BASE CARBON INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2025

(EXPRESSED IN UNITED STATES DOLLARS)

Introduction

This management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Base Carbon Inc. (the "Company" or "Base Carbon") constitutes management's review of the factors that affected the Company's consolidated financial and operating performance for the three and nine months ended September 30, 2025. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2025 (the "consolidated financial statements"), in addition to the audited annual consolidated financial statements of the Company for the year ended December 31, 2024, and together with the notes thereto, as well as management's discussion and analysis related thereto. This MD&A is dated as of November 3, 2025, unless otherwise indicated.

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

Certain statements in this MD&A constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws. The "Caution Regarding Forward-looking Statements" section in this MD&A should be carefully reviewed and no undue reliance placed on any such forward-looking statements.

The Company exists under the *Business Corporations Act* (Ontario). Its registered and mailing office is located at 50 Carroll Street, Toronto, Ontario, M4M 3G3.

Use of Non-IFRS Financial Measures

This MD&A references certain financial measures that are not defined under IFRS but are provided to offer investors valuable supplemental insights into the Company's financial performance. These measures facilitate period-over-period comparisons by adjusting for items that may fluctuate independently of business performance and enhance transparency regarding key metrics used by management in operating the business. As these measures do not have standardized definitions under IFRS, they may not be comparable to similarly titled measures reported by other companies. They are intended to complement IFRS measures by offering additional perspective on the Company's operational results from management's viewpoint and should not be viewed in isolation or as a replacement for IFRS-reported financial information.

The non-IFRS measures presented are "Adjusted Comprehensive Income (Loss) for the Period, "Adjusted Comprehensive Income (Loss) on a per share basis" and "Adjusted Comprehensive Income (Loss) on a diluted per-share basis". For more information about this measure, why it is used by the Company, and a reconciliation to the most directly comparable measure under the IFRS Accounting Standards, please refer to the section "Non-IFRS Financial Measures" of this document.

Caution Regarding Forward-Looking Statements

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

Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "maintain", "achieve", "grow", "should" and similar expressions, as they relate to the Company and its management. Forward-looking statements reflect the Company's current estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's expectation of operating and financial performance in 2025 and beyond is based on certain assumptions including assumptions about operational growth, anticipated cost savings, operating efficiencies, anticipated benefits from strategic initiatives, future liquidity, and planned capital investments. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive, and other uncertainties and contingencies regarding future events and as such, are subject to change. There is no assurance that such estimates, beliefs and assumptions will prove to be correct.

In particular, and without limiting the generality of the foregoing, this MD&A 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;

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

The forward-looking statements made herein are subject to a variety of 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. These risks and other factors are described or referred to herein or described in the Company's Annual Information Form for the year ended December 31, 2024 (the "AIF") under the heading "Risk Factors", copies of which are available under the Company's profile on SEDAR on www.sedarplus.ca.

Investors and all readers are also cautioned that the factors and assumptions described above, in the AIF and this MD&A 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 MD&A are made as of the date of this MD&A unless otherwise stated and are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities laws.

General Business Description

Base Carbon is a publicly traded entity which is listed on the Cboe Canada under the trading symbol "BCBN" and trading on the OTCQX Best Market under the symbol "BCBNF". Base Carbon runs general operations, including ownership of carbon removal and carbon reduction projects through its wholly owned subsidiary Base Carbon Capital Partners Corp. ("BCCPC").

Base Carbon, through BCCPC, provides capital, development expertise and management operating resources to projects involved in the voluntary carbon markets. The Company seeks to be the preferred carbon project partner in providing capital and developmental resources to carbon projects globally and, where appropriate, will endeavour to utilize technologies within the evolving carbon industry to enhance efficiencies, commercial credibility, and trading transparency.

At this time, the Company is focused on developing projects suited to the growing voluntary carbon markets. The Company intends to monitor the continued evolution of the compliance carbon markets and may consider developing compliance related projects in the future. The Company has, and is, investigating investments which, in addition to generating carbon credits, produce a commercial product.

Key Highlights

The financial discussions in this MD&A relate to results for the three months ended September 30, 2025 ("third quarter" or "Q3 2025"), and nine months ended September 30, 2025, as compared to the same periods in 2024. All financial amounts are stated in approximate US dollars, unless otherwise noted.

In the third quarter of 2025, the Company experienced the following significant operational highlights:

- On September 22, 2025, Base Carbon received Verra's approval to apply the CORSIA-compliant VM0050 methodology to its Rwanda Cookstoves project. The new standard will re-quantify past and future credits and on September 30, 2025, the Company adopted this methodology. See "*CORSIA Approved VM0050 Methodology*" for more details.

- On July 7, 2025, Base Carbon received into inventory 192,810 Article 6 authorized labelled VMR0006 carbon credits from the Rwanda Cookstoves project, subsequently re-quantified by the Company to 126,701 VM0050 carbon credits.
- On the same day, the Company recognized a Rwanda Revenue Share Asset ("Rwanda RSA") when an additional 371,272 Article 6 authorized labelled VMR0006 carbon credits were received by DelAgua which will be subject to the revenue sharing arrangement. These credits were subsequently re-quantified by the Company to 243,975 VM0050 carbon credits.

In the third quarter of 2025, the Company reported financial results of:

- Net income and comprehensive income of $1.6 million.
- Current assets of $46.4 million which were primarily composed of $8.0 million in cash, $0.9 million in related party receivables from Abaxx Technologies Inc. ("Abaxx"), $1.0 million in short term loan receivable, $1.8 million in Rwanda RSA, $23.1 million in carbon credit inventory, and $11.4 million in current investments in carbon credit projects.

As of the date of this MD&A, Base Carbon continually improved its equity cost of capital by repurchasing approximately 7.0 million shares year-to-date at an average cost of $0.38 through the Company's normal course issuer bid ("NCIB") and share purchase agreements.

Outlook

While the broader carbon credit market has faced recent commercial and perception-based headwinds, Base Carbon remains confident in the sector's long-term fundamentals, particularly within the specific end-markets where the Company maintains active and deliberate exposure. With the announcement that carbon credit registry Verra has approved the application of methodology VM0050 to the Company's Rwanda Cookstoves project, the Company continues to enhance the quality and compliance-market positioning of its portfolio. The associated carbon credits are expected to be eligible for delivery into CORSIA and other Article 6 compliance markets once Verra finalizes its Corresponding Adjustment issuance requirements, which is anticipated in the near term. This milestone is expected to position Base Carbon's inventory as a premium, compliance-grade carbon credit balance, capable of achieving materially higher market values amid increasing demand and constrained global supply. Management maintains confidence in its disciplined execution, resilient asset base, and rigorous underwriting processes.

