Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2024 and 2023

Background

This management discussion and analysis ("**MD&A**") of the financial position of Ostrom Climate Solutions Inc. ("**Ostrom**", the "**Company**" and "**us**," "**our**" or "**we**") and results of its operations for the year ended December 31, 2024 is prepared as at April 29, 2025. This MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2024 and 2023 and the related notes thereto. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). All currency amounts are expressed in Canadian dollars, unless otherwise noted. This MD&A is prepared in conformity with National Instrument 51- 102F1 and has been approved by the Board of Directors.

Forward-Looking statements

This MD&A includes forward-looking statements including in particular forward-looking statements regarding working capital, access to financing, the ability of the Company's projects with recurring verifications to retain their validation status within the scope of changes in voluntary or regulated standards or guidance, the ability of counterparties to sale or purchase contracts to remain going concerns, and possible changes in greenhouse gas emissions regulation in the United States, Canada, Europe or other jurisdictions. Forward-looking Statements may be identified by the use of words such as "will", "may", "plan", "could", "should" and other similar wording or meanings. Where forward-looking statements are included, the material assumptions underlying them and the risk factors affecting them are referenced. Except for historical information contained in this MD&A, the following disclosures are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of applicable Canadian provincial securities laws or are future oriented financial information and, as such, are based on an assumed set of economic conditions and courses of action. Please refer to the cautionary note regarding the risks associated with forward-looking statements at the back of this MD&A.

The Company does not intend, and does not intend to assume any obligation, to update these forward-looking statements or information to reflect changes in assumptions or circumstances or any other events affecting such statements or information other than as required by applicable law. Where a material change to forward-looking statements occurs and its disclosure is required by applicable law, that material change is disclosed as soon as practicable in a news release and material change report and, when applicable, is included with future MD&A and other continuous disclosure documents. All material changes to forward-looking statements are made available on SEDAR at www.sedar.com.

Description of the business

The Company was incorporated on July 6, 2005 under the Business Corporations Act (BC). The Company was classified as a Capital Pool Company and completed an initial public offering and commenced trading on the TSX Venture Exchange ("TSX-V") on April 25, 2006, currently trading under the symbol "COO". The Company's head office, principal address, and registered and records office is located Suite 400 – 322 Water Street, Vancouver, British Columbia, V6B 1B6, Canada.

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Since inception, Ostrom Climate Solutions has delivered over 10 million tonnes of carbon offsets across multiple jurisdictions, standards, and project types. This track record highlights the Company's ability to navigate complex environmental and regulatory frameworks, reinforcing its leadership position in the global carbon market.

Over the past year, both voluntary and compliance carbon markets have faced significant headwinds, including macroeconomic uncertainty, shifting regulatory landscapes, and evolving buyer preferences toward direct project origination. This broader market turbulence has temporarily pressured carbon credit pricing, transaction volumes, and capital allocation across the sector. Despite these challenges, Ostrom's strategic pivot toward ownership and development of high-quality, compliance-aligned carbon projects positions the Company to navigate this volatility prudently while building scalable, long-term value.

With the voluntary carbon market projected to reach $1.1 trillion by 2050 and compliance markets expected to drive global carbon markets to approximately $2.7 trillion by 2028, Ostrom is strategically positioned to capitalize on both sectors. The Company's evolving business model emphasizes ownership and control over high-integrity carbon projects, enabling it to secure recurring revenues and deliver superior returns on invested capital.

Ostrom's commercial strategy is anchored in three redefined core business lines:

- *Carbon Project Development:*
  Formerly referred to as International Land Use, this division leads development of premium offset projects, including REDD+, Improved Forest Management, and Climate-Smart Agriculture initiatives. Leveraging advanced geospatial analysis and modeling, the Company is pioneering scalable projects, such as methane-reduction initiatives in rice supply chains.

- *Carbon Intelligence Services:*
  Building on its deep Canadian market experience, this business line delivers end-to-end carbon management solutions including project feasibility, MRV frameworks, and policy analysis tailored to both regulated and voluntary markets.

- *Net Zero Solutions:*
  This segment focuses on supporting corporate clients in achieving their Net Zero goals through tailored emission reduction and offset integration strategies, helping to manage both operational emissions and residual impact.

The Company's evolution from a carbon management consultancy to a lead equity partner in carbon projects enables greater control over project quality, scalability, and financial outcomes. Ostrom's project portfolio includes Nature-Based Solutions such as:

- Improved Forest Management
- Avoided Planned Deforestation
- Blue Carbon Ecosystem Restoration
- Biochar and Bio-Fuels for soil health and renewable energy transition
- Climate Smart Agriculture

As a subset of global carbon markets, the Carbon Dioxide Removal market is also projected to experience substantial growth, potentially reaching $100 billion annually between 2030 and 2035. In alignment with these market dynamics, Ostrom is prioritizing the development of high-integrity carbon removal projects, including forest carbon initiatives and expanding into complementary nature-based solutions such as biochar.

