — Risk Factors Relating to the Company – Due Diligence*", "*Risk Factors – Risk Factors Relating to the Company – Reputational Risks"* and "*Risk Factors – Risk Factors Relating to the Company – Joint Ventures and other Partnerships*" below for further description of certain risks and uncertainties relating to the business of the Company.

Operational Factors and Considerations

Employees

As of the date of this AIF, the Company and its subsidiaries have 15 employees, including officers. The Company also contracts with a number of consultants to assist with various aspects of the administration of its business.

Specialized Skill and Knowledge

The Company's business requires professionals with skills and knowledge in diverse fields of expertise. The management team and the Board include experts in the fields of carbon reduction projects, carbon credit trading, diverse financial structuring, sustainability, conservation, academia, accounting, law and corporate finance who have extensive relationships and networks in their respective fields. The Company utilizes the expertise of its management team which has experience leading, sourcing, managing, and financing capital investments across markets and specifically within the carbon and environmental market ecosystem. As the carbon markets continue to grow and evolve and the Company implements its development strategy, the Company will continue to rely on its personnel. See "*Directors and Officers*" for further description of the Company's management team and Board. The Company also utilizes specialized consultants most particularly for specific advice and deliverables relating to specific carbon reduction projects. See "*Risk Factors – Risk Factors Relating to the Company – Dependence Upon Key Personnel*" for additional description of, among others, the risks relating to reliance upon key personnel carbon and reduction projects.

Economic Dependence

As discussed above, the Company will be dependent upon the evolution of carbon markets, including both compliance and Voluntary Carbon Markets. The Company's business model necessitates the reliance upon partnerships, the most notable of which are project developers, project off-takers and carbon credit marketing intermediaries. A failure or inability of a project developer or offtaker to perform its duties its obligations, or the inability of the Company to maintain the relationship with these partners could adversely affect the Company's financial performance. See "*Risk Factors – Risk Factors Relating to Carbon Credits and the Voluntary Carbon Market*", and "*Risk Factors – Risk Factors Relating to the Company – Joint Ventures and other Partnerships*" for a further discussion on uncertainties and risks.

Markets and Marketing

The Company focuses its efforts on selling carbon credits received from carbon removal and carbon reduction projects into the Voluntary Carbon Market and looks to expand into compliance markets, including CORSIA and other ETSs. The carbon markets are continuously evolving and are highly speculative and volatile. See the description under the heading "*Industry Overview*" for further details regarding carbon markets including recent market develops relating to the adoption of Article 6 of the Paris Agreement and the implementation of CORISA. Also see discussion of related risks and uncertainties under the heading "*Risk Factors – Risk Factors Relating to Carbon Credits and the Voluntary Carbon Market*" below. Other than with respect to standard shareholder, capital markets and investor relations initiatives, the Company does not presently conduct any marketing activities.

Cycles

Depending on the stage, type and location of the project, it may be subject to seasonality factors such as limited planting, growing seasons or geographical access due to adverse weather conditions including, inclement weather, hostile climates, or other weather-related factors. Specifically with respect to the India ARR Project, India is prone to monsoon season which has an impact on the planting and growing seasons for that region. If the growth rate of the trees is inconsistent with expectations, it may result in fewer carbon credits being issued than anticipated. Also see the discussion under the headings "*Risk Factors – Risk Factors Relating to Carbon Removal and Reduction Projects – Sensitivity to Extreme Weather, Natural Disaster and Climate Conditions*" and "*Risk Factors – Risk Factors Relating to Carbon Removal and Reduction Projects – Project Specific Risks".*

Carbon crediting verification periods are cyclical, and depending on the project can vary, but are typically every six months or one year depending on the project type and methodology. This means that the availability of carbon credits for sale from such projects and associated revenues may be cyclical. Also see the discussion under the headings "*Industry Overview – Lifecycles of Carbon Removal and Reduction Projects – Project Implementation, Monitoring Report Verification, and Carbon Credit Issuances*".

Environmental Protections

The field operations of the Company's projects will be subject to environmental regulations and generally will require approval by appropriate regulatory authorities prior to commencement. Any failure to comply could result in fines and penalties. As projects advance in their lifecycle, more time and funding will be required in satisfying environmental protection requirements. See the discussion under the heading *"Risk Factors – Risk Factors Relating to Carbon Credits and the Voluntary Carbon Market – Fluctuating Price of Carbon Credits"*. See also "*Business of the Company – Operational Factors and Considerations – Cycles".*

Foreign Operations

The Company, through BCCPC, has entered into carbon project investment or carbon credit purchase agreements in respect of carbon credit projects located in Vietnam, Rwanda and India, each of which may be considered to be an emerging market jurisdiction, and intends to continue to evaluate and potentially make future investments in other carbon credit projects located and operating in emerging market jurisdictions.

Each of the Company's executive officers and a number of its directors have significant experience as a senior manager, an executive officer, a director and/or an advisor to/of entities operating in emerging market jurisdictions.

The Company seeks regular updates from its local project partners and advisors regarding the status of its projects including with respect to jurisdictional social, political and government, and legal and regulatory issues. In addition, the Company retains applicable jurisdictional counsel and advisors and has conducted diligence related project visits which respect to each of its projects.

Project transaction documents are governed by the laws of non-emerging market jurisdictions and carbon credits generated (or anticipated to be generated) by such projects are issued (or anticipated to be issued) by Carbon Credit Registries located in and governed by non-emerging market jurisdictions. However, the issuance or delivery of carbon credits from the Company's projects may still be impacted by the policies, legislation, regulation and/or direct government intervention in the jurisdiction in which the project is located.

Also see discussion under the heading "*Risk Factors – Risk Factors Relating to Carbon Credits and the Voluntary Carbon Market – Carbon Credit Generation may be Impacted by Legislation, Regulations and/ or Direct Government Intervention from Project Host Countries*", "*Risk Factors – Risk Factors Relating to Carbon Credits and the Voluntary Carbon Market – The Implementation of Article 6 of the Paris Agreement may result in Project Host Countries claiming Carbon Credits against Nationally Determined Contribution*" and "*Risk Factors – Risk Factors Relating to the Company – Foreign Operation and Political Risk*" below.

Intangible Property

Other than the Technology License and Royalty Agreement, at the time of this AIF, the Company's business is not substantially dependent on the protection of any proprietary rights or technologies. See the section entitled "*General Developments of the Business – History*" for further information on the Technology License and Royalty Agreement.

Lending

The Company does not currently have any material long term liabilities. The Company has not adopted any specific policies or restrictions regarding lending. While the Company believes it has or will have adequate funds to maintain and develop its near-term carbon reduction project portfolio, the Company may need to raise additional capital to fund its project pipeline. The Company expects future project financing requirements to be funded through the reinvestment of retained earnings, however, it will continue to evaluate additional funding alternatives including the potential of equity financing and/or debt. If the Company is unable to raise the necessary capital to meet its obligations as they become due, the Company may have to curtail its operations, including obtaining financing at unfavourable terms.

Environmental, Social and Corporate Governance Policy

The Company's business is specifically focused on the ESG economy through the development of carbon reduction projects. The Company's goal is to combat global greenhouse gas emissions while conducting its business in a socially, environmentally and ethically responsible manner. The Company recognizes the importance of a strong ESG framework to support this goal. In addition to a Code of Business Conduct and Ethics (the "**Code**"), the Company has adopted a specific Environmental, Social and Corporate Governance

Policy (the "**ESG Policy**") that is fundamental to all business decisions and conduct of operations. The Company believes this Code and ESG Policy will help to improve its credibility, industry leadership, environmental impact and relationship with key stakeholders, including its employees, service providers and the communities in the vicinity of its operations.

The three pillars of our ESG Policy revolve around our adherence to environmental, social, and corporate governance aspects and the overall guiding principle will be to incorporate ESG issues into our decision-making processes on a daily basis, including but not limited to:

- Ensuring compliance and good governance while extending industry standard guidelines and best practices, and actively managing ESG considerations and risks effectively. In addition, providing appropriate disclosure on ESG issues throughout the Company and always acting with integrity in all our dealings.

- Striving to observe our goals of diversity and to always be non-discriminatory in any manner and adopting equality in our employment and operational practices.

- To act responsibly with respect to environmental concerns, aiming for a sustainable approach to the use of resources, setting an example for the industry and always striving to avoid irresponsible handling of resources and unnecessary waste.

- Ensuring that the management structure, policies, and their application reflect transparency, accountability, equality, and great probity in the management of our business and operations.

A copy of the Code and ESG Policy, along with copies of all corporate governance policies can be found on the Company's website at www.basecarbon.com.

Bankruptcy and Similar Procedures

There are no bankruptcies, receiverships, or similar proceedings against the Company or any of its subsidiaries, nor is the Company aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by the Company, nor any of its subsidiaries, since its incorporation.

See the discussion under the heading "*Risk Factors – Risk Factors Relating to the Company"* below for further description of certain risks and uncertainties relating to the business of the Company.

INDUSTRY OVERVIEW

An increased public spotlight on climate change is compelling governments, companies, and individuals around the world to choose to take responsibility for their contributions to GHG emissions, including increased political pressure to achieve actual emission reductions through the development of global initiatives to move the world towards the goal of "net-zero" emissions. As a result of these initiatives, there are ambitious commitments being made throughout both the private and public sectors that are driving the expansion and development of a more sophisticated infrastructure for the international carbon credit market. However, achieving actual emission reductions and net-zero requires balancing economic growth with environmental sustainability while navigating evolving policies, shifting market dynamics, and geopolitical tensions

Within the compliance-based carbon reduction market, regulated parties obtain and yield credits in order to meet mandatory emission caps that they are legally required to comply with. Global net-zero commitments outside of the compliance markets drive the expansion and evolution of the Voluntary Carbon Markets, as corporations, sovereigns and individuals work towards a carbon-neutral world. As the supporting industry underlying this decarbonization progresses, the Company believes it is inevitable that these compliance and voluntary market systems will evolve and align to accommodate growth, maturity, and the incorporation of carbon credits as a normalized aspect of the cost of living and doing business.

What are Carbon Credits?

Companies and organizations have implemented various strategies to reduce their own GHG emissions to meet government regulations, allow for financing, encourage investment and in support of public relations campaigns. Strategies include modifying current business/organizational practices and internal policies to reduce their own GHG emissions, and where this is not practically feasible, they can purchase carbon credits from other organizations.

One carbon credit is equivalent to one metric tonne of GHG emissions reduction or sequestration and is expressed as CO_2e. Carbon credits are typically used by the holder to off-set GHG emissions, and they can be generated from a variety of projects including, but not limited to, forestry and land use, renewable energy, improved energy efficiency, agriculture, transportation, household devices, biomass, biochar, and biogas facilities, waste disposal, wetland restoration, and other industrial projects. As discussed further below, in the Voluntary Carbon Market such projects are registered pursuant to the standards of the Carbon Credit Registries and upon ongoing monitoring and verification of such projects, the Carbon Credit Registries are the issuer of the carbon credits over the life of the project.

Carbon credits can be sold to governments, companies or individuals seeking to decrease their carbon footprints. Revenue from carbon credit sales can be directed towards countries and communities in support of jobs, wildlife, education, clean water and other initiatives that transition local economies away from non-sustainable practices and non-renewable resources.

Global Carbon Credit Framework and Policies

The driving force behind the advancement of the carbon credit market is the continued evolution of global policies. The United Nations Framework Convention on Climate Change ("**UNFCCC**"), signed in 1992, established an international environmental treaty to "prevent dangerous human interference with the climate system". The framework was designed primarily to begin and support a process for future, and more detailed, agreements about how to respond to climate change.

On February 16, 2005, the Kyoto Protocol came into effect to establish international law that would implement legally binding obligations for developed countries to reduce their GHG emissions. A total of 37 industrialized countries and economies in transition, as well as the European Union, were targeted by the protocol to set binding emission reduction goals, targeting an average reduction of 5% below 1990 baseline emission levels over the first 5-year commitment period (2008-2012). It operationalized the UNFCCC by having countries commit to limit and reduce their GHG emissions in accordance with agreed individual targets. The Kyoto Protocol served to pioneer new approaches for fighting climate change and the development of compliance and Voluntary Carbon Markets. This policy remained functional until superseded by the Paris Agreement in 2015.

In December 2015, as a key element under the UNFCCC, the Paris Agreement was adopted to set the world on a course towards sustainable development, aimed at holding global average temperature increases to 2°C above pre-industrial levels, while also pursuing efforts towards limiting the temperature increase even further to 1.5°C. Per the UNFCCC, reaching the Paris Agreement 1.5°C target requires an approximate 50% reduction in global GHG emissions from current levels, and requires to be completed by the year 2030. To achieve this long-term goal, countries aim to reach global peaking of greenhouse gas emissions as soon as possible in order to achieve a climate neutral world, or "net zero" emissions by 2050. The Paris Agreement was adopted with legal force under the UNFCCC, applicable to all signatories and entered into force on November 4, 2016.

The Paris Agreement requires each signatory to communicate and maintain successive Nationally Determined Contributions ("**NDC**") that it intends to achieve. NDCs are the roadmaps that set out each country's post-2020 climate actions under the Paris Agreement. It demonstrates each country's efforts in adapting to the carbon-neutrality and includes a plan that reflects its ambitions in fostering climate resilience and in reducing GHG emissions, while taking into consideration domestic circumstances and capabilities. Under the Paris Agreement, each party or country must outline and communicate their post-2020 climate actions and NDCs to the UNFCCC. Together, these climate actions determine whether the long-term goals of the Paris Agreement will be achieved. Parties are required to submit updated NDCs every five years, regardless of their respective implementation time frames.[1]

Article 6 of the Paris Agreement is focused on promoting cooperative approaches between governments to reduce global GHG emissions and achieve the goals of the agreement. It intends to enhance the effectiveness of countries' efforts to address climate change by creating a flexible framework for collaboration and cooperation.

To address the issue of double counting, Article 6 of the Paris Agreement provides for "internationally transferred mitigation outcomes" and "corresponding adjustment" mechanisms whereby participating countries would be required to make an adjustment to their own emissions inventories to account for the emissions reductions claimed by the country selling the carbon credits. First, the country in which the emissions reductions are generated would report the reductions and the corresponding carbon credits to a central registry. The country of the purchaser of the carbon credits would then submit a request to use the units towards its own emissions reduction target. The central registry would then notify the two countries and initiate the corresponding adjustment.