CORSIA Approved VM0050 Methodology

On September 22, 2025, carbon credit registry Verra approved and publicly filed the application of CORSIA-compliant methodology VM0050 to the Company's Rwanda Cookstoves project. Although the approval is now visible on Verra's public Project Summary page, the corresponding update to the Company's project account is expected to be reflected in early Q4 2025.

Under the new methodology, Verra's VM0050 standard was applied by the Company to re-quantify previously issued carbon credits held in inventory, as well as future credits from the Rwanda Cookstoves project. These carbon credits are expected to be eligible for delivery into CORSIA as well as other Article 6 compliance markets once Verra has finalized its Corresponding Adjustment insurance requirements, which is anticipated in the near-term. For a detailed analysis on how the successful re-quantification impacts Base Carbon's projects, please refer to the "*Project Updates and Details*" section below.

Project Summary

Base Carbon's three flagship projects are the Rwanda Cookstoves project, the Vietnam Household Devices Project, and the India ARR project, all of which have met or exceeded management's base case commercial expectations in Q3 2025. Management is of the view that these projects will exceed the base case commercial expectations over their lifespans.

For a detailed and individualized overview of Base Carbon's key projects, please refer to the "*Project Updates and Details*" section below.

Organic Portfolio Expansion Opportunities

Within the existing portfolio, Base Carbon holds the right, but not the obligation, to expand its investment in the Vietnam Household Devices project and has two options, each for 10 million trees (20 million trees total) and maintains a right of first refusal relating to an extension or expansion on the India ARR project, including any additional future phases of the project beyond the expected 20-year project life. If exercised, these options could materially scale the projects' investment scope and resulting volume of carbon credit production. These rights represent compelling, risk-adjusted growth opportunities and are a key component of the Company's long-term strategic plan. All potential capital commitments are considered as a function of the Company's equity cost of capital and expected risk-adjusted returns. Given the operational successes to date, management's deep familiarity with each project, and established relationships with credit buyers, any further capital commitments are viewed as highly attractive and value-accretive, subject to appropriate timing and balance sheet risk optimization.

Robust and Diversified Growth Pipeline of Carbon Reduction and Removal Projects

The Company continues to identify and assess high quality carbon reduction and removal projects on an ongoing basis. Precise timing of project milestones, including carbon credit issuances, are dependent upon, among other things, the performance of project developers and partners, registration of the project with a carbon credit registry, if not already completed, and the completion and submission to carbon credit registries (Verra for the purposes of the Company's projects) of a project audit and compliance monitoring report issued by a validation and verification body (a "VVB") and subsequent verification by Verra. The VVBs and Verra (or 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. For further description on Verra and carbon credit registries in general, refer to the Company's AIF for the year ended December 31, 2024, under sections *Industry Overview* and *Risk factors relating to carbon removal and reduction projects.*

Base Carbon continues to progress a robust, diversified, but highly-focused opportunity set through three key channels: (i) organic portfolio expansion opportunities, as discussed prior, (ii) proprietary, thesis-driven internal research and (iii) market-based inbounds with project investment opportunities. Base Carbon continues to receive a significant flow of regular capital investment opportunities, leading to the evaluation of over 50 investment opportunities per year. During the quarter, the Company maintained strong conviction in its existing portfolio and continued to view the market as increasingly attractive with time and capital discipline. The recent approval of the VM0050 methodology and planned re-quantification of credits are expected to further enhance the value and quality of the Company's carbon assets, reinforcing its patient and prudent approach.

Base Carbon has actively advanced expansion opportunities and is very pleased with the opportunity set in front of the Company. The Company is encouraged by the strength of its current pipeline and believes improved capitalization and operational foundation provide a much stronger backdrop for negotiating highly attractive growth opportunities than that of a year ago. Leveraging a disciplined and robust underwriting framework, Base Carbon evaluates each opportunity with a focus on downside protection, while maintaining upside potential and strategic optionality, an approach which has underpinned Base Carbon's strong performance in its first few years of operations.

Market Positioning and Strategic Focus

As the carbon market continues to evolve, the Company has observed a structural shift in demand towards removal-based credits and voluntary credits eligible for emerging compliance mechanisms such as CORSIA Phase One and various country specific emissions trading schemes (ETS). In response, Base

Carbon is prioritizing nature-based and technology-based removals and sequestration projects and actively investigating expansion into broader environmental industrials, as it identifies and evaluates its next round of project investments.

The Company has, and is, investigating investments which, in addition to generating carbon credits, produce a commercial product. These investments may include biochar, agroforestry, direct air capture or other projects.

Ongoing Common Share Buybacks

As of the date of this MD&A, Base Carbon's shares continue to trade at a significant discount to both book value and equity research estimates. As a result, the Company remains focused on delivering accretive value to shareholders and, should the current market valuation persist, the intention is to continue opportunistically repurchasing shares under the NCIB which was renewed on June 23, 2025. The Company is actively exploring complementary market mechanisms that achieve the dual end of (i) driving the best risk-adjusted shareholder accretion, and (ii) returning capital to shareholders as and when appropriate.

Project Updates and Details

Rwanda Cookstoves Project

In January 2022, The Company, through BCCPC, entered into a carbon project agreement with DelAgua as in-country project developer to supply fuel-efficient cookstoves to participating households across rural Rwanda, in exchange for a revenue sharing agreement with respect to substantially all of the carbon credits expected to be generated by the Company's fleet in the project. DelAgua has completed the distribution of all 250,000 project cookstoves to participating households and the Company has fulfilled 100% of its capital commitment of $8,825,000.

In December 2023, the Government of Rwanda issued a Letter of Authorization ("LOA") to allow for the application of a Corresponding Adjustment pursuant to Article 6 of the Paris Agreement with respect to the Rwanda Cookstoves project. This resulted in Verra announcing it had applied, for the first time, its Article 6 Authorized label to carbon credits generated from the project.

In April 2024, BCCPC and DelAgua executed an amended and restated project agreement to facilitate the implementation of the LOA. Pursuant to the LOA, a copy of which may be found on Verra's website under Project ID 4150, adjustments to Article 6 Authorized carbon credits generated by the Rwanda Cookstoves project and associated sales thereof are as follows:

(i) 2% of any Article 6 Authorized carbon credits issued are to be immediately retired to help offset global emissions
(ii) 10% of any issued Article 6 Authorized carbon credits are to be transferred to the Government Rwanda to help achieve its NDC emission reduction targets
(iii) 5% of revenues generated from the initial sale of the remaining Article 6 Authorized carbon credits issued will be remitted to the Rwanda Green Fund ("RGF").