In Canada, Ostrom is uniquely positioned to capitalize on the newly implemented British Columbia Output-Based Pricing System, leveraging its established operational presence and deep expertise to support regulated entities in meeting compliance obligations through credible, verifiable carbon credits.

Ostrom's trading and technical consulting businesses naturally experience cyclical fluctuations tied to broader carbon market dynamics. However, the Company's strategic pivot toward project ownership and engagement in compliance markets is designed to reduce earnings volatility over time while preserving flexibility to capitalize on market rebounds through its advisory platforms.

To support these initiatives, Ostrom is actively engaging with strategic financing partners to secure long-term revenue streams and accelerate project deployment across key geographies. A key milestone was the recent execution of an Emission Reduction Purchase Agreement ("ERPA") with a Fortune Global 500 buyer for Ostrom's flagship UPRIIS rice methane reduction project in the Philippines (the "**Smart-Rice Project**"). This agreement not only validates the scalability and integrity of Ostrom's project methodology but also signals growing institutional appetite for high-quality, nature-based carbon removals.

By aligning its operational focus with evolving demands across voluntary and compliance markets, Ostrom aims to deliver scalable environmental impact while building sustainable shareholder value.

Developments during the year ended December 31, 2024

- On April 12, 2024, the Company named Mr. Colin Haddock as its Interim Chief Financial Officer. Concurrently, the Company made a share-option grant of 5,125,000 options granted to officers, directors, employees, and consultants at a per share price of $0.10 for a period of five years from the date of grant.

- On April 17, 2024, the Company entered into an Emission Reduction Purchase Agreement with a customer for the sale of 113,739 Verified Carbon Units (VCUs) from the Smart-Rice Project, covering vintages 2025 and 2026. The total contract value is USD $1.42 million. During the year-ended December 31, 2024, the Company received USD $1.0 million in milestone-based prepayments, including an initial payment upon signing and a second payment upon the completion of a mutually agreed milestone. The prepayments are to be settled through future delivery of VCUs following third-party verification

- On May 22, 2024, the Company announced the resignations of Ms. Petrina Ooi and Mr. Guy O'Loughnane from the Board of Directors.

- On May 24, 2024, the Company named Mr. Navdeep Dhaliwal as Executive Chairman and Mr. Tejinder Virk as Chief Strategy Officer. As part of the terms of their agreements, the Company granted 1,000,000 share-options at a per share price of $0.10 for a period of five years from the date of grant to each of Mr. Dhaliwal and Mr. Virk.

- On June 25, 2024, Tarlochan Deol was appointed to the Board of Directors.

- On August 21, 2024, the Company issued a non-brokered private placement offering for gross proceeds of $837,000 consisting of 16,740,000 common shares at the price of $0.05 per share.

- On September 12, 2024, the Company named Tejinder Virk as Chief Executive Officer (CEO). Current CEO, Phil Cull, transitioned to the role of President & Chief Operating Officer (COO) to lead the carbon project developments.

Critical Accounting Estimates and Policies
The material accounting policies applied, and the critical accounting estimates made in the preparation of the financial statements are in Note 3 of the audited consolidated financial statements for the year ended December 31, 2024.

Initial adoption of new accounting standards
The adoption of any new accounting standards has been disclosed in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2024.

Accounting standards issued but not yet in effect
Pronouncements that may have an impact to the Company have been disclosed in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2024.

Selected Annual Information
The following table sets forth selected financial information for the Company for the fiscal years ended December 31, 2024, 2023 and 2022.

December 31,	**2024**	**2023**	**2022**
Total assets	1,607,190	2,781,485	2,350,296
Non-current financial liabilities	2,001,042	297,895	368,617
Revenues	3,462,811	4,603,582	3,964,612
Net Loss from continued operations	(4,579,652)	(1,823,325)	(490,351)
Total net loss for the year	(4,579,652)	(1,823,325)	(490,351)
Loss from continued operations per share – basic and diluted	(0.044)	(0.022)	(0.007)
Loss per share – basic and diluted	(0.044)	(0.022)	(0.007)
Weighted average number of common shares outstanding	103,405,031	81,123,569	75,098,143

2024 vs 2023

Total Assets
As at December 31, 2024, the Company's total assets were $1,607,190, representing a decrease of $1,174,295, or approximately 42%, compared to $2,781,485 as at December 31, 2023. The decline primarily reflects a reduction in cash and cash equivalents, which were used to fund development expenditures related to the Smart-Rice Project. In addition, the Company experienced a decrease in inventory, reflecting offset deliveries and the wind-down of certain legacy projects, as well as lower accounts receivable and prepaid expenses, including the write-off of a prior-year prepayment. These reductions were partially offset by the capitalization of a right-of-use asset related to a new office lease entered into during Q1 2024.