The impact of the internationally transferred mitigation outcomes and corresponding adjustment mechanisms on individual projects will depend on the details of how the mechanisms are implemented by both internationally and by the project host country. The implementation may involve the project host country requesting a portion of the carbon credits generated by a project be counted towards it's NDC before granting a "corresponding adjustment" to the remaining carbon credits which are then transferred the purchaser. Project host countries may also see revenue sharing arrangements. See *"Risk Factors – Risk Factors Relating to Carbon Credits and the Voluntary Carbon Market –The Implementation of Article 6 of the Paris Agreement may result in Project Host Countries claiming Carbon Credits against Nationally Determined Contribution"* below.

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[1] See: <https://unfccc.int/process-and-meetings/the-paris-agreement/nationally-determined-contributions-ndcs/nationally-determined-contributions-ndcs>.

In addition to the UNFCCC and Paris Agreement, there are also industry specific commitments to reduce or offset carbon emissions, most notably being the airline industry and the International Civil Aviation Organization (ICAO), a specialized United Nations agency, which established the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) in October 2016 and the resolution passed by International Air Transport Association (IATA) member airlines committing them to achieving net-zero carbon emissions from their operations by 2050. The scheme requires airlines to offset the growth in international aviation emissions above a baseline set by ICAO. To comply with CORSIA, airlines can purchase sustainable aviation fuels ("**SAF**"), increase fleet efficiency, or purchase CORSIA-eligible carbon credits. The excess emissions represent the sector's offsetting requirements for that year. However, in more recent developments, industry groups, such as IATA, are pushing back against ICAO's goal to reduce carbon emissions by 5% by 2030 using SAF, citing several environmental and economic issues with the jet fuel substitute.

CORSIA is based on comparing the total CO_2 emissions for a year (from 2021 onwards) against a baseline level of CO_2 emissions. For the 2021 to 2023 Pilot Phase, 11 programs were approved by the ICAO Council, with various restrictions applied. Only 2 programs have so far received approval for Phase One 2024 to 2026. In December 2024, ICAO has released eligibility criteria for four Carbon Credit Registries, Verra, Gold Standard, Climate Action Reserve, and Global Carbon Council, to provide offsets for the CORSIA aviation decarbonization program from 2024 to 2026.

Overview of Carbon Credit Markets

Carbon credits are traded in both the compliance-based and Voluntary Carbon Markets. The price for a carbon credit varies according to not only the market on which it is traded and general market trends, but also attributes of the specific projects producing such carbon credits including the project methodology, location, vintage and accreditation, as well as social, environmental and other Co-Benefits ("**Co-Benefits**").

The compliance-based carbon markets are, generally, driven by mandated caps on GHG emissions through Emission Trading Schemes ("**ETS**"). These markets are created and regulated by mandatory national, regional, or international carbon reduction regimes, which compel parties to meet pre-determined regulatory targets. In these markets, regulated entities acquire, and then surrender/retire emissions allowances off-sets in order to meet predetermined regulatory targets. Companies that emit less than their allocated allowances can sell excess credits, while those exceeding their limits must purchase additional credits or face penalties. This creates a financial incentive for industries to reduce emissions in a cost-effective manner.

ETS programs are expanding and evolving, with increasing linkages between different regional markets. Strengthening carbon pricing mechanisms, improving transparency, and ensuring global participation will enhance the effectiveness of carbon trading systems in the transition to a low-carbon economy. For example, the International Carbon Action Partnership reported that on 24 January 2025, Vietnam's Prime Minister approved a roadmap for implementing a domestic carbon market to support the country's net-zero emissions target by 2050. The plan includes a pilot ETS starting in June 2025, with full implementation scheduled for 2029.[2]

The voluntary carbon markets ("**Voluntary Carbon Market**") are comprised of the non-obligatory purchasing of carbon credits issued by recognized carbon credit standards body/organization (a "**Carbon**

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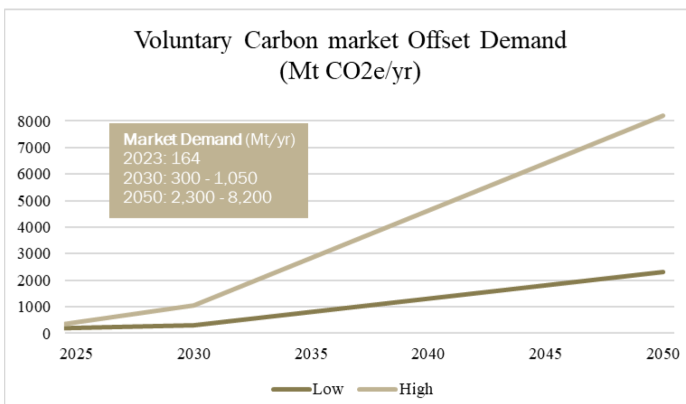
[2] *Vietnam approves carbon market roadmap, pilot ETS to launch in June 2025* (2025). https://icapcarbonaction.com/en/news/vietnam-approves-carbon-market-roadmap-pilot-ets-launch-june-2025.

Credit Registry") such as Verra, Gold Standard Impact Registry, American Carbon Registry, Climate Action Reserve, Global Carbon Council, and Puro.earth, with respect to a carbon removal or reduction project that has been registered to pursuant to such Carbon Credit Registry's established carbon removal and/or reduction program(s) (such as the Verified Carbon Standard program in the case of Verra). Other carbon credit standards or carbon reduction programs, such as the Clean Development Mechanism established under the Kyoto Protocol also exist. The Carbon Credit Registries have established systems of industry and peer review that result in the flexibility to cultivate methodologies, project financing, and monitoring that will extend outside the operational rules of the compliance carbon markets and has led to the development and advancement of standards, registries, and project types beyond the scope of the compliance market mechanisms, allowing for real-time reactions to the ever-changing marketplace.

The Voluntary Carbon Market is driven by the voluntary initiative of, among others, global corporates and sovereign entities which seek to facilitate reduction of their carbon footprints. In many instances, the entity will make a "net zero pledge" to reduce or offset their carbon dioxide and other greenhouse gas emissions and in so doing 'decarbonize' their business activities.

Voluntary Carbon Markets are broadly expected to have strong growth in both volume and value of credits going forward. Morgan Stanley Capital International (MSCI) estimates that demand in the Voluntary Carbon Market for carbon credits could increase 3-fold from 2023 to 2030, increasing to 0.3 to 1.1 gigatons of CO_2e per annum. MSCI is also forecasting that global demand will increase approximately 30-fold by 2050, increasing to 2.3 to 8.2 gigatons of CO_2e per annum.[3]



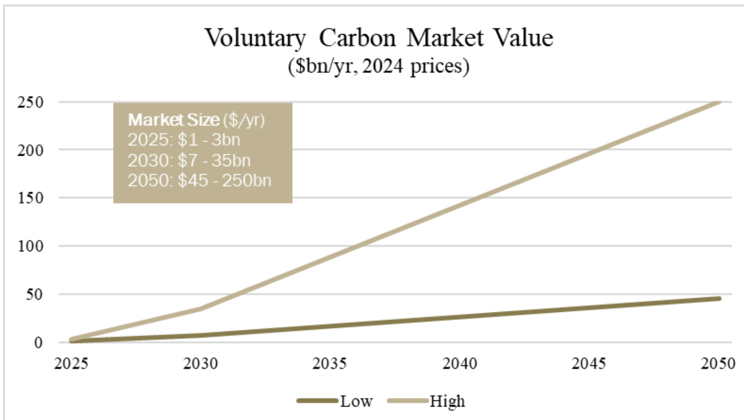
Source: MSCI. (March 4, 2025). *Global Carbon Credit Demand Forecast Update*

Looking ahead, the Company believes that over the medium to long term the Voluntary Carbon Market will likely shift towards and favour projects that actively remove and sequester carbon from the atmosphere, such as nature-based solutions including forestry projects, mangroves and biochar. These projects are rapidly becoming more prominent as the market focus shifts from avoiding emissions towards the physical removal of emissions from the atmosphere, facilitated through carbon sequestration projects. Despite this market focus, the Company believes that to achieve the goals of the Voluntary Carbon Markets, projects that result in emissions avoidance or reduction, such as household device projects including clean cooking devices and water purifiers, are crucial to provide supply of carbon credits

[3] Morgan Stanley Capital International – Global Carbon Credit Demand Forecast Update March 4th, 2025 (2H24 update).

to the Voluntary Carbon Markets while the marketplace grows together with carbon credit supply from removal and sequestering projects.

The supply and demand of carbon credits will determine the market value of such credits and the value of the market as whole. According to Morgan Stanley Capital International, the value of the primary Voluntary Carbon Market had an estimated annual value of US$1.4 billion for the 2024 calendar year, and Voluntary carbon markets are projected to increase to US$7-35 billion by 2030. See the discussion under the heading "*Risk Factors – Risk Factors Relating to Carbon Credits and the Voluntary Carbon Markets"* below for further description of certain risks and uncertainties relating to carbon markets.



Source: MSCI. (January 6, 2025). *Frozen Carbon Credit Market May Thaw as 2030 Gets Closer*

Trading of carbon credits on the Voluntary Carbon Market is a global mechanism by which corporations and governments can contribute to their GHG emissions reduction goals, and will play a critical role in global efforts to reach net-zero goals in tandem with progress in decarbonization technologies and innovations. The Voluntary Carbon Market is affected by the volatility of carbon pricing. Factors determining the pricing for carbon credits include but are not limited to:

- the specific attributes of the associated carbon project such as location, project activity (such as forestry, renewable energy, waste disposal, carbon capture, etc.);
- the vintage (the year the credit was created);
- the accrediting body and verification standard (such the specific Carbon Credit Registry);
- the methodology used to quantify the GHG emissions reductions; and
- the associated Co-Benefits such as job creation, water conservation or preservation of biodiversity.

Carbon credit pricing is also affected by general market principles whereby the market ascribes a higher or lower value to a carbon credit based on specified criteria, to the extent that it directly affects the supply and demand for that particular type of credit. For example, purchasers of carbon credits in the Voluntary Carbon Market are placing increased value upon the assurance that such credits are not "double counted" after being claimed as part of a project host country's NDC under the Paris Agreement. As a result, the host country through a letter of authorization, may agree to apply the correspondingly adjusted or internationally transferred mitigation outcomes concept to prevent double counting. Because only a limited number of governments thus far have signed these letters of authorization, the supply of correspondingly adjusted carbon credits is limited while the demand for such carbon credits has increased, resulting in a higher price for such carbon credits. Although strictly speaking not required for the sale of carbon credits to a corporate purchaser with "net zero pledges", the Voluntary Carbon Market continues to evolve quickly and it is reasonable to conclude that eventually the majority of, or possibly all, purchasers in the Voluntary Carbon Market will require that carbon credits have been correspondingly adjusted.

Carbon Credit Registries and Carbon Removal and Reduction Programs

Verra, The Gold Standard, American Carbon Registry and Climate Action Reserve are the four largest voluntary Carbon Credit Registries which have each established carbon removal and/or reduction programs (such as the Verified Carbon Standard program in the case of Verra) pursuant to which the Carbon Credit Registries have registered and then govern carbon removal and reduction projects. The Carbon Credit Registries also maintain transaction records for all issuances, transfers and retirements of carbon credits associated with the carbon reduction projects registered to their programs. The Carbon Credit Registries, together with qualified independent -third-party VVBs (or third-party verifiers), also serve to maintain standards of verification which is the process of evaluating calculations of the actual amount of GHG emissions that have been avoided or sequestered through implementation of a carbon reduction project.

As discussed further below under the headings "*Industry Overview – Validation and Verification Bodies (VVBs)"* and "*Industry Overview – Lifecycle of Carbon Removal and Carbon Reduction Projects*", the VVBs have two main responsibilities in the context of a carbon reduction program. First, the VVB perform project validation, which entails confirming that a proposed project meets a program's eligibility criteria. Second, the VVB conduct project verification, which entails confirming that project monitoring data was collected in accordance with a program's requirements, as well as reviewing calculations to confirm that the project's GHG reductions were estimated according to the approved methodology or protocol.

As part of the registration process by a Carbon Credit Registry, potential carbon removal and reduction projects are compared to industry standards in regard to project design, implementation, monitoring, and reporting criteria in order to measure its authenticity and potential for registration or certification. GHG removal or reduction relating to a carbon credit must be real, quantifiable and measurable using an industry-accepted methodology. Generally, to be certified or verified by industry standards, carbon projects and associated carbon credits must hold the following attributes (each as described further below): (1) Additionality; (2) Not Overestimated; (3) Permanent; (4) Exclusively Claimed; and (5) Not Associated with Significant Social or Environmental Harms.

Additionality

Additionality is the distinction of a project activity from its baseline scenario. GHG emission reductions are additional if they would not have occurred in the absence of a market for carbon credits. If the GHG reductions would have occurred in any event, without any prospect for project owners to sell carbon credits, then they are not additional. Examples of occurrences that preclude additionality include government laws and regulation, as well as profitability of carbon projects without the requirement of a revenue stream from carbon credits. Projects mandated by government regulations or conducted in the ordinary course of business are considered to be identical to baseline activities.[4] For an activity or project to be additional, the possibility to sell carbon credits must play a decisive role in the decision to implement it and be the primary reason for proceeding with the project.

Not Overestimated

A verified carbon project must not overestimate any of its GHG emissions data including by way of overestimating baseline emissions, underestimating actual emissions, leakage or forward crediting.

GHG reductions can be overestimated if a project's baseline emissions are overestimated. The baseline emissions are the reference against which GHG emission reductions are calculated and are closely tied to additionality. They are the emissions that would have occurred in the absence of demand for carbon credits or in the ordinary course of business.

GHG emission reductions can also be overestimated by underestimating actual GHG emissions. Many kinds of carbon reduction projects reduce but do not eliminate, GHG emissions. A project's GHG emission reductions are quantified by comparing the actual emissions that occur after the project is implemented to its predicted baseline emissions; however, this is subject to measurement error. In the same way that baseline emissions can be overestimated, actual emissions can be underestimated, with both contributing to an overestimation of GHG reductions.