Under the terms of the revised project agreement, BCCPC will contribute $0.20 per carbon credit to RGF for the first 1,925,000 carbon credits and the Company and DelAgua will split the 5% RGF remittance attributable to sales revenue from remaining Article 6 Authorized carbon credits generated based upon each party's pro rata share of cashflows under the revenue sharing agreement.

In October 2024, Verra released the updated VM0050 methodology with regards to the calculation of emission reductions generated by cookstove projects, aligning with the latest scientific findings. Subsequently, the International Civil Aviation Organization ("ICAO"), the administrative body for the CORSIA compliance program, announced Verra's eligibility for Phase One of CORSIA, and detailing specific methodologies eligible under the scheme. Following the ICAO announcement as well as positive market feedback regarding the updated VM0050 methodology, the Company and DelAgua elected to begin work to apply Verra's new methodology to the Rwanda Cookstoves project. Based on the anticipated implementation of this revised methodology, the Company updated the number of carbon credits expected to be generated over the life of the project.

During the twelve months ended December 31, 2024, 1.7 million Article 6 Authorized carbon credits were issued and delivered to the Company from the Rwanda Cookstoves project, and a portion were sold to a third party. Transitioning the project from a development to production stage resulted in a project valuation update from a cost-based approach to an income-based approach utilizing a DCF model. This resulted in a net unrealized gain of $24,619,381 during fiscal year 2024.

The unrealized gain during the twelve months ended December 31, 2024, was primarily due to:

(i) A change in the valuation methodology from a cost-based approach to an income-based approach using a DCF model;
(ii) Updates to the carbon credit generation forecast associated with Verra's VM0050 methodology update and other key volume assumptions, resulting in a revised calculation of emission reductions; and
(iii) An increase in the Article 6 Authorized carbon credit price forecast, supported by the issuance of a LOA from the Government of Rwanda and the project's anticipated eligibility under the CORSIA scheme

In 2024, $25,632,656 was transferred from the current investment balance and recognised as the value of carbon credit inventory, an amount equal to the fair market value of issued Article 6 Authorized carbon credits on the date received by BCCPC.

On July 7, 2025, $2,448,687 was transferred from the current investment balance and recognized as the value of the VMR0006 carbon credit inventory, an amount equal to the fair market value of the 192,810 issued VMR0006 carbon credits on the date received by BCCPC.

On the same day, DelAgua received 371,275 VMR0006 carbon credits, which will be subject to the revenue sharing arrangement. As a result, the portion of the Rwanda Cookstove project investment related to the issued credits was derecognized, and a Rwanda RSA at the same fair value of $1,605,880, representing the Company's share of the future sales, was recognized. Following the approval of the application of methodology VM0050 to the Company's Rwanda Cookstoves project, the carbon credits relating to the Rwanda RSA were then re-quantified and an unrealized gain of $235,294 was recognized. This resulted in a Rwanda RSA of $1,841,174 as at September 30, 2025 (2024 – $nil). The Rwanda RSA reflects the Company's ongoing financial interest in the issued credits and will be measured at fair value going forward, with changes recognized through profit or loss. The reclassification ensures the carrying value aligns with the underlying rights and obligations following credit issuance.

On September 22, 2025, the Company was notified that carbon credit registry Verra had approved the application of methodology VM0050 to the Company's Rwanda Cookstoves project. The Company employed a change in the methodology, moving from VMR0006 to VM0050 for all credits in the Rwanda Cookstove project. Those credits previously received into inventory and subject to the revenue share arrangement have been re-quantified under VM0050. The estimate of the number of credits expected to be issued over the life of the project is now 4.4 million VM0050 credits. This is comprised of 1.1 million pre-payment VM0050 credits, 0.2 million Rwanda RSA credits, and anticipated future VM0050 credit issuances in the amount of 3.1 million credits.

The table below summarizes the changes in the Rwanda Cookstoves project valuation as at September 30, 2025, and December 31, 2024:

Rwanda Cookstoves project	September 30, 2025	December 31, 2024
Balance, beginning of the period	**$ 7,811,725**	**$ 8,825,000**
Unrealized gain on investment in carbon credit projects	12,308,280	24,619,381
Transfer to Rwanda RSA	(1,605,880)	-
Receipt of carbon credit inventory	(2,448,687)	(25,632,656)
Balance, end of the period	**$ 16,065,438**	**$ 7,811,725**

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

Rwanda Cookstoves Project Carbon Credit Inventory

On July 7, 2025, the Company received into inventory 192,810 carbon credits from the Rwanda Cookstoves project with a total value of $2,448,687 based on the fair market value on the date received. There was a corresponding transfer in the carrying amount of current investments in carbon credit projects arising from the receipt of the carbon credits valued at $2,448,687.

On September 22, 2025, carbon credit registry Verra approved and publicly filed the application of methodology VM0050 to the Company's Rwanda Cookstoves project. Although the approval is now visible on Verra's public Project Summary page, the corresponding update to the Company's project account is expected to be reflected in early Q4 2025.

As at September 30, 2025, the Company performed a detailed review of its inventory balances at period-end and identified two distinct and material write-downs: (i) write-down of inventory, and (ii) loss on re-quantification of inventory to VM0050.

(i) Based on the prevailing decline in the VMR0006 credit pricing during 2025, the Company determined a write-down of certain vintages was required. The write-down of inventory was in the amount of $2,063,868 at September 30, 2025.

(ii) Under the new methodology, Verra's VM0050 standard will be applied to re-quantify previously issued carbon credits held in inventory by the Company, as well as future credits anticipated to be issued from the Rwanda Cookstoves project. Credits issued under VM0050 currently meet the standards for use under CORSIA. Based on the approval of the new VM0050 methodology, the Company updated its inventory quantity and prices to reflect eligibility under the CORSIA scheme. This resulted in a carbon credit price of $21.45 at September 30, 2025. Additionally, based on the Company's re-quantification of the carbon credits, the inventory quantity declined from 1,905,003 VMR0006 to 1,076,232 VM0050 carbon credits. The total loss on re-quantification of inventory to VM0050 was $2,932,298 at September 30, 2025.

The table below summarizes the changes in the carbon credit inventory held as at September 30, 2025, and as at year ended December 31, 2024:

Carbon credit inventory quantity	September 30, 2025	December 31, 2024
Balance, beginning of the period	**1,712,193**	**-**
Receipt of carbon credit inventory during the period	192,810	1,732,193
Subtotal VMR0006 Balance	**1,905,003**	**-**
Re-quantification of inventory to VM0050	(828,771)	-
Sale of carbon credit inventory	-	(20,000)
Balance, end of the period	**1,076,232**	**1,712,193**

Carbon credit inventory value	September 30, 2025	December 31, 2024
Balance, beginning of the period	**$ 25,632,656**	**$ -**
Receipt of carbon credit inventory	2,448,687	25,901,456
Write-down of inventory	(2,063,868)	-
Loss on re-quantification of inventory to VM0050	(2,932,298)	-
Sale of carbon credit inventory	-	(268,800)
Balance, end of the period	**$ 23,085,177**	**$ 25,632,656**

As at September 30, 2025, the total inventory of 1,076,232 carbon credits was valued at $23,085,177, which was a decrease of $2,547,479 when compared to December 31, 2024.