Non-Current Financial Liabilities
Non-current financial liabilities increased significantly to $2,001,042 as at December 31, 2024, from $297,895 in the prior year—an increase of $1,703,147 or approximately 572%. The increase primarily reflects the recognition of a lease liability under IFRS 16 related to the new office lease, and the addition of $1,350,414 in long-term deferred revenue. This deferred revenue relates to milestone-based prepayments received under a multi-year emission reduction purchase agreement for the delivery of verified emission reductions ("VERs") from the Smart-Rice Project, with vintages scheduled for delivery in 2025 and 2026.

Revenues
For the year ended December 31, 2024, revenues totaled $3,462,811, a decrease of $1,140,771, or approximately 25%, compared to $4,603,582 in the prior year. The decline was primarily driven by a reduction in VER sales, reflecting the absence of one-time bulk retirements recorded in 2023 and timing differences in VER delivery. Consulting and advisory revenue also declined due to the wind-down of legacy mandates and incomplete project milestones. These changes reflect Ostrom's ongoing strategic shift toward long-term carbon asset development and compliance market participation.

Net Loss from Continued Operations
The Company reported a net loss from continued operations of $4,579,652 for the year ended December 31, 2024, compared to $1,823,325 in 2023, representing an increase of $2,756,327, or approximately 151%. The increased loss was primarily driven by a $2.8 million decline in revenue, combined with lower gross margins and elevated operating costs. Key contributing factors included a $211,572 increase in consulting fees related to strategic advisory and interim executive services, $232,748 in share-based compensation expense associated with option grants issued during the year, $95,548 in amortization of a new right-of-use asset for office space, and $745,558 in research and development costs related to the Smart-Rice Project, which were expensed as incurred.

Loss Per Share
Basic and diluted loss per share was $0.044 for the year ended December 31, 2024, compared to $0.022 in 2023. The increase reflects the larger net loss in 2024, partially offset by a higher weighted average number of common shares outstanding (103,405,031 in 2024 vs. 81,123,569 in 2023), following equity financings undertaken to support the Company's carbon development initiatives.

Summary of Quarterly Results
The following table provides selected quarterly unaudited financial data for the eight most recently completed interim quarters:

	Three months ended							
	December 31, 2024	**September 30, 2024**	**June 30, 2024**	**March 31, 2024**	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**
Gross Profit	86,207	156,247	369,000	143,545	957,066	766,844	95,707	220,759
Income (loss) for the period	(1,373,756)	(1,268,728)	(856,934)	(1,080,234)	(836,222)	57,053	(553,958)	(490,198)
Basic and diluted income (loss) per share	(0.012)	(0.012)	(0.001)	(0.011)	(0.010)	0.0007	(0.007)	(0.006)

Change in Presentation of Summary of Quarterly Results
Beginning with this MD&A, the Company presents gross profit in its Summary of Quarterly Results instead of revenue. This change was made to better reflect operating performance given variability in revenue recognition under IFRS 15. Comparative periods have been adjusted for consistency.

Summary of Results During Prior Eight Quarters

The Company's gross profit has fluctuated significantly over the past eight quarters, reflecting the timing of carbon offset deliveries, milestone-based consulting revenue, and the recognition of deferred revenue tied to long-term contracts. Seasonal trends have also influenced results, particularly in British Columbia, where municipal offset purchases and project implementation typically occur in the first half of the year, often resulting in greater gross profit during the second and fourth quarters.

For the three months ended December 31, 2024, gross profit was $86,207, compared to $957,066 in the same quarter of 2023. The year-over-year decline reflects a lower volume of offset transactions and reduced consulting activity. By contrast, Q4 2023 benefited from a higher concentration of project completions and offset retirements.

Quarterly profitability has followed a similar trend, with losses deepening throughout 2024 due to reduced revenue and continued investment in research, strategic advisory services, and development-stage initiatives such as the Smart-Rice Project. The Company anticipates that its quarterly results will continue to exhibit variability as it transitions away from legacy consulting mandates and focuses on long-term carbon asset development. Management continues to monitor and refine its revenue recognition practices to ensure accurate classification in line with the evolving structure of its project portfolio.

Gross profit will remain a key performance indicator as the Company scales its development pipeline and builds recurring value from high-integrity carbon credit generation.