Leakage, or the failure to account for the indirect effects of a project on GHG emissions outside of its boundaries is also a form of overestimation. To quantify GHG emission reductions, actual and baseline emissions are determined for carbon sources or sinks affected by a project. Forest preservation projects that avoid the emissions created by clearing one parcel of forest but result in shifting the production of timber through deforestation to other areas of land is an example of leakage.

Carbon credits may be issued for GHG reductions that a project developer expects to achieve in the future which is a process referred to as "forward crediting". Forward crediting can lead to an over-issuance of carbon credits if a project fails to perform as expected.

It is essential that project monitoring data be rigorously verified to prevent overestimation.

Permanent

Carbon credits must be associated with GHG emission reductions that are permanent or not capable of being reversed. A reversal would occur if GHGs are subsequently emitted such that no reduction occurred. In the forest carbon context, there is always a risk that a forest fire, insect infestation, or plant disease outbreak could cause the release of stored carbon and reverse the emission reductions for which a carbon credit was issued. The emission reductions relating to carbon credits must be permanent and enforceable such that the reduction or removal cannot be reversed once the carbon credit is issued.

[4] See: <https://ghgprotocol.org/standards/project-protocol#supporting-documents>.

Exclusively Claimed

Carbon credits must convey an exclusive claim to GHG reductions. Double counting, where two companies lay claim to the same GHG emission reduction, must be avoided. Related to this is the prevention of greenwashing. Greenwashing is a tactic where proponents provide misleading information, often for marketing purposes, about their GHG emission reduction efforts. Greenwashing may include engaging intentional double counting of carbon credits where proponents claim that two distinct carbon credits were generated from the same metric tonne of CO_2e.[5] Double counting can also be unintentional and can occur by way of double issuance, double use or double claiming.

Established carbon reduction programs, such as through the Carbon Credit Registries, are generally adept at avoiding these errors within their protocols and systems. As discussed above, the potential implementation of the concepts set out in Article 6 of the Paris Agreement are intended to address and prevent the issue of double counting.

Not Associated with Significant Social or Environmental Harms

For a carbon reduction project to produce high quality carbon credits, it should not contribute to social and environmental harms. For example, a project should demonstrate that it complies with all legal requirements in the jurisdiction where it is located. Avoiding social or environmental harms is distinct from providing Co-Benefits. Potential harms as well as Co-Benefits should be monitored and reported by project proponents. Carbon Credit Registries and other carbon reduction programs apply several different methodologies to ensure that projects are verified.

Validation and Verification Bodies (VVBs)

VVBs are regulated entities and must be first accredited under ISO 14065 and then accredited and approved by the applicable registry (such as Verra) under such registry's specific program standards (e.g., a VVB validating or verifying a Verra project must be approved by Verra).

VVBs are accredited to: (1) validate projects and verify GHG emission reductions and removals, and (2) assess methodologies under the methodology development and review process. VVBs are only eligible to carry out work for the sectoral scopes for validation and verification for which they hold accreditation. VVBs are eligible to provide validation and verification services under the VCS Program if they have signed the required agreement with Verra and are: (1) accredited under ISO 14065 for scope VCS by an accreditation body that is a member of the International Accreditation Forum; or (2) accredited under a VCS-approved GHG program.

A further overview of the VVB accreditation process for Verra can be found its website.

VVBs are selected for a project by the project proponents. For the Company's projects, Earthood Services Private Limited was selected as the VVB for the Rwanda Cookstoves Project, Carbon Check (India) Private Ltd. was selected as the VVB for the Vietnam Household Devices Project and EcoLance Private Limited has been selected as the VVB for the India ARR Project. Verra's website sets out the current accreditations

[5] *Securing Climate Benefit: A Guide to Using Carbon Offsets*, Broekhoff, D., Gillenwater, M., Colbert-Sangree, T. and Cage, P. Stockholm Environment Institute. November 13, 2019 at page 28.

held by each of Earthood Services Private Limited, Carbon Check (India) Private Ltd., and EcoLance Private Limited.

VVBs are required to pay annual accreditation fees to Verra and the project proponent pay services fees to the VVB for validation and/or verification services. Project proponents also pay annual fees to Verra for account maintenance and in connection with the issuance of carbon credits.

Lifecycle of Carbon Removal and Carbon Reduction Projects

Carbon removal and carbon reduction projects, together with associated carbon credits, follow a standard lifecycle encompassing the following steps (each as further described below): (1) Methodology Development; (2) Project Development, Validation and Registration; (3) Project Implementation, Monitoring Report Verification and Carbon Credit Issuances; (4) Carbon Credit Transfers; and (5) Carbon Credit Retirement.[6]

Methodology Development

GHG reductions must meet carbon reduction quality criteria before they can be certified for use as carbon credits. The methodology or protocol used must be specific to the type of reduction project generating the GHG reductions. Carbon Credit Registries have a library of approved methodologies covering a wide range of project types, but, although unusual, project developers may propose new methodologies. These specific methodologies set out the protocols and procedures to determine project boundaries, identify the baseline, assess additionality, monitor the relevant parameters, and ultimately how to quantify the GHG emission reductions or removals. As has been, or will likely be, the scenario relating to the Company's Vietnam Household Devices Project and the Rwanda Cookstoves Project, methodologies for types of carbon removal or reduction projects may change over time. Project proponents of existing impacted carbon projects may respond to market pressures and voluntarily elect, or be required by the Carbon Credit Registry to continue project operations, to adopted a revised project methodology during the life of such project. The adoption of new project methodologies may impact the project, including by increasing or decreasing the project's carbon credit generation profile and/or by positively or negatively affecting the market price of the carbon credits issued with respect to the project.

Project Development, Validation and Registration

Carbon reduction projects are registered with a carbon reduction program typically established by a Carbon Credit Registry. As part of the process to register a carbon reduction project with a Carbon Credit Registry, the project and project design document are reviewed by a VVB. The project design document or PDD is the central document that describes the project type, technology/carbon reduction method used in the project activity, the relevant project participants and project location(s). It defines the methodology used to calculate emission reductions, including the baseline, project boundary, leakages and monitoring plan. Upon the review by the Carbon Credit Registry of the project PDD and validation report prepared by a VVB the project may then be registered by a Carbon Credit Registry.

[6] See: <http://www.offsetguide.org/wp-content/uploads/2020/03/Carbon-Offset-Guide_3122020.pdf>.

Project Implementation, Monitoring Report Verification and Carbon Credit Issuances

Upon validation and registration and once a carbon reduction project is operational or implemented (such as after the distribution of cookstoves or water purifiers to participating households in the case of the Rwanda Cookstoves Project and Vietnam Household Devices Project), such project is monitored and the project proponent prepares reports which includes data is collected in accordance pursuant to the monitoring plan set out in the PDD to determine the quantity of GHG reductions generated by the project over a specific period of time. Such reports are then submitted to the VVB for verification prior to acceptance and the issuance of carbon credits by the Carbon Credit Registry. Verification by a VVB and entails confirming that project monitoring data was collected in accordance with a program's requirements, as well as reviewing calculations to confirm that the project's GHG reductions were estimated according to the approved methodology or protocol. Verification entails assessing the veracity of data provided by project developers. The verification process usually involves a site visit combined with auditing or sampling of selected data samples to confirm with reasonable assurance that the data are accurate. The length of time between verifications (or verification period) can vary but it is typically every six months or one year depending on the project type and methodology. As discussed above, the verification period for each of the Rwanda Cookstoves Project and Vietnam Household Devices Project is expected to be every six months over the life of the projects.

As set out in the report for the first verification report for the Vietnam Household Devices Project, the method and criteria use by the VVB for verification included:

- Desk review, involving:
  - Review of the data and information presented to verify their completeness.
  - Review of the monitoring plan and monitoring methodology, paying particular attention to the frequency of measurements, the quality of metering equipment including calibration requirements, and the quality assurance and quality control procedures.
  - Evaluation of data management and the quality assurance and quality control system in the context of their influence on the generation and reporting of emission reductions.

- Onsite visit and assessment involving:
  - Assessment of the implementation and operation of the proposed VCS grouped project activity as per the registered PDD.
  - Review of information flows for generating, aggregating and reporting the monitoring parameters.
  - Interview with relevant personnel to confirm that the operational and data collection procedures are implemented in accordance with the monitoring plan in the VCS.
  - A cross-check between information provided in the monitoring report and data from other sources such as inventories, purchase records, or similar data sources.
  - A check of the monitoring equipment including calibration performance and observations of monitoring practices against the requirements of the VCS and the selected methodology.
  - Review of calculations and assumptions made in determining the GHG data and emission reductions.

- Identification of quality control and quality assurance procedures in place to prevent or identify and correct any errors or omissions in the reported monitoring parameters.

Upon acceptance of the verification reports by a Carbon Credit Registry, such as Verra, and the registry then issues a number of carbon credits equal to the quantity of verified CO_2e GHG reductions. Carbon credits are generally deposited into the project developer's account in a registry system administered by the Carbon Credit Registry. Delivery of carbon credits generally occurs over an electronic registry that tracks transfers of the carbon credits and helps to ensure that no double counting of emission reductions occurs.

A significant deviation for the operations and/or performance of a project for a verification period from that set out in the PDD or project methodology may negatively impact the number of carbon credits issued with respect to a project for such verification period.

Carbon Credit Transfers

Once carbon credits are issued, they can be transferred into different accounts in a Carbon Credit Registry and are typically undertaken as a result of a purchase or trade. Carbon Credit Registries track and record the issuance and ownership of carbon credits. A serial number is assigned to each carbon credit. When a carbon credit is sold, the serial number for the reduction is transferred from the account of the seller to an account of the buyer. If the buyer retires the carbon credit or uses it as a reduction against its own emissions, then the registry will retire or cancel the serial number so that the carbon credit cannot be traded in the marketplace.

Compliance related carbon reduction instruments are traded on both private and public markets, including the European Climate Exchange, the NASDAQ OMX Commodities Europe exchange, and the European Energy Exchange. In respect of the Voluntary Carbon Market, in addition to the Carbon Credit Registries which facilitate the transfer of carbon credits, there are emerging exchanges, including those established and operated by Intercontinental Exchange, Inc. (ICE) and the CME Group Inc., and several others which the Company understands are in development but are not yet operational. To the Company's knowledge, the majority of carbon credit trading that currently occurs of carbon credits for the Voluntary Carbon Market occurs on an over-the-counter basis. Also see below the heading "*Overview of Carbon Credit Markets*".

Carbon Credit Retirement

Holders of carbon credits may retire carbon credits and claim them for their associated GHG reductions (or against their GHG emissions). Retirement occurs according to a process specified by each carbon reduction program's registry that documents the purpose and on whose behalf the retirement was made. Once a carbon credit is retired, it cannot be transferred or used and is effectively removed from circulation.

Carbon reduction projects are subject to numerous uncertainties over each of the stages of such project lifecycles, including those set forth under the heading "*Risk Factors – Risk Factors Relating to Carbon Removal and Reduction Projects*".

DIVIDENDS AND DISTRIBUTIONS

The Company has not, since its incorporation, declared or paid any dividends on Company Shares, and does not currently have a policy with respect to the payment of dividends. For the foreseeable future, we anticipate that we will not pay dividends but will retain future earnings and other cash resources for the operation and development of our business. The payment of dividends in the future will depend on our earnings, if any, our financial condition, and such other factors as our Board considers appropriate. There are no restrictions precluding the Company from paying dividends or making other distributions to its Shareholders.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of: (i) an unlimited number of Company Shares of which 109,235,486 Company Shares were issued and outstanding as of December 31, 2024 and 108,504,086 Company Shares are issued and outstanding as of the date of this AIF, and (ii) and an unlimited number of Preference Shares issuable in one or more series of which none have been issued as of the date hereof.

Preference Shares

Issuable in Series	The Preference Shares may at any time and from time to time be issued in one or more series, as determined by the Board.
Right to Vote	Except as otherwise required by law, the holders of the Preference Shares shall not be entitled as a class to receive notice of or to attend or to vote at any annual or general meeting of the shareholders of the Company.
Participation	In the event of a capital distribution, the Preference Shares will be entitled to a preference and priority over the Company Shares with respect to the distribution of assets of the Company and each series may be given such other preference over such classes of shares as determined by the Board. Where amounts payable on a capital distribution, or on the occurrence of any other event as a result of which the holders of the shares of all series of Preference Shares are then entitled to a return of capital, are not paid in full, the shares of all series of Preference Shares shall participate rateably in the return of capital in respect of the Preference Shares as a class in accordance with the amounts that would be payable on the return of capital if all amounts so payable were paid in full.

Company Shares

Each Company Share entitles its holder to notice of, and to one vote at, all meetings of shareholders. Each Company Share carries an entitlement to receive dividends if, as and when declared by the Board of the Company. In the event of the liquidation, dissolution or winding-up of the Company, the assets available for distribution to shareholders will be distributed rateably among the holders of Company Shares.

The Company implemented a normal course issuer bid in 2022 which was most recently renewed on June 21, 2024 (the "**NCIB**"), pursuant to which the Company may purchase over a period of 12 months starting June 21, 2024, and ending June 20, 2025, up to 7,571,314 Company Shares representing approximately

6.5% of the total 115,995,334 issued and outstanding Company Shares and 10% of the Company's public float as of June 17, 2024. On any given day during the NCIB, the Company may purchase up to 49,709 Company Shares which is equivalent to 25% of the average daily trading volume of 198,834 for the six months prior to the renewal of the NCIB, which excludes purchases made under the previous normal course issuer bid. Block trades for a greater number of Company Shares may be made once per calendar week.

Purchases under the NCIB will end on the earlier of: (i) June 20, 2025; or (ii) the date on which the Company has purchased the maximum number of Company Shares which may be acquired under the NCIB. The purchases made will be done in accordance with the rules of Cboe Canada, through the facilities of Cboe Canada or through alternative trading systems. The actual number of Company Shares which will be purchased, and the timing and price of such purchases will be determined by the Company in accordance with the Cboe Canada Listing Manual and guidelines. Company Shares purchased under the NCIB will be returned to treasury for cancellation. A total of 8,695,696 Company Shares were purchased and cancelled during the 2024 fiscal year.