Vietnam Household Devices Project

In May 2022, the Company, through BCCPC, entered into transaction documents to facilitate the development of a household devices carbon project in Vietnam, with Sustainability Investment Promotion and Development Joint Stock Company ("SIPCO") as in-country project developer. Citigroup is the carbon credit off-taker to SIPCO for the first phase of the Vietnam Household Devices project. In February 2023, SIPCO completed the distribution of all project devices including 850,000 cookstoves and 364,000 water purifiers to participating households. Going forward, BCCPC maintains an expansion option to fund the manufacturing, distribution, and administrative costs related to the deployment of an additional 350,000 fuel-efficient cookstoves and 236,000 water purifiers to participating households in rural Vietnam.

During the first phase of the project ("Phase 1"), the Company and SIPCO shared the revenues on the initial 7.4 million carbon credits issued from the project for delivery to off-taker Citigroup. BCCPC received 100% of the proceeds from the sale of the first 5,207,150 carbon credits (the "Prepaid Carbon Credits"), resulting in a prepayment cost of approximately $4.00 per Prepaid Carbon Credit based upon the Company's aggregate project capital commitment. BCCPC then remitted $2.87 per carbon credit from the sale of the subsequent 2,192,850 issued from the project (the "Non-Prepaid Carbon Credits") to SIPCO.

Verra, the project registry, has published an updated methodology for cookstove projects, VM0050. Transition to this methodology will require a re-quantification of the credits to be generated from this project for 2025 carbon credit vintages onward. During the second quarter, 2025, BCCPC and SIPCO elected to begin work to apply Verra's new methodology to the Vietnam Household Devices project.

Based on the implementation of this updated methodology, the estimate of the credits expected to be issued over the life of the project is now 15.0 million credits (7.4 million VMR0006 cookstove and AMS-III.AV water purifier credits previously issued under Phase 1, and 7.6 million VM0050 cookstove and AMS-III.AV water purifier credits in Phase 2). Under the expansion option, the Company anticipates an additional 4.7 million VM0050 and AMS-III.AV credits.

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

The table below summarizes the changes in the Vietnam Household Devices project valuation during the three months ended September 30, 2025, and the year ended December 31, 2024:

Vietnam Household Devices project	September 30, 2025	December 31, 2024
Balance, beginning of the period	**$ 55,972,343**	**$ 123,861,241**
Capital deployed in the project during the period	-	1,651,693
Unrealized gain (loss) on investment in carbon credit projects	(2,147,342)	(69,540,591)
Realized cash settled gains on investment in carbon credit projects	1,811,143	28,027,107
Settlements of investments in carbon credit projects	(1,811,143)	(28,027,107)
Balance, end of the period	**$ 53,825,001**	**$ 55,972,343**

During the three and nine months ended September 30, 2025, BCCPC received $nil and $1,811,143, respectively, in cash payments from the delivery and monetization of carbon credits from the Vietnam project, representing both a realized gain, as well as an amount derecognized from the financial asset balance of the investment during the three and nine months ended September 30, 2025. Further, in Q3 2025, an unrealized loss of $4,433,217 was recognized on the project due to lower crediting profile and the addition of insurance costs. This is partially offset by higher credit prices for VM0050, CORSIA eligible credits and the unwinding of the discount rate.

As at September 30, 2025, SIPCO had delivered an aggregate total of 7.4 million credits to BCCPC, which completed Phase 1 of the Vietnam Household Devices project. The project now enters Phase 2, where BCCPC has the option to purchase all further carbon credits generated by the project on a yearly basis for $5 per carbon credit.

Since the establishment of the Vietnam project and as of September 30, 2025, the Company has received aggregate cash payments of approximately $36.3 million from the sale of carbon credits generated by the project at a total cost of $20.8 million resulting in a full repayment of capital invested and a cash gain of approximately $15.5 million.

India Afforestation, Reforestation, and Revegetation (ARR) Project

As announced in August 2023, the Company, through BCCPC, entered into an agreement to facilitate the development of a nature-based carbon removal project, focused on the reforestation of degraded rural farmlands through the planting of 6.5 million trees in the northern Indian state of Uttar Pradesh. Value Network Ventures Pte. Ltd. ("VNV") is the Company's project development partner. The planting of all project trees was completed during the year ended December 31, 2024, and additionally the India ARR project was submitted to Verra for validation in Q2 2025.

Base Carbon expects the first issuance of carbon credits associated with the India ARR project to occur in the first half of 2026, which is dependent on various factors related to the successful development of the project, including the successful project validation, registration and first carbon credit verification/issuance. The project is expected to generate an estimated 1.6 million nature-based removal carbon credits over an expected 20-year project life.

India ARR project	September 30, 2025	December 31, 2024
Balance, beginning of the period	**$ 6,100,000**	**$ 4,400,000**
Capital deployed in the project during the period	600,000	1,700,000
Balance, end of the period	**$ 6,700,000**	**$ 6,100,000**

Per the terms of the agreement with VNV and assuming all condition precedents are met, BCCPC will invest an aggregate of roughly $13.6 million into the project, of which BCCPC has invested $6.7 million as of September 30, 2025. Approximately $6.0 million of the total capital commitment is considered maintenance capital of which approximately $4.0 million is expected to be funded through the sale of carbon credits generated by the project.

As previously disclosed, VNV completed planting of 6,500,000 trees and the actual mortality rate of the planted trees falls within the Company's expected mortality range. Pursuant to the agreement with VNV, VNV is contractually obligated to replace any trees lost to ensure a maintained standing stock of 6,500,000 trees.

During the nine months ended September 30, 2025, the capital deployed was $600,000.

India ARR Project Capital Deployment	Amount
Committed capital deployment	**$ 13,621,033**
Capital deployed in 2023	(4,400,000)
Capital deployed in 2024	(1,700,000)
Capital deployed in the nine months ended September 30, 2025	(600,000)
Remaining capital deployment	**$ 6,921,033**

Following first carbon credit production anticipated in the first half of 2026, the India ARR project will be the third project delivered by the Company, an achievement made under particularly challenging market conditions. The India ARR project is expected to expand the Company's carbon credit production into the nature-based carbon removals category, where the majority of market liquidity and demand has been evolving in recent years.