Company Options

There are 10,308,666 Company Options issued and outstanding as of the date hereof, each exercisable for a Company Share at exercise prices ranging from $0.25 to 1.00 for exercise periods ranging up to four years. None of the Company Options provide the holders thereof with any voting rights, dividend rights, rights upon dissolution or winding up, or rights for redemption or retraction.

MARKET FOR SECURITIES

The Company is a reporting issuer in the Provinces of Ontario, British Columbia and Alberta. The Company Shares are listed and trade on Cboe Canada (formerly the NEO Exchange) under the symbol "BCBN" and the OTCQX Best Market under the symbol "BCBNF".

The following table sets forth the price range and trading volume of the Company Shares on Cboe Canada for each month of the Company's current and most recently completed financial year.

	High ($)	Low ($)	Volume (#)
2024			
January	0.56	0.42	1,556,400
February	0.53	0.455	1,500,065
March	0.53	0.46	1,826,113
April	0.50	0.42	5,124,425
May	0.50	0.45	3,019,751
June	0.50	0.46	3,326,442
July	0.495	0.435	2,375,046
August	0.495	0.455	2,679,888
September	0.49	0.435	5,984,662
October	0.475	0.395	5,234,441
November	0.48	0.435	3,229,576
December	0.46	0.385	3,540,729

2025			
January	0.46	0.40	1,766,040
February	0.425	0.37	1,377,648
March	0.425	0.35	2,463,833

Notes:

(1) Source: https://ca.finance.yahoo.com/quote/BCBN.NE/

PRIOR SALES

The following table sets out details regarding all unlisted securities issued by the Company during the most recently completed financial year.

Date Issued	Number and Type of Security Issued	Issue/ Exercise Price
April 17, 2024	2,197,500 Company Options	$0.50 (Exercise Price)
April 17, 2024	1,947,500 Company Options	$1.00 (Exercise Price)

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

There were no securities of the Company held, to the knowledge of the Company, in escrow or that were subject to a contractual restriction on transfer as at December 31, 2024.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Province or State, Country of Residence and Offices Held

The following table sets forth the name of each of our directors and executive officers, their province or state and country of residence, their position(s) with the Company, their principal occupation, number of securities of the Company owned and the date they first became a director of the Company as at the date of this AIF. The term of office of each director will expire at the next annual meeting of the Company, unless his office is earlier vacated.

Name and Residence	Position with Company	Principal Occupations for the Past Five Years	Officer/Director Since	Number of Securities of the Company Held (%)
Michael Costa *Saratoga County, New York, USA*	Chief Executive Officer and Director	Director of Almonty Industries Inc. (TSX: AII) (2018 to June 2023); Vice President and Portfolio Manager of Goodman & Company, Investment Counsel Inc. (Dundee Corporation) (2013- 2021)	Officer and Director of the Company since February 22, 2022 Officer of Base Carbon Corp since July 12, 2021	2,865,936 Company Shares (2.6%) 1,750,000 Company Options (3.9%)(7)
Wes Fulford *Toronto, Ontario, Canada*	President (Chief Financial Officer until May 18, 2023)	CEO and Portfolio Manager, Viridi Funds (Feb 2021-Jan 2023); Head of Corporate Development and Interim CFO, Abaxx (2021); CEO & Director, Bitfarms Ltd. (2018-2020); Director – Investment Banking, Desjardins (2014-2018)	Officer of the Company since February 22, 2022 Officer of Base Carbon Corp since November 11, 2021	2,752,253 Company Shares (2.5%) 1,500,000 Company Options (3.6%)(7)
Kwesi Marshall *St. James, Barbados*	Chief Financial Officer	Financial Controller of Caribbean Examinations Council (2019-2023); CFO of J&T Bank and Trust Inc. (2012-2019)	Officer of the Company and BCCPC since May 18, 2023	66,992 Company Shares (0.1%) 290,000 Company Options (0.3%)(7)
Andrew Fedak *Menlo Park, California, USA*	Chief Strategy Officer and Director	Founder and Chief Strategy Officer of Abaxx (since 2017)	Officer and Director of the Company since February 22, 2022	2,964,971 Company Shares (2.7%) 300,000 Company Options (2.7%)(7)
Ryan Hornby *Toronto, Ontario, Canada*	Chief Legal Officer and Corporate Secretary	Partner with Cassels Brock & Blackwell LLP (2020-2022); General Counsel, Bitfarms Ltd. (2019-2020); Partner and Associate, McCarthy Tétrault LLP (2010-2019)	Officer of the Company since February 22, 2022 Officer of Base Corp since January 1, 2022	863,246 Company Shares (0.8%) 1,100,000 Company Options (1.7%)(7)

Name and Residence	Position with Company	Principal Occupations for the Past Five Years	Officer/Director Since	Number of Securities of the Company Held (%)
Bruce Tozer(1)(3)(4) *Salisbury, Wiltshire, United Kingdom*	Director	Sr. Non-Executive Director of M.P. Evans PLC (present); Managing Director & Global Head, Environmental Market, J.P. Morgan (2005-2009); Managing Director & Global Head, Structured Trade, Commodity Finance and Risk Management, Global Head of Commodities and Project Finance, Rabobank (1996-2005)	Director of the Company since February 22, 2022	1,877,108 Company Shares (1.7%) 400,000 Company Options (1.9%)(7)
Margot Naudie(1)(3)(4)(5) *Toronto, Ontario, Canada*	Director	President of Elephant Capital Inc. (2017 – present); Co-Founder and Lead Independent Director of Abaxx (2018-Present); Director of NexGold Mining Corp. (formerly Treasury Metals Inc.) (2022-present); Director of CoTec Holdings (2022-present); Director of Amerigo Resources Ltd. (2021-present); Director of Osino Resources Corp. (2020-2024); Director of Polaris Renewable Energy (2020-2022); Director of BTU Metals Inc. (2019-2022)	Director of the Company since February 22, 2022	926,236 Company Shares (0.9%) 400,000 Company Options (1.1%)(7)

Name and Residence	Position with Company	Principal Occupations for the Past Five Years	Officer/Director Since	Number of Securities of the Company Held (%)
Catherine Flax(1)(2)(3)(4)(6) *Fort Lauderdale, Florida, USA*	Director	President of X Machina Capital Strategies (2021-present); Director, Abaxx (2020-Present); Managing Director & Head of Commodity Derivatives, F/X & Local Markets Americas, BNP Paribas (2013-2017); Chief Marketing Officer, J.P. Morgan (2011-2013)	Director of the Company since February 22, 2022	325,099 Company Shares (0.3%) 400,000 Company Options (0.6%)(7)

Notes:

(1) Independent Director.
(2) Lead Independent Director.
(3) Member of Audit Committee.
(4) Member of Compensation, Corporate Governance and Nominating Committee.
(5) Chairperson of Audit Committee.
(6) Chairperson of Compensation, Corporate Governance and Nominating Committee.
(7) Figure reflects the number of all Company Shares held by such individual plus the number of Company Shares issuable upon the exercise of all Company Options held by such individual as a percentage of the total Company Shares outstanding as of the date hereof plus the number of Company Shares issuable upon the exercise of all outstanding Company Options (assuming all Company Options were exercisable as of date hereof).

Shareholdings of Executive Officers and Directors

As of the date of this AIF, the directors and executive officers, as a group, beneficially own, control or direct, directly or indirectly, 12,641,841 Company Shares, representing approximately 11.7% of the currently issued and outstanding Company Shares and if all Company Options were to vest and be exercised, the directors and executive officers, as a group, would beneficially own, control or direct, directly or indirectly, 18,781,841 Company Shares, representing approximately 15.8% of the then issued and outstanding Company Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the directors or executive officers of the Company is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation, that was in effect for a period or more than 30 consecutive days (a "**Cease Trade Order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such issuer, or (b) was subject to a Cease Trade Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

None of the directors or executive officers of the Company, nor, to the knowledge of the Company, any shareholder holding a sufficient number of our securities to affect materially the control of the Company (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

None of the directors or executive officers of the Company, nor, to the knowledge of the Company, any shareholder holding a sufficient number of our securities to affect materially the control of the Company, has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Other than as set out under the heading "*Interests of Management and Others in Material Transactions",* there are no existing or potential material conflicts of interest between the Company or its subsidiaries and any of the directors or officers of the Company or a director or officer of its subsidiaries. However, certain of directors and officers are, or may become, directors or officers of other companies, with businesses which may conflict with the business of the Company. Accordingly, conflicts of interest may arise which could influence these individuals in evaluating possible acquisitions or in generally acting on behalf of the Company. Pursuant to the OBCA, directors are required to act honestly and in good faith with a view to the best interests of the Company. As required under the OBCA:

(a) A director or executive officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or executive officer of the Company, must promptly disclose the nature and extent of that conflict.

(b) A director who holds a disclosable interest (as that term is used in the OBCA) in a contract or transaction into which the Company has entered or proposes to enter may generally not vote on any directors' resolution to approve the contract or transaction.

In addition to the OBCA, the Company's corporate governance policies, including the Code of Business Conduct and Ethics, set out obligations and process to identify and report conflicts of interest.

A copy of the Code, along with copies of all corporate governance policies can be found on the Company's website at www.basecarbon.com.

Generally, as a matter of practice, directors or executive officers who have disclosed a material interest in any transaction or agreement that the Board is considering will not take part in any Board discussion respecting that contract or transaction. If on occasion such directors do participate in the discussions, they will abstain from voting on any matters relating to matters in which they have disclosed a material interest. In appropriate cases, a special committee of independent directors will be established to review a matter in which directors, or management, may have a conflict. See "*Risk Factors — Risk Factors Relating to the Company – Conflicts of Interest*".

AUDIT COMMITTEE DISCLOSURE

Audit Committee

Under National Instrument 52-110 – *Audit Committees* , the Company is required to include in this AIF the disclosure required under Form 52-110F1 with respect to the Audit Committee of the Board, including the composition of the Audit Committee, the text of the Audit Committee charter (attached to this AIF as Appendix "A"), and the fees paid to the Company's external auditor.

The Audit Committee assists the Board in fulfilling its responsibilities for oversight of financial and accounting matters. In addition to other functions, the Audit Committee reviews the financial reports and other financial information provided by the Company to regulatory authorities and its shareholders, reviews the Company's system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes and assists the Board in discharging its duties relating to risk assessment and risk management.

The Audit Committee has the authority to retain, at the Company's expense, independent legal, financial and other advisors to assist the Audit Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve any such advisors' fees and other retention terms without prior approval of the Board.

The members of the Audit Committee, each of whom is "independent" and "financially literate" within the meaning of NI 52-110, and a description of their education and relevant experience is set in the table below.

Name of Member	Education	Experience
Margot Naudie (Chairperson)	B.A, McGill University M.B.A, Western University – Ivey School of Business, CFA Designation	Ms. Naudie is a seasoned 25-year capital markets professional with expertise as Senior Portfolio Manager for North America and global natural resource portfolios. She has held senior roles at leading multi-billion-dollar asset management firms including TD Asset Management, Marret Asset Management Inc. and CPP Investment Board. Margot is an active and engaged independent director of public and private companies. Ms. Naudie holds an MBA from Ivey Business School, a BA from McGill University and is a Chartered Financial Analyst.

Name of Member	Education	Experience
Catherine Flax	B.Econ, Texas A&M University M.Econ, Brown University	Ms. Flax is President of X Machina Capital Strategies and previously served as Managing Director and Head of Commodity Derivatives, Foreign Exchange and Local Markets, Americas at BNP Paribas, and as Chief Marketing Officer for J.P. Morgan. Catherine has been a leader in the FinTech space, serving on the boards of many organizations such as Digital Asset Holdings, a market leading blockchain company, and the Securities Industry and Financial Markets Association (SIFMA). Prior to becoming CEO of Pefin, she was an advisor to the company in matters of marketing regulation, compliance, business development, strategy and international growth. She holds a bachelor's degree in Economics from Texas A&M University and a master's degree in Economics from Brown University.
Bruce Tozer	BSc, Newcastle University MSc, ESSEC Business School MBA, IMD Business School FCA Designation (UK)	Mr. Tozer previously held leadership roles in investment banking which include Managing Director and Global Head of Environmental Markets at JP Morgan, where he led the strategy and global build out of the business. He is the former Managing Director and Global Head of Structured Trade, Commodity Finance and Risk Management for Rabobank. He is currently on the Managing Board of Haygrove Ltd, a Non-Executive Director of M P Evans Plc, on the Advisory Board of Generation 10, and is a founding shareholder and board member of The Real Wild Estates Company which is a U.K.-based Natural Capital business. Mr. Tozer consults with, and advises, various family office and private equity companies on ESG and environmental markets (including with respect to commodities and agribusiness, the Voluntary Carbon Markets, developments of the Task Force on Scaling Voluntary Carbon Markets, the Paris Agreement and emerging natural capital markets.

External Auditor Service Fees

The aggregate fees billed to the Company by KPMG LLP and associated entities, the Company's external auditor, during each of the fiscal years ending December 31, 2023 and December 31, 2024 are as follows:

Financial Year Ended	Audit Fees(1)	Audit-Related Fees(4)	Other Fees(5)
December 31, 2023	$320,487(2)	$54,459	$1,034
December 31, 2024	$359,240(3)	$81,500	$2,227

Notes:

(1) Audit Fees are fees changed for audit services required to complete the audit of both the Company's and BCCPC's annual financials statements.

(2) $166,412 was related to the 2023 fiscal year audit and $154,076 was related to prior fiscal year audits.

(3) $191,000 was related to the 2024 fiscal year audit and $168,240 was related to the 2023 fiscal year audit.

(4) Audit-Related Fees are fees charged for assurance and related services reasonably related to the performance of an audit or review of quarterly financial statements and not included under "Audit Fees".

(5) Note that no Tax Fees were paid the KPMG and Other Fees includes other fees not otherwise captured by the Audit Fees and Audit-Related Fees and amount charged during 2024 relates to the Canadian Public Accountability Board fee equal to 1.22% of the 2022 audit fees and amount charged during 2023 relates to the Canadian Public Accountability Board fee equal to 1.22% of the 2021 audit fees.

PROMOTERS

Abaxx and Mr. Joshua Crumb, CEO of Abaxx, have previously been considered promoters of the Company through their initiatives in founding and organizing Base Corp. Given the Company's focus on principles of good governance, the Company has elected to include the following disclosure; however, the Company does not believe that either Mr. Crumb or Abaxx have been a promoter of the Company during the two most recently completed fiscal years or during the current fiscal year.

As of the date of this AIF, Abaxx holds in the aggregate 19,339,630 Company Shares representing 17.8% of the issued and outstanding Company Shares on a non-diluted basis.

During 2023, the Company paid US$307,855 to Abaxx for the sponsorship of carbon industry podcasts produced by Abaxx. In April 2023, the Company advanced an unsecured loan to Abaxx in the amount of US$553,773 ($750,000), with a maturity date of October 15, 2023, an initial annualized interest rate of 9%, compounded monthly, and an annualized interest rate of 15% on any outstanding balance owed subsequent to the maturity date. A royalty fee of US$160,457 pursuant to the Technology License and Royalty Agreement was owed to Abaxx for the 2023 fiscal year which offset amounts owed by Abaxx pursuant to the loan as of December 31, 2023. As of December 31, 2023, the outstanding loan balance owed by Abaxx to the Company was US$425,954, including US$32,637 in interest.

During 2024, the Company advanced an additional unsecured loan to Abaxx in the amount of US$1,000,000, with a maturity date of September 16, 2025, an initial annualized interest rate of 9%, compounded monthly, and an annualized interest of 15% on any outstanding balance owed subsequent to the maturity date. A royalty fee of US$705,996 pursuant to the Technology License and Royalty Agreement was owed to Abaxx for the 2024 fiscal year, of which US$112,036 offset amounts owed by Abaxx pursuant to the loans and the remaining US$593,959 was paid by the Company to Abaxx. An amount of US$378,000 was owed to Abaxx for marketing, promotional and consulting services was also offset against amounts owed by Abaxx pursuant to the loans during 2024. As at December 31, 2024, obligations under the initial loan to Abaxx had been fully repaid and satisfied and the outstanding balance owed by Abaxx to the Company pursuant to the second loan was US$914,274, including US$30,388 of interest.

In December 2024, the Company and Abaxx entered into a share purchase and sale agreement whereby the Company agreed to purchase such number of Company Shares owned by Abaxx equal to the aggregate purchase price of US$550,000 divided by the per share market value on closing which was expected to occur in January 2025. The purchase price was paid to Abaxx in advance of closing during December 2024 and subsequently returned to the Company in connection with the termination of transaction by Abaxx in January 2025.

See "*General Development of the Business – History"* for further details with respect to the Technology License and Royalty Agreement.

As of the date of this AIF, Mr. Crumb holds in the aggregate 2,189,058 Company Shares, representing 2.0% of the issued and outstanding Company Shares on a non-diluted basis, and 100,000 Company Options. If Mr. Crumb were to exercise all of his Company Options, together with his Company Shares, he would hold approximately 1.9% of the then issued and outstanding Company Share on a partially diluted basis. On May 23, 2022, the Board granted Mr. Crumb Board observer rights which may be rescinded by the Board. Mr. Crumb is invited to attend the majority of the meetings of the Board, with the exception of any meeting involving matters with respect to Abaxx. Mr. Crumb does not have the right to vote on matters of decision before the Board and has not been invited to participate in any committee meetings of the Board.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings or regulatory actions material to us to which we are a party, or to which we have been a party since our incorporation, or of which any property of the Company is or has been the subject matter of, and no such proceedings are known by us to be contemplated. There have been no penalties or sanctions imposed against us by a court relating to provincial or territorial securities legislation or by any securities regulatory authority, there have been no penalties or sanctions imposed by a court or regulatory body against us and we have not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with any securities regulatory authority since our incorporation.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Certain executive officers and members of the Board hold shares in, and/or are directors of, Abaxx. Abaxx is a principal shareholder of the Company and the Technology License and Royalty Agreement between the Company and a subsidiary of Abaxx is a material agreement to the Company. Details of the Technology License and Royalty Agreement are described under heading "*General Development of the Business – History*". See "*Risk Factors — Risk Factors Relating to the Company – Conflicts of Interest*".

Philip Hardwick, the Company's Chief Operating Officer until May 10, 2023, is the majority shareholder of HCBL which was a party to the Consulting and Origination Agreement, the term, of which, ended on June 30, 2024. Details of the Consulting and Origination Agreement are described under heading "*General Development of the Business – Carbon Removal and Carbon Reduction Projects and Business Developments – HCBL Transaction and Restructuring*". See "*Risk Factors — Risk Factors Relating to the Company – Conflicts of Interest*".

AUDITOR, TRANSFER AGENTS AND REGISTRARS

KPMG LLP acts as the Company's auditor and was appointed auditor of the Company as of February 22, 2022. The transfer agent and registrar for the Company Shares is Marrelli Trust Company Limited at its principal offices located in Vancouver, British Columbia. Marrelli Transfer Services Corp., 82 Richmond St. East, Toronto, Ontario, M5C 1P1, an agent of Marrelli Trust Company Limited.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, as of the date of this AIF the only material contracts which the Company has entered into are set out below. Copies of such agreements will be available under the Company's profile on SEDAR+ at www.sedarplus.ca. For further information on each of the Company's material contracts, see the section entitled "*General Development of the Business*", above.

- Technology License and Royalty Agreement; and
- Consulting and Origination Agreement

INTEREST OF EXPERTS

KPMG LLP has prepared an audit report on the audited consolidated financial statements of the Company as at December 31, 2024 and for the year then ended. KPMG LLP is independent of the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

RISK FACTORS

Before making an investment decision, prospective investors should carefully consider the information and risk factors described in this AIF and other public filings made by the Company and available under the Company's profile on SEDAR+ at www.sedarplus.ca. If any event related to or referenced in these risks and uncertainties occurs, the Company's business, operations, prospects, financial condition, results of operations or cash flows, or an investment in the Company Shares, could be materially adversely affected. The risks and uncertainties described below are not exhaustive. Additional risks and uncertainties of which the Company is currently unaware or that the Company currently deems to be immaterial could have a material adverse effect on the Company's business, operations, prospects, financial condition, results of operations or cash flows or an investment in the Company Shares. The Company cannot provide any assurances that it will successfully address any or all of these risks or uncertainties.

Risk Factors Relating to the Company

Loss of Entire Investment

An investment in the Company Shares is highly speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high-risk investments and who can afford to lose their entire investment should consider an investment in the Company.

No Assurance of Continued Revenue Generation or Profitability

Although the Company has generated revenue or earnings and due to the nature of its business and the evolving nature of the carbon markets, there can be no assurance that the Company will continue to generate revenue or be profitable. As such, the Company is subject to all of the business risks and uncertainties associated with starting a new business, including the risk that the Company will not achieve its financial or operational objectives as estimated by its management.

The success of the Company's activities will depend, among other things, on the effectiveness of the Company's strategy, management's ability to implement its strategy, the availability of opportunities removal and carbon reduction projects and commitments to reduce GHG emissions by corporations, organizations and individuals. In particular, the Company's future growth and prospects will depend on its ability to expand its portfolio of investments on an accretive basis while at the same time maintaining effective cost controls. There is no certainty that the Company will successfully make accretive investments in carbon reduction projects which generate sustainable revenue or profit for the Company or profitable acquisitions of other interests. Any failure by the Company to expand on an accretive basis is likely to have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

The Company has sought and will continue to seek to develop projects that generate carbon credits and invest in carbon reduction projects and businesses or investments related to carbon credits. In pursuit of such opportunities, the Company may fail to identify or select appropriate investment targets, or negotiate acceptable arrangements, including arrangements to finance the investments. The Company may be unable to identify or select appropriate investment targets in the numbers or at the pace it currently expects for a variety of reasons, including, among other things, the following: (i) the demand for carbon credits failing to develop sufficiently or taking longer than expected to develop; (ii) issues related to identifying, engaging, contracting with, compensating or maintaining relationships with developers or owners of projects; (iii) issues related to the development, permitting or governmental approvals required for projects; (iv) issues related to sourcing or acquisition of goods/services or infrastructure required for carbon reduction projects; (v) issues related to the validation and registration of carbon reduction projects or verification of carbon credits; (vi) adverse changes in policy or laws with respect to carbon credits; (vii) other government or regulatory actions that could impact the Company's business model; or (viii) competition for the projects the Company wishes to invest in.

Concentration Risk

The business of the Company is to invest in carbon reduction projects, and businesses or investments related to carbon credits. Given the concentration of the Company's exposure to carbon credits and carbon credits, the Company's business, operations, prospects, financial condition, results of operations and cash flows will be susceptible to adverse economic, political, regulatory, social and other occurrences affecting carbon credits and carbon markets.

Dependence Upon Key Personnel

The Company is dependent upon the continued availability and commitment of its management and other key employee personnel and consultants, whose contributions to current and future operations of the Company are of significant importance. The loss of any such personnel could negatively affect the Company's business and operations. From time to time, the Company will also need to identify and retain additional skilled management and specialized personnel to efficiently operate its business. The number of persons experienced in carbon markets, the origination and development of carbon reduction projects and management of carbon credits is limited, and competition for such persons can be intense. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance that the Company will successfully attract, train and retain such personnel. If the Company is not successful in attracting, training and retaining qualified personnel, the Company's ability to execute its business model and growth strategy could be adversely affected, which could have a material adverse impact on its results of operations, financial condition, cash flows and prospects.

Joint Ventures and other Partnerships

The Company may enter into joint ventures or partnership arrangements with other parties in relation to its operations. Joint ventures can often require unanimous approval of the parties to the joint venture or their representatives for certain fundamental decisions such as an increase or reduction of capital, merger, division, dissolution, amendment of constating documents, and the pledge of joint venture assets, which means that each joint venture party may have a veto right or similar power with respect to such decisions, which could lead to a deadlock in the operations of the joint venture and negatively impact or limit the Company's business, operations or financial position. Further, the Company may be unable to exert control over strategic decisions pursuant to such joint venture arrangements. Any failure of such other joint venture parties to meet their obligations to the Company or to third parties, any disputes with respect to the parties' respective rights and obligations, or any unilateral withdrawal by a joint venture party from a joint venture could have a material adverse effect on the joint ventures or their properties and therefore could have a material adverse effect on the Company's results of operations, financial condition, cash flows and prospects and the price of the Company Shares.

Foreign Operation and Political Risk

Similar to the Rwanda Cookstoves Project, the Vietnam Household Devices Project, and the India ARR Project, the Company anticipates that most of its carbon reduction projects will be located in foreign jurisdictions outside of North America, the United Kingdom and the European Union. The Company's investments may be focused in a particular country, countries, or region and therefore may be susceptible to adverse market, political, regulatory, and geographic events affecting that country, countries or region.

Risks the Company may face with respect to any country where current or future assets of the Company may be located, include unforeseen government actions, acts of god, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits and contracts, changes in taxation policies, restrictions on foreign exchange and repatriation, and changing political conditions, currency controls, export controls, and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or particular party.

A government with jurisdiction over a carbon reduction project may determine it is in the best interest of such jurisdiction to apply taxation policies which may negatively impact the Company or prohibit the exportation of carbon credits from such jurisdictions.

All or any of these risks, or the perception thereof, could impede the Company's activities, result in the impairment or loss of part or all of the Company's interest in an investment, or otherwise have an adverse impact on the Company's business, operations, results of operations, financial condition, cash flows and prospects and the price of the Company Shares.

Notwithstanding the potential social and environmental benefits, there can be no assurance that government and public support for carbon reduction projects will continue in these jurisdictions. Should government support for such projects diminish, measures that are currently foreseeable or unforeseeable could be undertaken to directly or indirectly materially adversely effect the results of the projects, including the social and environmental benefits and the carbon credits generated by the projects. Such measures could include but are not limited to negative governmental publicity as to the projects, restriction of the Company's and/or the applicable Carbon Credit Registry's ability to monitor and measure project outcomes and the imposition of local taxation, penalties or duties on the import, manufacture or use of the cookstoves or water purifiers distributed as a part of the projects.

Market Events and General Economic Conditions May Adversely Affect our Business, Industry and Profitability

Adverse events in global financial markets can have profound impacts on the global economy. Many industries and markets, including the carbon markets, are impacted by these market conditions. Some of the key impacts of financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and carbon markets and a lack of market liquidity.

A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, tariffs, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect our growth and valuation. Specifically, a global credit / liquidity crisis could impact the cost and availability of financing and our overall liquidity; the volatility of carbon credit prices would impact our revenues, profits, losses, cash flow and the value of our carbon credit holdings; and continued recessionary pressures could adversely impact demand for carbon credits and related businesses. These factors could have a material adverse effect on our financial condition and operating results.

Geopolitical Tensions and Uncertainty

Geopolitical uncertainty and a fracturing global economy due to, among other thing, the policies of the a new U.S. political administration and use of unpredictable executive orders, recent significant increase of global trade tariffs, growing U.S.-China tensions, the continuing war in Ukraine (as further described below), and ongoing conflicts in the Middle East, could add complexity to the geopolitical environment and pose fresh threats to the global economy. We operate an industry connected to international treaties and conventions in various geographies and our business and operations are susceptible to regional and global economic, geopolitical and regulatory changes. Geopolitical risk may lead to increased volatility in the global markets, difficulty in conducting business in certain geographies, and an increased threat of targeted cyber-attacks. The most recent actions between the U.S. and Canada and the possibility of a drawn-out trade war with tariffs in place for an extended period of time may cause severe disruption to the Canadian and U.S. economies, impacting markets, GDP growth, foreign exchange rates, inflation, employment and potential social unrest, which may have an adverse effect on the Company's Canadian and U.S. business, operating results, financial condition, cash flows, prospects and the price of the Company Shares.

The long-term consequences of the conflict in Ukraine are largely unknown at this time. The Company does not have any direct dealings with, or interest in, persons or assets in either Ukraine or Russia, but the conflict, together with other increased global geopolitical tension, may for example cause current participants in the Voluntary Carbon Market to cease participation and shift their focus to core business activities and away from carbon reduction initiatives. This may also impact the price of carbon credits and the business of the Company.