Base Carbon believes that demand for high-quality carbon removals projects will continue to accelerate, further validating its strategic focus in this area.

Results of Operations

The following includes selected consolidated results from operations the three and nine months ended September 30, 2025, compared to the same periods in 2024.

Consolidated Financial Results

Quarterly results for the three months ended September 30,	2025	2024	$ Change	% Change
Realized cash settled gains on investments in carbon credit projects	-	11,037,196	(11,307,196)	(100%)
Total operating expenses	3,222,959	1,783,239	1,439,720	81%
Unrealized gains (losses) on investments in carbon credit projects	7,398,777	(8,875,730)	16,274,507	183%
Loss on re-quantification of inventory	(2,932,298)	-	(2,932,298)	(100%)
Loss on investments at fair value	-	-	-	0%
Income tax (expense) recovery	(12,818)	(298,679)	285,861	96%
Net and comprehensive income (loss)	1,611,957	61,433	1,550,524	2,524%

Quarterly results for the nine months ended September 30,	2025	2024	$ Change	% Change
Realized cash settled gains on investments in carbon credit projects	1,811,143	23,545,648	(21,734,505)	(92%)
Total operating expenses	6,788,521	6,082,743	705,778	12%
Unrealized gains (losses) on investments in carbon credit projects	10,160,938	(29,594,671)	39,755,609	134%
Loss on re-quantification of inventory	(2,932,298)	-	(2,932,298)	100%
Loss on investments at fair value	-	(600,000)	600,000	100%
Income tax (expense) recovery	(505,579)	407,416	(912,995)	(224%)
Net and comprehensive income (loss)	2,368,462	(12,306,268)	14,674,730	119%

For the three and nine months ended September 30, 2025, realized cash settled gains on investments in carbon credit projects decreased $11.3 million and $21.7 million respectively, compared to the same periods in 2024. The variances are due to the timing of the cash settlement of carbon credits from the SIPCO project (Refer to – *Project Updates and Details* for more information on the gain and loss on investments in carbon credit projects).

Operating expenses for the three and nine months ended September 30, 2025, increased by $1.4 million and $0.7 million respectively, compared to the same periods in 2024.

- For the third quarter, this cost increase is primarily due to write-down of inventory in the amount of $2.1 million, netted against lower Abaxx royalty license fees by $0.3 million, a $0.2 million reduction in sales tax expense and a $0.2 million reduction in general and administrative expenses.
- For the nine months ended September 30, 2025, operating expenses increased due to the write-down of inventory in the amount of $2.1 million and a slight increase of $0.2 million in salaries and wages, netted against lower Abaxx royalty license fees by $0.5 million, consulting and professional expenses from reduced dependence on external service providers by a combined $0.3 million, $0.1 million reduction in sales tax expense, a $0.5 million reduction in general and administrative expenses and the issuance of fewer company stock options by $0.2 million.

Unrealized gains on investments in carbon credit projects increased by $16.3 million and $39.8 million, compared to the same periods in 2024. The increases are due to revisions of certain key assumptions to the project's DCF forecast which resulted which are discussed in the "*Financial Position"* section below.

The loss on investments at fair value was $nil for the three and nine months ended September 30, 2025, a change of $nil and $0.6 million respectively, compared to the same periods in 2024. This is due to a loss event recognized in the prior period that does not impact the current periods.

For the three months ended September 30, 2025, net and comprehensive income increased by $1.6 million, compared to the same period in 2024. The drivers for this increase have been outlined in the preceding paragraphs. This resulted in a decrease to income tax (expense) recovery by $0.3 million for the three months ended September 30, 2025, compared to the same period in 2024.

For the nine months ended September 30, 2025, net and comprehensive income increased by $14.7 million, compared to the loss reported in same period in 2024. The drivers for this increase have been outlined in the preceding paragraphs. This resulted in an increase to income tax (expense) by $0.9 million for the nine months ended September 30, 2025, compared to the same period in 2024.

Basic and Diluted Income per Share

In Q3 2025, the Company recorded basic and diluted income per share of $0.02 (2024 - $0.00). The basic and diluted weighted average number of common shares outstanding were 103,625,709, and 105,171,334 (2024 – 114,331,339 and 114,704,401) respectively. Diluted earnings per share includes the effect of stock options that are in-the-money.

The Company also provides to investors valuable supplemental insights into the Company's financial performance in the form of basic and diluted adjusted comprehensive (loss) income per share. Refer to - *Non-IFRS Financial Measures* below for more information.

Non-IFRS Financial Measures

Adjusted Comprehensive (Loss) Income and Adjusted Basic and Diluted Loss per Share

The term "Adjusted comprehensive (loss) income for the period", including per share amounts, in this MD&A is not a standardized financial measure under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. These non-IFRS financial measures should not be considered in isolation or as a substitute for measures of performance, cash flows and financial position as prepared in accordance with IFRS. Management believes that these non-IFRS financial measures, together with performance measures and measures prepared in accordance with IFRS financial measures, provide useful information to investors and shareholders in assessing the Company's liquidity and overall performance.

Under *IFRS 13 Fair Value Measurement*, Base Carbon's investments in carbon credit projects are classified as financial instruments and, as such, are revalued quarterly using a discounted cash flow ("DCF") methodology. This approach estimates the present value of future projected cash flows, based on key assumptions including credit generation volumes, market pricing, and discount rates. These inputs are reviewed and updated on a quarterly basis, resulting in regular valuation changes. Such changes are reflected as unrealized gains or losses in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss), as well as in the Consolidated Statements of Cash Flow.

Unrealized gain or loss adjustments are non-cash and reflect changes in valuation assumptions such as carbon credit volume and price forecasts, project timelines, and discount rates. They do not represent objective business performance or realized financial gains or losses. Accordingly, Base Carbon believes that an Adjusted Comprehensive (Loss) Income for the period provides a more accurate reflection of underlying operational performance for the period.

Adjusted comprehensive (loss) income for the period, including per share amounts, is calculated as comprehensive income (loss) for the period adjusted for (i) the unrealized gains (losses) on investments in carbon credit projects, and (ii) loss on investments at fair value. Adjusted comprehensive (loss) income for the period is used by the company to monitor its results from operations for the period.

Basic and diluted adjusted comprehensive (loss) income per share have been calculated based on the adjusted comprehensive (loss) income attributable to common shareholders and the weighted average number of common shares outstanding. Diluted loss per share calculations do not consider the effect of stock options as their inclusion would be anti-dilutive. Diluted income per share calculations includes the effect of stock options that are in-the-money.

The following table reconciles comprehensive gain (loss) to adjusted comprehensive (loss) income.