Ability to Raise Additional Capital

Execution of the Company's business plans may require additional capital investment in the future. If such need arises, the Company may need to seek funding from third parties, through sources such as the sale of equity or debt securities or credit arrangements, if internally generated cash resources are insufficient to finance the Company's ongoing and capital expenditures. There is no assurance that any such funds will be available on commercially acceptable terms, or at all. At present, the Company is not able to determine what amounts of additional funds, if any, may be available. Any debt financing or credit arrangements, if available, may involve financial or other covenants which may limit the Company's operations and principal amounts under any debt financing or credit arrangements entered into by the Company may become immediately due and payable if the Company fails to meet certain covenants. Additional funds raised through issuance of equity financing may be dilutive to shareholders. In the event that the Company is unable to obtain adequate additional financing on commercially acceptable terms, or at all, to satisfy its operating, development and expansion plans, its business, results of operations, financial condition and prospects may be materially adversely affected.

Foreign Exchange Rates

The Company currently pays certain operating expenses and has its Company Shares listed on an exchange in Canadian currency. Although the Company's functional currency is U.S. dollars, fluctuation in the U.S. currency exchange rate relative to Canadian currency could negatively impact the value of the Company Shares. Because exchange rate fluctuations are beyond our control, there can be no assurance that such fluctuations will not have an adverse effect on the Company's operations or the share price.

No Assurance of Executing Additional Carbon Removal or Reduction Projects

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

Due Diligence

The due diligence process undertaken by the Company in connection with acquisitions or investments that it undertakes or wishes to undertake may not reveal all relevant facts in connection with an acquisition or investment. Before making any decision, the Company will conduct, or have independent consultants conduct, due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each acquisition or investment. When conducting due diligence investigations, the Company may be required to evaluate important and complex business, environmental, financial, tax, accounting, regulatory, technical and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of acquisition or investment. Nevertheless, when conducting due diligence investigations and making an assessment regarding an acquisition or investment arrangement, the Company relies on resources available, including information provided by the target of the acquisition or investment, any other parties to the arrangement and, in some circumstances, third party investigations. The due diligence investigations that are carried out with respect to any opportunity may not reveal or highlight all relevant facts, including the risks and costs, inherent in the opportunity, which could adversely affect the Company's business, results of operations, financial condition, cash flows or prospects.

Conflicts of Interest

Certain directors are directors of a related party to company, Abaxx, and directors and officers are directors and/or officers of other companies in the Voluntary Carbon Market space and as such may, in certain circumstances, have other interests which conflict with the Company's interests. Should a conflict of interest arise, it will be subject to and governed by procedures prescribed by applicable securities laws, the Company's governance policies and the Company's governing corporate law statute, which requires a director or officer of a corporation who, is a party to a material contract or transaction or proposed material contract or transaction with the corporation, or is a director or an officer of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the corporation, to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract or transaction unless otherwise permitted under such legislation.

Failure to Maintain Listing

The Company Shares are listed on Cboe Canada. The Company must meet continuing listing standards to maintain the listing of the Company Shares on Cboe Canada. In the event that the Company fails to comply with such listing standards and Cboe Canada delists the Company Shares, the Company and its shareholders could face significant material adverse consequences, including, but not limited to: (i) reputational damage to Company, (ii) a limited availability of market quotations for the Company Shares, (iii) reduced liquidity for the Company Shares, (iv) a limited amount of, or negative, news and analyst coverage of the Company, and (v) a decrease in the Company's ability to issue additional equity securities or obtain additional equity or debt financing in the future. As a public company, the Company is subject to evolving corporate governance and public disclosure requirements under applicable laws, which may from time to time increase both the Company's compliance costs and the risk of non-compliance, all of which could have an adverse effect on the Company.

Internal Controls Re: Financial Reporting and Preventing Fraud

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company undertakes a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations, or cause it to fail to meet its reporting obligations. If the Company or its independent auditors discover a material weakness in its internal control over financial reporting, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and adversely affect the trading price of the Company Shares.

Changes in Accounting Standards and Interpretations

IFRS accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to the Company's business, including revenue recognition, fair value estimation of the carbon reduction projects and royalty agreements, impairment of goodwill and intangible assets, inventory and income taxes, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change the Company's reported financial performance or financial condition in accordance with generally accepted accounting principles. Further, the Company's implementation of and compliance with changes in accounting rules, including new accounting rules and interpretations, could adversely affect the Company's reported financial position or operating results or cause unanticipated fluctuations in its reported operating results in future periods.

Given the Voluntary Carbon Market is continuously evolving, the relative novelty of the business of the Company and that industry accounting treatment, standards and the interpretation thereof has not yet been standardized, the Company's current accounting treatment is more likely to be subject to change than that of other companies in other industries.

Operating/Tax Structure Risk

The Company's operating structure consists of subsidiaries in Barbados and the U.S., which are subject to distinct and evolving tax regimes, such as the application of the "global minimum tax" initiative of the Organization for Economic Co-operation and Development (OECD). This international structure presents inherent tax risks that could materially and adversely affect our financial condition and results of operations.

Specifically, changes in tax laws or interpretations of interpretation thereof, in Canada, the United States or Barbados, could adversely affect BCCPC's tax treatment in relation to "foreign accrual property income". This includes the potential reclassification of income, which may result in unexpected tax liabilities or affect the repatriation of earnings. Additionally, the complexity and evolving nature of tax regulations require continuous monitoring to ensure compliance and to mitigate the risk of non-compliance penalties.

Anti-Corruption and Bribery Laws

Our operations are governed by, and involve interactions with, various levels of government in foreign countries. Pursuant to contractual obligations or otherwise, we may be required to comply with anti-corruption and anti-bribery laws, including the *Corruption of Foreign Public Officials Act* (Canada), the *Foreign Corrupt Practices Act* (United States), the *Bribery Act* 2010 (United Kingdom) and similar laws in other countries where our carbon reduction projects are located. These laws generally prohibit companies and company employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business.

In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment of companies violating anti-corruption and anti-bribery laws. A company may be found liable for violations by not only its employees, but also by its contractors and third-party agents. Our internal procedures and programs may not always be effective in ensuring that we, our employees, contractors or third-party agents will comply strictly with all such applicable laws. If the Company becomes subject to an enforcement action or the Company is found to be in violation of such laws, this may have a material adverse effect on the Company's reputation and may possibly result in significant penalties or sanctions, and may have a material adverse effect on the Company's cash flows, financial condition, results of operations or prospects.

Ownership of Company Shares

A significant portion of the Company's issued and outstanding Company Shares is held by its existing executive officers, directors and holders of 5% or more of our outstanding Company Shares, whose interests may differ from those of other shareholders. For example, these shareholders may support proposals and actions with which other shareholders may disagree or which are not in the interest of other shareholders or which adversely impact the value of the shareholdings of such other shareholders. These shareholders may be able to exercise a significant level of control over matters requiring shareholder approval, including the election of directors, amendment of the Company's articles and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control in the Company or changes in management and could also make the approval of certain transactions difficult or impossible without the support of these shareholders, which in turn could reduce the price of the Company Shares.

Market for Securities

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. The public market for the Company Shares will be subject to market trends generally, notwithstanding any potential success of the Company in generating revenues, cash flows or earnings. The value of the Company Shares will be affected by such volatility. The activity of the public market for the Company Shares may decline, limiting the liquidity of a shareholder's investment and the share price.

The Company does not Intend to Pay Dividends

The Company has not, since the date of its incorporation, declared or paid any dividends or other distributions on the Company Shares. The Company anticipates that, for the foreseeable future, it will retain its cash resources for the operation and development of its business. The declaration and payment of any dividends in the future is at the discretion of the Board and will depend on numerous factors, including compliance with applicable laws, financial performance, working capital requirements of the Company and such other factors as its directors consider appropriate, and the Company may never pay dividends.

Litigation

The Company may be subject to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. The Company will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with applicable generally accepted accounting principles. The results of these legal and regulatory proceedings cannot be predicted with certainty due to the uncertainty inherent in regulatory actions and litigation, the difficulty of predicting decisions of regulators, judges and juries and the possibility that decisions may be reversed on appeal. Defense and settlement costs of legal disputes can be substantial, even with claims that have no merit. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes. However, if the Company is subject to legal or regulatory proceedings, there can be no assurances that these matters will not have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Reputational Risks

The Company's business, operations or financial condition may be negatively impacted because of any negative public opinion towards the Company or as a result of any negative sentiment toward, or in respect of, the Company's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Company operates as well as their opposition to certain carbon reduction or other projects.

Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licences and increased costs and/or cost overruns. The Company's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the Voluntary Carbon Market, over which the Company has no control. In particular, the Company's reputation could be impacted by negative publicity related to environmental damage, loss of life, injury or damage to property caused by the Company's operations or due to opposition from special interest groups. In addition, if the Company develops a reputation of having an unsafe work site, it may impact the ability of the Company to attract and retain the necessary skilled employees and consultants to operate its business.

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard the Company's reputation. Damage to the Company's reputation could result in negative investor sentiment towards the Company, which may result in limiting the Company's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Company Shares.

Force Majeure Events

The Company's operations and information systems may be vulnerable to substantial loss or damage as a result of certain disruptions, including natural disasters, national emergencies, acts of war, acts of terrorism, technological attacks, domestic and global trade disruptions, infrastructure disruptions, civil disobedience or unrest, and the outbreak of disease (such as COVID-19) or similar events, any of which may have a material adverse effect on the Company's reputation, business, financial condition, results of operations and prospects.

Insurance Coverage

The Company requires insurance coverage for a number of risks, including business interruption, environmental matters and contamination, personal injury, property damage, other civil and regulatory claims. Although the Company believes that the events and amounts of liability covered by its insurance policies will be reasonable, taking into account the risks relevant to its business, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects could be adversely affected.

The Company will endeavour to maintain insurance at levels that it believes are reasonable and that are typical for its industry's insurance coverage. However, in light of the novelty of the carbon credit industry, the Company cannot give any assurances that its insurance coverage is adequate for any given risk or liability, that such insurance will continue to be available on commercially reasonable terms or at all, that all events that could give rise to a loss or liability are insured or reasonably insurable or that its insurers would be capable of honouring their commitments if an unusually high number of claims were made against their policies. Certain losses, including certain environmental liabilities and business interruption losses, are not covered by insurance. If the Company incurs losses not covered or not fully covered by its insurance policies, such losses may adversely affect its business, results of operations, financial condition and prospects.

Competition

There are many organizations, companies, non-profits, governments, asset managers and individuals that are participants in global carbon markets and current market trends place a premium on high-quality carbon credits with recognizable attributes and the projects they are tied to resulting in resulting in demand and competition to acquire a participating interest in such carbon credits or the associated project. Accordingly, there can be no assurance that we will be able to compete successfully against other companies in building a portfolio of high-quality carbon credits and carbon credit related businesses. The Company's potential inability to acquire carbon projects or sell carbon credits may adversely affect its business, results of operations, financial condition and prospects.

Breach of Confidentiality

During the ordinary course of discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the Company's business, operations or affairs. Although the Company requires that non-disclosure agreements are signed by third parties prior to the disclosure of confidential information, a breach could put the Company at competitive risk and may cause significant damage to the Company's business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to the Company's business, reputation or share price that such a breach of confidentiality may cause.

Cyber Security Threats and Data Risks

The Company's reliance on information technology systems may make it vulnerable to a variety of cyber security threats, such as cyber-attacks, security breaches, computer viruses, and other disruptions, including natural disasters or defects in system design. These threats can lead to data corruption, loss of critical or sensitive information, operational interruptions, and financial setbacks. Given the unpredictable nature of these risks, timely maintenance, upgrades, and pre-emptive measures are essential to safeguard the Company's systems and protect against potential disruptions. Data risk encompasses the potential dangers associated with the inadequate or improper use, management, or protection of the Company's data assets, which could negatively impact operations, strategic goals, reputation, and financial results. This includes the possibility of financial losses, legal proceedings, and operational disruptions. Inadequate risk management regarding cyber security and data could result in significant operational errors, compliance failures, business disruption, and may adversely affect its business, results of operations, financial condition, reputation and prospects.

Risk Factors Relating to Carbon Credits and the Voluntary Carbon Market

Evolving Carbon Market

The carbon market is as rapidly evolving market where technologies are in early stages of adoption. Accordingly, the Company's business and future prospects may be difficult to evaluate. The challenges, risks and uncertainties frequently encountered by companies in rapidly evolving markets could impact the Company's ability to do the following:

- generate sufficient revenue to achieve and maintain profitability;
- acquire and maintain market share;
- achieve or manage growth in operations;
- develop and renew contracts;
- attract and retain highly-qualified personnel;
- adapt to new or changing policies, laws and regulations and spending priorities of governments and government agencies; and
- access additional capital if required and on reasonable terms.

If the Company fails to address these and other challenges, risks and uncertainties successfully, its business, results of operations, financial condition, cash flows and prospects would be materially adversely effected.

Carbon Trading may Become Obsolete

Carbon trading is regulated by specific jurisdictions pursuant to regional legislation or can be voluntary. When regulated (e.g. in the European Union and in the Western Climate Initiative jurisdictions), governments compel emitters to reduce their GHG emissions through technological improvements or through the purchase of carbon credits. New legislation that no longer require a reduction of GHG emissions may arise in certain jurisdictions or advances of technology that replace the need for carbon credits that may render the Company's business plan and knowledge with respect to carbon credits obsolete. With respect to the voluntary trade of carbon credits, there is a significant risk that certain voluntary purchasers of carbon credits may elect to cease the purchase of carbon credits for various reasons, including because of changing economic, political or other conditions that cannot be controlled by the management of the Company or advances of technology that replace the need for carbon credits. Broader market trends in the Voluntary Carbon Markets may effect the Company's business, results of operations, financial condition, cash flows and prospects.

Global Policy Developments

The Company is subject to changing and future global policy developments over which it has no control. Carbon markets are developing and are subject to developing global policy. There is uncertainty regarding impact of global policy developments, including resolution of Article 6 of the Paris Agreement and the role of internationally transferred mitigation outcomes and any developments arising from other United Nations Climate Change Conferences. Future global policy development may positively or adversely affect the Company and its business and prospects. Also see the risk factor above "*Geopolitical Tension and Uncertainty*".

Eligibility in Emission Trading Schemes and Industry Specific Programs, including CORSIA

Many ETS programs, including industry specific programs such as CORSIA, are in the early stages of development and there is no guarantee that these programs will continue. Additionally, the eligibility requirements for carbon credits or projects to be included in ETSs, such as CORSIA, are generally associated with the attributes of such carbon credits or project. The eligibility requirements are continuously evolving and may limit participation to carbon credits issued by, or projects registered with, specific Carbon Credit Registries and/or specific project methodologies, other attributes linked to Co-Benefits or compliance the Paris Agreement (Article 6) or additional industry standards.

The Company anticipates that carbon credits from its Rwanda Cookstoves Project will be CORSIA-eligible once the project implements Verra's updated cookstove methodology VM0050. However, there is no guarantee that the Company's carbon credits will be eligible or remain eligible for CORSIA after 2026 when the program enters phase 2 and there is no guarantee that the increase in demand or carbon credit price will materialize, which could result in a material and adverse effect on our profitability, results of operation and financial condition.

Lack of Liquidity and High Volatility of Voluntary Carbon Markets

Carbon markets, particularly the Voluntary Carbon Markets, are still evolving and there are no assurances that the carbon credits generated by the Company's investments will find a market. The carbon credit markets, particularly the Voluntary Carbon Markets, have experienced a high level of price and volume volatility. There is, or there may be in the future, a lack of liquidity for the sale of carbon credits. We may not be able to sell the volume of carbon credits we desire in a timely manner or at an attractive price. The pool of potential purchasers is limited, and each transaction may require the negotiation of specific provisions. Accordingly, a sale may take several months or longer to complete. The inability to sell on a timely basis in sufficient quantities could have a material adverse effect on the Company's business, results of operations, financial condition, cash flows and prospects.

Fluctuating Price of Carbon Credits

There is no single market price for carbon credits and there is a significant range of price for carbon credits associated with different attributes of the carbon credits. Generally carbon credit pricing is also subject global macro environmental factors and are thus beyond the Company's control. These factors could include legislative and regulatory changes and general economic, political or regulatory conditions, including the level of commitment to the goals of the Paris Agreement by both governments and corporations and other private and public initiatives aimed at reducing GHG emissions. Changes in government priorities as a result of change of government administration, government deficits or as a result of changes in the prevailing views concerning the impact of GHGs on climate change could adversely affect the demand for carbon credits and thereby their price. Interpretation and enforcement of environmental legislation will vary by country and is subject to sudden change.

On a macro market basis, demand for, and the market price of, carbon credits can also be adversely affected by many additional factors, including the implementation of lower emission infrastructure, an increase in the number of projects generating carbon credits, invention of new technology that assists in the avoidance, reduction or sequestration of emissions, increased use of alternative fuels, a decrease in the price of conventional fossil fuels, increased use of renewable energy, and the implementation and operation of carbon pricing initiatives such as carbon taxes and ETS.

On a micro market basis, the price for a carbon credit varies according to not only the market on which it is traded, but also according to its type, location, vintage, accreditation and additional social and environmental attributes. It is likely that the market price for the Company's carbon credits will be subject to the broader market trends in the Voluntary Carbon Markets and to the particular attributes of such carbon credits, including Co-Benefits, Article 6 Authorized label and eligibility for CORSIA and other ETSs.

Carbon Pricing Initiatives are Based on Scientific Principles that are Subject to Debate

Carbon pricing initiatives, such as ETSs and carbon taxes, and carbon credits have arisen primarily due to relative international and scientific consensus with respect to scientific evidence indicating a correlative relationship between the rise in global temperatures and extreme weather events, on the one hand, and the rise in GHG emissions in the atmosphere, on the other hand. Failure to maintain international consensus, may negatively affect the value of carbon credits.

There is no assurance that carbon markets will continue to exist. New technologies may arise that may diminish or eliminate the need for carbon markets. Ultimately, the price of carbon credits is determined by the cost of actually reducing emissions levels. If the price of credits becomes too high, it will be more economical for companies to develop or invest in lower emission technologies, thereby suppressing the demand and adversely affecting the price.

Regulatory risk related to changes in regulation and enforcement of ETSs can adversely affect market behavior. If fines or other penalties for non-compliance are not enforced, incentives to purchase carbon credits will deteriorate, which can result in a fall in the price of carbon credits and materially adversely effect the Company's business, results of operations, financial condition, cash flows and prospects.

Carbon Credit Generation may be Impacted by Legislation, Regulations and/or Direct Government Intervention from Project Host Countries

The issuance and/or delivery of carbon credits expected to be generated by the Company's projects may be impacted by the implementation of any national or international laws, treaties or regulations by governmental entities and/or any adverse changes to existing governmental policies with respect to carbon credits (including, without limitation, any changes to NDCs under the Paris Agreement or any other national or international initiatives). The regulatory environment for carbon credits is in a state of continuing change, and new laws, regulations and requirements may be implemented and retroactive in their effect.

As countries develop their plans to meet their Paris Agreement commitments (including NDCs), new legislation and regulations may be implemented as a result, and if countries in which a project are located adopt such measures, there is a risk that any such changes may impact the projects in which the Company has an interest.

For example, in order meet the applicable project host country's NDC under the Paris Agreement, and although there are numerous means and initiatives to achieve a targeted NDC, the project host country may regulate or prevent the monitoring, validation and verification activities or other required operational activities of carbon credit projects located in its jurisdiction to prevent the issuance of carbon credits by Carbon Credit Registries in order to claim carbon reductions as part of its NDCs.

Any of the foregoing matters or occurrences could have a material adverse effect on the volume of carbon credits which a project can generate and/or deliver to the Company and could result in a material and adverse effect on our profitability, results of operation and financial condition.

The Implementation of Article 6 of the Paris Agreement may result in Project Host Countries claiming Carbon Credits against Nationally Determined Contribution

Although strictly speaking not required for the sale of carbon credits to a corporate purchaser with "net zero pledges", the Voluntary Carbon Market continues to evolve quickly and it is reasonable to conclude that eventually the majority, or possibly all, purchasers in the Voluntary Carbon Market will require that carbon credits follow Article 6 and are designated as being "correspondingly adjusted" or as internationally transferred mitigation outcomes to avoid double counting.

The impact of the internationally transferred mitigation outcomes and corresponding adjustment mechanisms on individual projects will depend on the details of how the mechanisms are implemented by the applicable project host country. The implementation may involve the applicable project host country requesting a portion of the carbon credits generated by a project be counted towards it's NDC before granting internationally transferred mitigation outcomes or a "corresponding adjustment" to the remaining carbon credits which are then transferred to the purchaser. This would result in fewer carbon credits from a carbon project being available for sale; however, such carbon credits that are internationally transferred mitigation outcomes or have received a "corresponding adjustment" may attract a higher market price in the Voluntary Carbon Market.

U.S. Policy Changes Regarding Climate Agreements

The U.S., a significant contributor to GHG emissions and a former key player in international climate policy, is in the process of withdrawing from the Paris Agreement. Such action by the U.S. government may have the potential to reverse existing U.S. federal climate regulations, cause withdrawal from or weak participation in carbon markets, reduce U.S. federal funding or support for climate-related technologies or projects, change tax incentives or subsidies related to carbon reduction technologies, cause adverse changes to state climate policy due to federal influence. These changes could reduce the demand for carbon credits, create uncertainty in carbon markets, diminish investor confidence in the carbon markets, and without mitigation may adversely affect the Company's business.

Risk Factors Relating to Carbon Removal and Reduction Projects

Carbon Reduction Project Types May Change Over Time

The general market and scientifically accepted types of carbon removal and reduction projects, including those which may be registered and/or verified by Carbon Credit Registries, have changed, and will likely change over time. For example, there has been a recent trend in the Voluntary Carbon Markets of shifting from projects that reduce or avoid GHG emissions to projects that remove GHG emissions from the atmosphere. The Company's current project types may become less generally accepted in the future.

Methodologies Relating to Future Carbon Reduction Projects May Change Over Time

Methodologies with respect to the validation, registration and verification of carbon reduction projects may change overtime. As a result, it is possible that the number of carbon credits produced by a certain type of carbon reduction project in the future may be more or less than a similar carbon reduction project currently producing carbon credits. A change of methodology for a certain type of carbon reduction project may also impact the market value of carbon credits being produced by a similar type of project. Any actual or proposed changes to international carbon standards or validation, registration or verification requirements and/or the implementation of any national or international laws, treaties or regulations by governmental entities and/or any adverse changes to existing governmental policies with respect to carbon credits (including, without limitation, any changes to NDCs under the Paris Agreement or any other national or international initiatives) may materially adversely effect the Company's business, cash flows, results of operations, financial condition and prospects.

Existing Methodologies Relating to Existing Carbon Reduction Projects May Change Over Time

Methodologies currently applied to carbon reduction projects may be subject to revisions undertaken by Carbon Credit Registries such as Verra. As a result, it is possible that an existing project may be required to adopt the revised methodology at their next project crediting period renewal, which could include a downward revision as it relates to carbon credit generation. Revisions by Carbon Credit Registries are sometimes triggered by concerns voiced by stakeholders (e.g., the scientific community). These revisions may lead to lower carbon credit estimates under the revised methodology, a loss in credibility and/or trust in the Carbon Credit Registry which may, in turn, cause reputational risk to project developers and associated parties.

Concerns regarding existing methodologies may impact project credibility and the market value of such carbon credits. Whether or not a project is required to adopt changes to methodology, a project proponent may be voluntarily compelled to adopt methodology changes to address concerns with respect to project methodologies.

Downward revisions to methodologies or the adoption of new methodologies, including the adoption of Verra's new cookstove project methodology, VM0050, which must be implemented with respect to cookstove carbon credits generated by cookstove during or after the year 2027, may also negatively impact the number of carbon credits issued.

Double Counting with Host Country's Nationally Determined Contribution

Double counting occurs when emissions reductions are counted twice, by the country that reduces emissions and by the country that purchases the carbon credits generated by those reductions. This can lead to an overestimation of the actual emissions reductions achieved and undermine the integrity of the carbon markets.

While Article 6 of the Paris Agreement was developed to address this issue providing for internationally transferred mitigation outcomes and corresponding adjustment mechanisms, is it still dependent on how these mechanisms are implemented by the applicable project host country and may result is an impact on the volume of carbon credits available for sale or the market price for the carbon credits.

Dependence on third party project developers, owners and operators

Carbon credits received by the Company are derived from projects that are developed, operated or owned by third parties. Third parties will also be responsible for determining the manner in which the relevant projects are developed, operated and managed, including decisions that could expand, continue or reduce the number of carbon credits generated or effect attributes of such carbon credits, such as Co-Benefits. The interests of third parties and those of the Company on the relevant properties or assets may not always be aligned. As an example, in some cases, it may be in the interest of the Company to advance development as rapidly as possible in order to maximize the receipt of near-term carbon credits, while third party project developers, owners and operators may, in many cases, take a more cautious approach to development as they are at risk on the cost of development and operations. The inability of the Company to directly control the operations of the projects may have a material adverse effect on the Company's profitability, results of operation and financial condition.

Delays With Respect to Carbon Credit Registries

With respect to the Voluntary Carbon Markets, carbon credits are produced by carbon reduction projects which are validated and registered by Carbon Credit Registries. The validation and registration process requires the review and approval by Carbon Credit Registries and the timing of such review and approval may be outside the control of the Company. An unanticipated delay with respect to the validation or registration of a carbon reduction project or issuance of carbon credits may have a negative impact on the Company's business, cash flows, results of operations and financial condition.

Permits & Licenses

The Company may acquire a property or an interest in a property with the intent to generate carbon credits from activities on that property. These future activities of the Company may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to carry out development of its carbon reduction projects on any future properties.

Capex and Opex Deviations

There may be deviations from the Company's calculated and assumed capital expenditures and operating expenditures with respect to a particular carbon reduction project. This may be due to unforeseen risks, risks that could not be mitigated or errors in making such calculations and assumptions. Such deviations may have a material impact on the Company's business, cash flows, results of operations and financial condition.

Project Specific Risks

Apart from the other related risk factors described herein, each carbon reduction project funded or established by the Company will be subject to its own development, operational and counterparty risks that will depend upon, among other things, the nature of, structure of, and terms and conditions relating to each such carbon reduction project and the parties involved.

In respect of the Rwanda Cookstoves Project and the Vietnam Household Devices Project, set out below are certain examples of such risks. In describing some of such risks:

- the failure of the devices to perform to specification when used or of participating households to use the devices as contemplated, whether as a result of lack of adoption, disruptions in the lives of the participants (due to for example natural disasters), or otherwise, may result in less carbon credits being generated than anticipated by the Company;

- the failure of the Company's in-country project partners, being the DelAgua Group in the case of the Rwanda Cookstoves Project and SIPCO in the case of the Vietnam Household Devices Project, to perform their obligations in connection with the development and operation of the projects may result in materially negative outcomes for the projects. In the case of the Rwanda Cookstoves Project, should the DelAgua Group fail to undertake its development, implementation and monitoring obligations, whether as a result of bankruptcy, winding down, or otherwise, the Company has limited rights to step into its place in order to perform its obligations on its behalf and support the ongoing development and operation of the project in line with plans. In the case of the Vietnam Household Devices Project, the Company has broad contractual rights to step-in in order to perform the obligations and functions of SIPCO, but nonetheless such rights may not mitigate the negative outcomes resulting from any failure by SIPCO to perform its obligations; or

- the verification by Verra from time to time of the performance of the projects in order to enable the issuance of the resulting carbon credits is outside of the control of the Company, and may take longer than expected or may result in the issuance of fewer carbon credits than expected by the Company (if for example there are performance issues such as those described above).