Adjusted comprehensive (loss) income for the period	Three months ended September 30, 2025	Three months ended September 30, 2024
Comprehensive income for the period	**$ 1,611,957**	**$ 61,433**
(+) Unrealized (gains) losses on investments in carbon credit projects	(7,398,777)	8,875,730
(+) Loss on investments at fair value	-	-
Adjusted comprehensive (loss) income for the period	**$ (5,786,820)**	**$ 8,937,163**
Adjusted on a basic per-share basis	$ (0.06)	$ 0.08
Adjusted on a diluted per-share basis	$ (0.05)	$ 0.08

Adjusted comprehensive (loss) income for the period	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Comprehensive income (loss) for the period	**$ 2,368,462**	**$ (12,306,268)**
(+) Unrealized (gains) losses on investments in carbon credit projects	(10,160,938)	29,594,671
(+) Loss on investments at fair value	-	600,000
Adjusted comprehensive (loss) income for the period	**$ (7,792,476)**	**$ 17,888,403**
Adjusted on a basic per-share basis	$ (0.08)	$ 0.16
Adjusted on a diluted per-share basis	$ (0.07)	$ 0.16

The Company recorded an adjusted comprehensive loss in Q3 2025 of $5.8 million (2024 - $8.9 million comprehensive gain), representing a $14.7 million decrease year-over-year.

In Q3 2025, the Company recorded an adjusted basic loss per share of $0.06 basic and diluted loss per share of $0.05 (2024 - $0.08 diluted gain per share). The basic and diluted weighted average number of common shares outstanding were 103,625,709, and 105,171,334 (2024 – 114,331,339 and 114,704,401) respectively.

Financial Position

As at September 30, 2025, significant changes in the Company's financial position are as follows:

As at	September 30, 2025	December 31, 2024	$ Change	% Change
ASSETS				
Cash	7,987,145	14,798,726	(6,811,581)	(46%)
Short term loan receivable	1,005,787	-	1,005,787	100%
Related party receivable	931,014	1,464,274	(533,260)	(36%)
Carbon credit inventory	23,085,177	25,632,656	(2,547,479)	(10%)
Rwanda Revenue Share Asset	1,841,174	-	1,841,174	100%
Current investments in carbon credit projects	11,385,144	8,816,450	2,568,694	29%
Non-current investments in carbon credit projects	65,205,295	61,067,618	4,137,677	7%
LIABILITIES AND SHAREHOLDER'S EQUITY				
Accounts payable and accrued liabilities	(184,274)	(806,044)	621,770	77%
Shareholders Equity	(102,888,453)	(103,008,430)	119,977	0.1%

- Explanations for changes in cash and cash equivalents are detailed in the "*Liquidity*" section below.
- Short term loan receivable increased by $1.0 million due to the cash invested in the Secured Debenture in the amount of $0.85 million and $0.15 million from the SIPCO operational support agreement.

- Related party receivable decreased by $0.5 million primarily due to the termination of the share purchase and sale agreement with Abaxx.
- Carbon credit inventory decreased by $2.5 million primarily due to a $2.1 write-down of inventory and a $2.9 million loss on the re-quantification of inventory, partially offset by $2.5 million increase to inventory from carbon credit issuance.
- Rwanda RSA increased by $1.8 million due to carbon credits were received by DelAgua which will be subject to the revenue sharing arrangement and recognized as a new financial asset.
- Current and non-current investments in carbon credit projects increased by $2.6 million and $4.1 million, respectively, primarily due to:
    - Rwanda Cookstoves project - $12.3 million increase from a higher crediting profile and carbon credit prices, as well as the unwinding of the discount rate. This is partially offset by the recognition of a $1.8 million Rwanda RSA and receipt of $2.4 million in carbon credit inventory previously described.
    - Vietnam Household Devices project - $2.1 million decrease was recognized on the project due to lower crediting profile and the addition of insurance costs relating to the project. This is partially offset by higher credit prices for VM0050, CORSIA eligible credits and the unwinding of the discount rate.
    - India ARR project - $0.6 million increase from capital deployed towards the project in the period.
- Accounts payable and accrued liabilities decreased as the Company utilized capital to pay down operating expenses in the normal course of business.
- Shareholders equity decreased by $0.7 million primarily due the repurchase of shares under the NCIB and other share purchase arrangements, partially offset by net income.

Liquidity

As at September 30, 2025, the Company had working capital of $45.3 million, including cash of $8.0 million (as at December 31, 2024 – working capital of $49.1 million including cash of $14.8 million).

In the nine months ended September 30, 2025, cash decreased by $6.8 million. The decrease in cash as at September 30, 2025 was primarily due to $3.3 million in cash spent on operating activities, $0.9 million in cash invested in the Secured Debenture and SIPCO operational support agreement, and $2.6 million in cash used for the repurchase of shares under the NCIB.

The Company's ability to meet its obligations and execute its business strategy depends on its ability to generate cash flow from the delivery and sale of carbon credits. Based on current cash balances, the Company believes it has access to sufficient resources to satisfy its commitments.

The Company has maintained operations without debt or alternative funding. However, there is no assurance that the Company will be able to access debt, equity or alternative funding at the times and in the amounts required to meet the Company's obligations and to fund activities.

While there has been action to encourage optimism about the state of the Voluntary Carbon Market, such as the recent CORSIA announcements and auctions, there have been a number of geo-political threats and aggressions which cause the tempering of that optimism. Additionally, there is some uncertainty regarding global economic conditions, all of which impact the ability to finance operations if there are any liquidity issues.

Summary of Quarterly Results

(expressed in $000s except EPS)								
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Realized cash settled gains on investments in carbon credit projects	**-**	**1,022**	**790**	**4,482**	**11,037**	**12,508**	**-**	**-**
Gross profit (loss) on carbon credit sales	-	-	-	-	**(79)**	-	-	-
Total operating expenses	3,223	1,765	1,800	1,623	**1,783**	2,538	1,762	1,884
Operating (loss) income	**(3,223)**	**(743)**	**(1,010)**	**2,859**	**9,175**	**9,970**	**(1,762)**	**(1,884)**
Unrealized gains (losses) on investments in carbon credit projects	7,399	1,182	1,580	(15,419)	**(8,876)**	(1,838)	(18,881)	-
Net income (loss)	**1,612**	**239**	**518**	**(17,490)**	**33**	**7,470**	**(18,918)**	**(3,010)**
Basic income (loss) per share	0.02	0.00	0.00	(0.15)	**0.00**	0.06	(0.17)	(0.01)
Diluted income (loss) per share	0.02	0.00	0.00	(0.15)	**0.00**	0.06	(0.17)	(0.02)
Adjusted Comprehensive (loss) income for the period[1]	**(5,787)**	**(667)**	**(1,063)**	**261**	**8,937**	**9,658**	**(706)**	**(3,010)**
Adjusted basic (loss) income per share[1]	(0.06)	(0.01)	(0.01)	0.00	**0.08**	0.08	(0.01)	(0.03)
Adjusted diluted (loss) income per share[1]	(0.05)	(0.01)	(0.01)	0.00	**0.08**	0.08	(0.01)	(0.03)

(1) "Adjusted Comprehensive (Loss) Income for the Period", including on per-share amounts, is a non-IFRS metric. For more information about this measure, why it is used by the Company, and a reconciliation to the most directly comparable measure under the IFRS Accounting Standards, please refer to the section "Non-IFRS Financial Measures" of this document.

The Company has reported mixed results over the past eight quarters, with net losses recorded in three of the periods. These fluctuations reflect the variable nature and timing of carbon credit monetization. The Company received cash settlements from credit sales in five of the eight quarters.

Under the structured nature of Phase 1 of the Vietnam project and the fixed price off-take arrangement through SIPCO, carbon credit monetization is not guaranteed on a quarterly basis but rather based on timing of credit issuances. When that occurred, the Company's Non-IFRS adjusted comprehensive (loss) income for the period was either in an income position or closer to a break-even position. Refer to Note 7 of the consolidated financial statements for a description of the unrealized losses on the Company's Carbon Credit Projects.

The adjusted comprehensive income over the eight quarters in aggregate was $7.6 million, showing strong performance for the Company, particularly in a developing industry.

Capital Resources

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

The Company's liquidity primarily consists of $8.0 million in cash and cash equivalents.

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

Off-Balance Sheet Arrangements

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

Critical Accounting Estimates

The preparation of the consolidated financial statements requires management to make certain judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual outcomes could differ from these estimates.

The consolidated financial statements include estimates that, by their nature, are uncertain. The impact of these estimates is pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are included in the following notes:

- Accounting for investments in carbon credit projects – management assessed the contractual agreements to determine whether the investments in carbon credit projects are financial instruments and their classification and measurement
- Accounting for carbon credit inventory – management assessed that the carbon credits from the Rwanda Cookstoves project are to be valued at the lower of cost or net realizable value (NRV), as the Company is not a commodity broker trader.

Information about assumptions and estimate uncertainties that have a significant risk of resulting in a material adjustment in the consolidated financial statements is included in the following notes:

- Fair values of investments in carbon credit projects – management estimates the fair value using the cost approach or income approach depending on the stage of the investment in carbon credit project, with such carbon credit investment classified as a financial instrument, the fair value determined by either the cost or income approach is presented through profit or loss (FVTPL)

  The cost approach is a valuation technique where fair value approximates the cumulative cash spend at the period end and assessing that the cost per carbon credit has not fallen below the carbon credit price. Projects valued using the cost approach involve significant subjectivity and estimation uncertainty, including the carbon credit price assumption.

  The income approach uses a discounted cash flow model, summing the future discounted after-tax cashflows generated over the life of the project to a current net present value. The model reflects market expectations based on key inputs and assumptions, namely the carbon credit price, carbon credit volume, and discount rates. Projects valued using the income approach involve significant subjectivity and estimation uncertainty, including assumptions related to the carbon credit price, carbon credit volume, and discount rates.

As part of the operational stage of a carbon reduction project, the Company emphasizes the implementation of project management or oversight standards relating to measurement, reporting, verification and auditing to enhance the efficiencies and credibility of carbon credits.

With the exception of carbon credit market pricing inputs attained from a third-party pricing source, the valuation of the Company's projects is performed internally, with the India ARR project using the cost approach, and the Vietnam Household Devices and Rwanda Cookstove projects valued by the income approach utilizing a "discounted cash flow" analysis.

Initial valuation is performed by the Company's Corporate Development Department, with subsequent assessment and review by the Company's Finance Department. Further review is performed by the Company executives, namely: The Company CEO, President and CFO. Personnel at each stage all possess the requisite qualifications and expertise. The Company believes it has all the necessary internal expertise to coordinate and perform the valuation.

Further oversight is provided by both the Audit Committee and Board of Directors, to whom details of projects are presented for review, and in the case of the Board of Directors, approval.

Regarding the third-party involvement, the Company uses a third party to provide data to determine the carbon credit price assumption. The Finance Department reviews documentation provided by that third party to confirm that the pricing source is appropriate for use in the valuation of investments in carbon credit projects.

- Carbon credit inventory – management determines the lower of cost or net realizable value (NRV) of carbon credit inventory by estimating the fair value of the carbon credits using the spot price on the date of receipt (i.e. cost) versus the fair value of the credits using the spot price on the reporting date (i.e. NRV). Where it is determined that the spot price at the reporting date is lower than on the date of receipt, an appropriate write-down is made. If there is a subsequent increase in the value of inventory on hand, reversals of previous write-downs to net realizable value are made. The spot price is determined based on pricing inputs provided by a third-party pricing source.

Capital Management

The Company manages its capital with the following objectives:

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

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

The Company considers its capital to be shareholders' equity, being comprised of share capital, contributed surplus, and retained earnings, which as at September 30, 2025 totaled $102,888,453 (2024 - $121,552,654).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. There were no changes in the Company's approach to capital risk management during the nine months ended September 30, 2025, and the Company is not subject to any externally imposed capital requirements.

Financial Risk Factors

Fair value

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

The fair value hierarchy has the following levels:

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

The fair value of financial assets and financial liabilities are considered to be their carrying value when they are of short duration or when the instrument's interest rate approximates current observable market rates. The fair value of cash and cash equivalents, short term investment, related party receivable and other receivables approximate their carrying amounts due to the relatively short period to maturity.

Where other financial assets and financial liabilities are of longer duration, then fair value is determined using the discounted cash flow method using discount rates based on adjusted observable market rates. The following table illustrates the classification of the Company's consolidated financial instruments within the fair value hierarchy as at September 30, 2025, according to the significance and reliability of the inputs used in determining fair value measurements. There were no transfers of assets between Level 1, Level 2 and Level 3 in the quarter.