In respect of the India ARR Project, set out below are certain examples of such risks. In describing some of such risks:

- the survival and/or growth rate of trees not meeting expectations under the project (due to for example natural disasters, extreme weather or the impacts of climate change), may result in less carbon credits being generated than anticipated by the Company;

- failure of the Company's in-country project partner, being Value Network Ventures Pte. Ltd., its subcontractors and local small-land owners, to perform their contractual and/or standard operating procedures, may result in materially negative outcomes for the project;

- the initial project validation and registration by Verra, and the ongoing project verification by Verra from time to time of the performance of the project in order to enable the issuance of the resulting carbon credits is outside of the control of the Company, and may take longer than expected or may result in the issuance of fewer carbon credits than expected by the Company (if for example there are tree mortality and/or growth rate issues such as those described above).

Should any of the foregoing events occur, they may have a material adverse effect on the performance and results realized by such carbon reduction projects, including the extent of the carbon credits generated thereby, and as a result also on the Company's business, financial condition, results of operations, cash flows or prospects.

Sensitivity to extreme weather, natural disaster and climate conditions

The physical risks of climate change may have an adverse effect on our business. Physical risks can be event-driven (acute) or longer-term shifts (chronic) in climate patterns. These risks are highly uncertain, are particular to the unique geographic circumstances associated with each project and may have an adverse effect on the project's ability to generate carbon credits. Extreme weather events have the potential to disrupt the operation of our projects and may require additional expenditures to mitigate the impact of such events.

In addition, the projects that the Company invests in to generate carbon credits are subject to risks associated with natural disasters, which could result in temporary or permanent damage to, or destruction of, projects that generate carbon credits. Any such natural disasters could impact the ability of the Company's projects to generate carbon credits and therefore adversely affect the viability of any of the Company's investments in such projects, and may result in a material and adverse effect on the Company's business, cash flows, results of operations, financial condition and prospects.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR+ at www.sedarplus.ca. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, will be contained in the Company's information circular for its upcoming annual meeting of shareholders. Additional financial information is provided in the Company's financial statements and management's discussion and analysis for its most recently completed financial year ended December 31, 2024, copies of which may be found on the Company's profile on SEDAR+ at www.sedarplus.ca.

APPENDIX A – AUDIT COMMITTEE CHARTER

Purpose

The board of directors (the "**Board**") of Base Carbon Inc. (the "**Corporation**") has delegated the responsibilities, authorities and duties described below to the audit committee (the "**Committee**"). For the purpose of this mandate, the term "Corporation" will include the Corporation and its subsidiaries.

The Committee will be directly responsible for overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation. In addition, the Committee will be directly responsible for overseeing the work of any registered external auditor employed by the Corporation (including the resolution of disagreements between management of the Corporation and the external auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. In so doing, the Committee will comply with all applicable Canadian securities laws, rules and guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules.

Members

1. The Committee will be comprised of a minimum of three (3) directors. Each Committee member will satisfy the experience requirements of applicable Canadian securities laws, rules and guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules. Subject to any exceptions available under applicable Canadian securities laws, all of the members of the Committee must be "independent" for the purposes of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* and "financially literate" for the purposes of National Instrument 52-110 - *Audit Committees*. Determinations as to whether a particular director satisfies the requirements for membership on the Committee will be made by the Board.

2. Members of the Committee and the chairperson of the Committee (the "**Chair**") will be appointed annually by the Board at the first meeting of the Board *after* the annual general meeting of shareholders at which he or she is elected as a director. Any member of the Committee may be removed or replaced at any time by the Board and will serve until such member's successor is appointed, unless that member resigns or otherwise ceases to be a director of the Corporation. The Board will immediately fill any vacancy if the membership of the Committee is less than three (3) directors to ensure compliance with National Instrument 52-110 - *Audit Committees*. If and whenever a vacancy will exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

Meetings

3. Meetings of the Committee will be held from time-to-time as the Committee or the Chair will determine as necessary to perform the duties described herein.

4. A majority of members of the Committee present either in person, by teleconference or by video- conference, will constitute a quorum. Any member of the Committee participating by teleconference or video-conference will be deemed, for the purposes hereof, to be present in person at the meeting.

5. Any matters to be determined by the Committee will be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may also be taken by an instrument or instruments in writing signed by all members of the Committee in as many counterparts as may be necessary, and such actions will be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

6. The Committee may invite such officers, directors, employees or advisors of the Corporation, any of its subsidiaries, or such other persons as it may see fit from time to time to attend meetings of the Committee and assist in the discussion and consideration of the affairs of the Committee. All Board members and such meeting invitees have an obligation to disclosure to all other members of the Committee any conflicts of interest (including potential conflicts of interest) with respect to any matter to be discussed and/or decided at a meeting

7. The Committee will submit the minutes of all meetings to the Board, and when requested, will discuss the matters discussed at each Committee meeting with the Board.

8. Following the meetings of the Committee, the Committee, through its Chair, will report to the Board on the matters considered by the Committee.

Committee Authority and Responsibilities

9. The Committee will have the power and authority of the Board to perform the following duties and fulfill the following responsibilities and such other duties as are required by applicable law or rule or as may be delegated by the Board.

   General

   The overall duties of the Committee will be to:

   (i) assist the Board in the discharge of its duties relating to the Corporation's financial reporting, including the audits of the Corporation's financial statements and the integrity of the Corporation's financial statements and internal controls;

   (ii) establish and maintain a direct line of communication with the Corporation's external auditor and assess their performance and independence;

   (iii) oversee the work of the external auditor engaged to prepare or issue an auditor's report or to prepare other audit, review or attest services for the Corporation, including resolution of disagreements between management and the external auditor regarding financial reporting;

   (iv) ensure that management has designed, implemented and is maintaining an effective system of internal controls and disclosure controls and procedures;

   (v) monitor the credibility and objectivity of the Corporation's financial reports;

   (vi) report regularly to the Board on the fulfillment of the Committee's duties, including any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the external auditor or the internal audit function;

(vii) assist, with the assistance of the Corporation's legal counsel, the Board in discharging its duties relating to the Corporation's compliance with legal and regulatory requirements; and

(viii) assist the Board in discharging its duties relating to risk assessment and risk management.

External Auditor

The external auditor will report directly to the Committee and the Committee should have a clear understanding with the external auditor that such auditor must maintain an open and transparent relationship with the Committee and that ultimate accountability of the auditor is to the shareholders of the Corporation. The duties of the Committee as they relate to the external auditor will be to:

(i) review management's recommendations for the appointment of the external auditor, and in particular their qualifications and independence, and recommend to the Board a firm of external auditors to be engaged and the compensation of such external auditor;

(ii) review the performance of the external auditor, including the fee, scope and timing of the audit, and make recommendations to the Board regarding the appointment or termination of the external auditor;

(iii) review, where there is to be a change of external auditor, all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102 - *Continuous Disclosure Obligations* or any successor legislation ("**NI 51- 102**"), and the planned steps for an orderly transition;

(iv) review all reportable events, including disagreements, unresolved issues and consultations, as defined in NI 51-102, on a routine basis, whether or not there is to be a change of external auditor;

(v) ensure the rotation of partners on the audit engagement team of the external auditor in accordance with applicable law, standards and rules;

(vi) review and pre-approve non-audit services to be provided to the Corporation by the external auditor;

(vii) review and approve the engagement letters of the external auditor, both for audit and permissible non-audit services, including the fees to be paid for such services;

(viii) review the nature of and fees for any non-audit services performed for the Corporation by the external auditor and consider whether the nature and extent of such services could detract from the external auditor's independence in carrying out the audit function;

(ix) meet with the external auditor, as the Committee may deem appropriate, to consider any matter which the Committee or external auditor believes should be brought to the attention of the Board or shareholders of the Corporation;

(x) obtain on an annual basis a formal written statement from the external auditor delineating all relationships between the independent auditor and the Corporation and review and discuss with the external auditor any disclosed relationships or services that may impact the external auditor's objectivity and independence; and

(xi) obtain and review a report from the external auditor at least annually regarding: (i) the external auditor's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five (5) years relating to one or more independent auditors carried by the firm; and (iii) any steps taken to deal with any such issues.

Audits and Financial Reporting

The duties of the Committee as they relate to audits and financial reporting will be to:

(i) review the audit plan with the external auditor and management;

(ii) review with the external auditor and management all critical accounting policies and practices of the Corporation (including any proposed changes in accounting policies), the presentation of the impact of significant risks and uncertainties, all material alternative accounting treatments that the external auditor has discussed with management, other material written communications between the external auditor and management (such as any management letter or schedule of unadjusted differences), and key estimates and judgments of management that may in any such case be material to financial reporting;

(iii) review the contents of the audit report;

(iv) question the external auditor and management regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;

(v) review the scope and quality of the audit work performed;

(vi) review the adequacy of the Corporation's financial and auditing personnel;

(vii) review the co-operation received by the external auditor from the Corporation's personnel during the audit, any problems encountered by the external auditor and any restrictions on the external auditor's work;

(viii) review the appointments of the Chief Financial Officer of the Corporation and any key financial executives involved in the financial reporting process;

(ix) assist the internal audit department with the development of the annual internal audit plan;

(x) review the evaluation of internal controls by the persons performing the internal audit function, the external auditor and/or other third parties, together with management's response to the recommendations, including subsequent follow-up of any identified weaknesses. Particular emphasis will be given to the adequacy of internal controls to prevent or detect any payments, transactions or procedures that might be deemed illegal or otherwise improper;

(xi) generally monitor and examine the organization and performance of the internal audit function; and

(xii) review with management and the external auditor the Corporation's press releases announcing financial results, interim unaudited financial statements, annual audited financial statements and accompanying management's discussion and analysis in conjunction with the report of the external auditor thereon, and obtain an explanation from management of all significant variances between comparative reporting periods before recommending approval by the Board, as applicable, and the release thereof to the public.

Accounting and Disclosure Policies

The duties of the Committee as they relate to accounting and disclosure policies and practices will be to:

(i) review the effect of regulatory and accounting initiatives and changes to accounting principles of the Canadian Institute of Chartered Accountants or any successor thereto, which would have a significant impact on the Corporation's financial reporting as reported to the Committee by management and the external auditor;

(ii) review the appropriateness of the accounting policies used in the preparation of the Corporation's financial statements and consider recommendations for any material change to such policies;

(iii) review the status of material contingent liabilities as reported to the Committee by management;

(iv) review the status of income tax returns and potentially significant tax issues or positions as reported to the Committee by management;

(v) review any errors or omissions in the current or prior years' financial statements;

(vi) review and recommend approval by the Board before their release of all public disclosure documents containing audited or unaudited financial results, including all press releases containing financial results, offering documents, annual reports, annual information forms and management's discussion and analysis containing such results; and

(vii) satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements other than the public disclosure referred to in clause (vi) above, and periodically assess the adequacy of these procedures.

Risk Management

The duties of the Committee as they relate to risk management will be to:

(i) review the design and effectiveness of the Corporation's risk management systems and policies (including with respect to corporate reporting and disclosure, accounting and auditing controls and procedures, securities compliance and other matters pertaining to fraud against the Company and its shareholders) and, if considered appropriate, recommend such systems or policies to the Board for approval;

(ii) review and consider with management the Corporation's risk capacity, risk taking philosophy and approach to determining an appropriate balance between risk and reward;

(iii) review and evaluate the Corporation's significant financial risk exposures, including currency, interest rate, credit, and market risks and the steps management has taken or has proposed to take to monitor and manage such risk exposures (through hedges, swaps, other financial instruments and otherwise), in compliance with applicable policies;

(iv) review and discuss with management the Corporation's significant non-financial risk exposures, including strategic, reputational, operational, regulatory, business and cybersecurity risks, and the steps management has taken or proposes to take to monitor and control such risk exposures in compliance with applicable policies;

(v) review and confirm with management that material non-financial information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed;

(vi) review with management the quality and competence of management appointed to administer risk management functions;

(vii) review with management the Corporation's compliance programs and receive regular reports from management and/or legal counsel on any significant compliance or ethics incidents, findings or recommendations;

(viii) review the Corporation's insurance coverage and deductible levels;

(ix) review and approve all related party transactions under applicable accounting standards and review and evaluate any significant or unusual transactions;

(x) review, with legal counsel where required, such litigation, claims, tax assessments and other tax- related matters, transactions, material inquiries from regulators and governmental agencies or other contingencies which may have a material impact on financial results, the Corporation's reputation or which may otherwise adversely affect the financial well-being of the Corporation;

(xi) review and evaluate the Corporation's susceptibility to fraud and corruption and management's processes for identifying and managing the risks of fraud and corruption;

(xii) review complaints or concerns submitted to the Chair with respect to questionable treatment or alleged violations of financial reporting and other risk related matters in accordance with the Corporation's Whistleblower Policy;

(xiii) review and approve the statements to be included in the Corporation's interim unaudited financial statements, annual audited financial statements and accompanying management's discussion & analyses, annual information forms and any other disclosure documents concerning risk management; and

(xiv) consider other matters of a risk management nature as directed by the Board.

Other

The other duties of the Committee will include:

(i) reviewing any inquiries, investigations or audits of a financial nature by governmental, regulatory or taxing authorities;

(ii) reviewing annual operating and capital budgets;

(iii) reviewing and reporting to the Board on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;

(iv) establishing procedures for the receipt, retention and review of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and the confidential or anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

(v) reviewing and approving the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation;

(vi) inquiring of management and the external auditor as to any activities that may be or may appear to be illegal or unethical; and

(vii) at the request of the Board, investigating and reporting on such other matters as it considers necessary or appropriate in the circumstances.

General

10. In discharging its responsibilities, the Committee will have full access to any relevant records of the Corporation.

11. The Committee has the authority to engage outside advisors as it determines necessary to carry out its duties.

12. The Corporation will provide appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of: (i) compensation to any advisors engaged by the Committee; and (ii) ordinary administrative expenses of the Committee that are

necessary or appropriate in carrying out its duties.

13. The Committee will undertake on behalf of the Board, such other functions relating to accounting, financial reporting and risk management as the Committee or Board deems appropriate.

14. Notwithstanding the foregoing and subject to applicable laws, the Committee may delegate authority to one or more members or subcommittees when deemed appropriate, provided that the actions of any such members or subcommittees must be reported to the full Committee no later than at its next scheduled meeting.

Currency of this Mandate

This Mandate of the Committee was approved by the Board on March 28, 2024.