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 7,987,145	$ -	$ -	$ 7,987,145
Short term investments	39,282	-	-	39,282
Related party receivable	-	931,014	-	931,014
Other receivables	8,056	-	-	8,056
Short term loan receivable	-	1,005,787	-	1,005,787
Investments at fair value	-	-	85,000	85,000
Current investments in carbon credit projects	-	-	11,385,144	11,385,144
Rwanda Revenue Share Asset	-	-	1,841,174	1,841,174
Non-current investments in carbon credit projects	-	-	65,205,295	65,205,295
Accounts payable and accrued liabilities	(184,274)	-	-	(184,274)
	$ 7,850,209	**$ 1,936,801**	**$78,516,613**	**$88,303,623**

Credit Risk

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

The Company's credit risk is attributable to cash and cash equivalents, short term investment, other receivables, prepaid and other assets, related party receivable, and investments in carbon credit projects. Cash and cash equivalents and short-term investments are on deposit with a Canadian chartered bank, from which management believes the risk of loss is remote. Other receivables are due from Canada Revenue Agency, from which management believes the risk of loss to be remote. The Company's maximum exposure to credit risk as at September 30, 2025 is the sum of the carrying value of the aforementioned asset accounts.

The Company manages credit risk of the aforementioned asset accounts by:

- assessing credit profile and worthiness of, and completing due diligence on counterparties prior to agreements;
- structuring agreements with defined services or benefits, terms, and remuneration, enforcing the Company's rights from such agreements; and
- conducting post disbursement monitoring and executing dispute resolution processes.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due, including commitments arising from investments in carbon credit projects.

Liquidity Risk as at,	**September 30, 2025**
Current assets	$ 46,399,304
Less: Non-liquid current assets	
Current investments in carbon credit projects	11,385,144
Rwanda Revenue Share Asset	1,841,174
Carbon credit inventory	23,085,177
Related party receivable	931,014
Short term loan receivable	1,005,787
Short term investments	39,282
Prepaid and other assets	116,525
Remaining liquid current assets to settle	**$ 7,995,201**
Current liabilities	**$ 1,085,411**

The ability of the Company to receive cash from current investments in carbon credit projects is dependent on the timing of estimated carbon credit issuances and contracted sales. All of the Company's current financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

Market Risk

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

Foreign Currency Risk

As at September 30, 2025, the Company is exposed to foreign currency risk with respect to Canadian and Barbadian dollar assets with a total balance of $150,355. The Company is also exposed to predominantly Canadian and Barbadian dollar liabilities with a total balance of $8,653,452. Most of this exposure relates to the current and deferred tax liability amount totalling $8,640,089, which is the estimate income tax on current and future proceeds from the sale of carbon credits.

Sensitivity Analysis

The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash and cash equivalents, short term investments, other receivables, and accounts payable and accrued liabilities, and current and deferred tax liabilities.

As at September 30, 2025, the net income would have decreased by $432,673 had the United States and Barbados dollar strengthened by 5%. Had the US and Barbados dollar weakened by 5% at September 30, 2025, the net income would have increased by $432,673.

These changes are based on the results of foreign exchange gains/losses on translation of financial instruments related to cash and cash equivalents, investments, and accounts payable and accrued liabilities.

Related Party Transactions

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

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

Transactions with Abaxx Technologies Inc.

During the nine months ended September 30, 2025, the Company was invoiced approximately $234,506 (2024 – $231,821) from Abaxx for marketing, promotional and consulting services provided to the Company. Abaxx also invoiced $45,279 (2024 - $593,959) in royalty license fee for the realized cash settled gains on investments in carbon credit projects. The royalty license fee was netted against the outstanding loan with Abaxx while the marketing, promotional and consulting fees are accrued and paid in cash when invoiced.

As at September 30, 2025, $931,014 (2024 – 1,003,699) was the outstanding loan balance receivable from Abaxx. This loan originated from September 2024. Interest income of $62,019 (2024 – $3,699) was recognized during the nine months ended September 30, 2025 in relation to the loan.

Interest income of $20,871 (2024 – $3,699) was recognized during the three months ended September 30, 2025 in relation to the loan. The loan originally matured on September 16, 2025, bearing an annualized interest rate of 9%, compounded monthly. Subsequent to maturity on September 16, 2025, the annualized interest rate increased to 15% on the amount of principal and interest outstanding.

In December 2024, the Company and Abaxx entered into a share purchase and sale agreement whereby the Company agreed to purchase such number of common shares of the Company owned by Abaxx equal to the aggregate purchase price of $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.

In January 2025, the Company and Abaxx amended the share purchase and sale agreement, whereby the Company agreed to purchase such number of common shares of the Company owned by Abaxx equal to the aggregate purchase price of $1,550,000 (inclusive of $550,000 from the December 2024 original agreement) divided by the per share market value on closing, which was expected to occur in March 2025. The additional $1,000,000 purchase price was paid to Abaxx in advance of closing and the aggregate purchase price of $1,550,000 was subsequently returned to the Company in connection with the termination of transaction by Abaxx in January 2025.

In connection to the amended share purchase agreement, an extension fee of $75,000 was charged to Abaxx, which Abaxx paid upon termination of the agreement.

In May 2025, the Company purchased and cancelled 3.7 million shares from Abaxx for an amount of $1,122,642 as per the amended share purchase and sale agreement.

In October 2025, Abaxx fully settled its obligations to the Company. Refer to *Subsequent Events* for more information.

Commitments and Contractual Obligations

The following table summarizes commitments and contractual obligations for each of the next five years and thereafter:

	Payments Due as at September 30, 2025 - by Period				
Contractual Obligations	**Less than 1 year**	**1 - 3 years**	**4 - 5 years**	**After 5 years**	**Total**
India ARR Project	$ 4,076,543	$ 1,757,590	$ 397,512	$ 689,388	$ 6,921,033
Total Contractual Obligations	**$ 4,076,543**	**$ 1,757,590**	**$ 397,512**	**$ 689,388**	**$ 6,921,033**

India ARR Project Payments

With respect to the India ARR project, BCCPC has, subject to conditions and achievement of project milestones, contractual commitments to make aggregate payments totalling $13,621,033 in various tranches over the life of the project. As at September 30, 2025, the remaining contractual commitments are $6,921,033. These payments are anticipated to be due by October 2032, staged, partially funded by anticipated future carbon credit sales proceeds, and based on various conditions precedent / project milestones.

The Company had no other material contractual payment commitments as at September 30, 2025.

Subsequent Events

In October 2025, the Secured Debenture was amended and restated to extend the maturity date to November 15, 2025, with an extension fee of $100,000 payable to BCCPC.

In October 2025, Abaxx fully settled its obligations to the Company.

Outstanding Share Capital Data

As of the date of this MD&A, the Company had 102,965,326 common shares issued and outstanding, and 9,290,000 options outstanding, each option exercisable for the purchase of one common share.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As of September 30, 2025, the Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of its disclosure controls and procedures, as defined by the Canadian securities regulatory authorities, and have concluded that the Company's disclosure controls and procedures are effective.

Internal Control over Financial Reporting

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

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

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

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

Refer to the Critical Accounting Estimates for further discussion on Internal Controls relating to valuation.

There have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the period ended September 30, 2025.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedarplus.ca.