Results of Operations – For the years ended December 31, 2024 and 2023

The results of operations for the years ended December 31, 2024 and 2023 are summarized below:

	Year ended December 31, 2024	2023
Revenue		
Sale of VER units	$ 1,959,496	$ 2,421,612
Consulting and advisory services	1,503,315	2,181,970
Total revenue	3,462,811	4,603,582
Cost of sales	(2,707,812)	(2,563,206)
Gross profit	754,999	2,040,376
Operating expenses	(5,260,386)	(3,748,302)
Loss before other items	(4,505,387)	(1,707,926)
Other income and (expenses)	(74,265)	(115,399)
Net loss for the year (IFRS)	(4,579,652)	(1,823,325)
Add back: Share-based compensation expense	232,748	-
Add back: Consulting fees paid in share issuance	-	195,891
Add-back: Milestone-based consulting fees (intended for share settlement)	137,500	-
Add back: Smart-Rice R&D expenses expensed during the year	1,605,134	859,576
Adjusted net loss (non-IFRS measure)	**(2,604,270)**	**(767,858)**

Management believes that Adjusted Net Income, which excludes project-related research and development (R&D) expenses, share-based compensation, milestone-based consulting fees intended to be settled in shares, and restructuring costs, provides a more meaningful measure of the Company's underlying operating performance.

These adjustments are intended to isolate the impact of:

- Investments made to develop long-term carbon assets (such as the Smart-Rice Project), and

- Non-cash expenses associated with stock option grants, consulting and milestone bonuses planned for settlement through equity issuance.

Management believes that excluding these items better reflects the Company's recurring cash operating performance and provides investors and other stakeholders with additional insight into Ostrom's ability to generate sustainable earnings from its core business activities.

Adjusted Net Income does not have a standardized meaning under IFRS and should not be considered in isolation or as a substitute for measures of financial performance prepared in accordance with IFRS.

Revenue
For the year ended December 31, 2024, total revenue was $3,462,811, a decrease of $1,140,771, or approximately 25%, compared to $4,603,582 in 2023. The year-over-year decline was primarily driven by reduced consulting activity and a modest decline in VER sales, both of which were affected by market timing and the Company's ongoing strategic shift.

- Sale of VER units generated revenue of $1,959,496 in 2024, compared to $2,421,612 in the prior year—a decrease of $462,116, or approximately 19%. The decline reflects:
    - The absence of several large, one-time VER retirements recognized in 2023; and
    - Timing differences in delivery across customer contracts, with certain sales shifting to future periods.

- Consulting and Advisory Services revenue totaled $1,503,315 in 2024, compared to $2,181,970 in 2023, representing a decrease of $678,655, or approximately 31%. This decline is attributable to:
    - Delays in achieving project milestones required for revenue recognition; and
    - The wind-down of legacy consulting mandates that were not immediately replaced, as the Company refocused efforts on project development.

Cost of Sales and Gross Profit
Total cost of sales for the year ended December 31, 2024, was $2,707,812, compared to $2,563,206 in 2023—an increase of $144,606 or approximately 6%, despite lower overall revenue. This increase reflects a shift in revenue mix and the composition of VER inventory retired during the year.

- The cost of sales related to VER transactions rose to $1,762,355 in 2024, up from $1,536,754 in the prior year. This increase was driven by a higher proportion of one-off VER transactions completed during the year that relied on external registry purchases or older, higher-cost inventory, as opposed to lower-cost inventory previously held in stock. These transactions typically carry narrower margins and were executed opportunistically to meet short-term customer demand. As a result, the gross margin on VER sales declined from approximately 37% in 2023 to 10% in 2024.

- The cost of sales related to advisory, consulting, and project management services was $945,457 in 2024, a decrease from $1,026,452 in 2023, aligning with the reduction in service revenue. However, margins in this segment also declined, reflecting the impact of unrecoverable costs associated with international projects that did not proceed as planned.

The Company's overall gross profit for the year was $754,999, down 63% from $2,040,376 in 2023. The margin decline reflects a combination of factors, including the higher cost base associated with VER sales, reduced leverage over fixed costs, and the variable profitability of milestone-driven consulting engagements.

As the Company continues its transition toward owned project development and compliance market alignment, management expects cost of sales to normalize and gross margins to improve over the medium term.

Operating expenses

During the year ended December 31, 2024 and 2023, operating expenses were $5,260,386 and $3,748,302, respectively. Significant changes in operating expenditures in 2024 vs 2023 are categorized in the table below:

Operating Expenses		**Year ended December 31, 2024 Increase (decrease) in expense**	**Comment**
Amortization of right-of-use asset	$	95,548	Reflects amortization of a newly capitalized office lease, which commenced in Q1 2024 under IFRS 16. The Company transitioned to a long-term lease following the expiry of a prior short-term arrangement.
Consulting fees		211,572	The increase is primarily attributable to consulting support for new advisory project initiatives requiring specialized technical modeling and market research. The category also includes accrued milestone payments to certain consultants totaling $120,000, as well as expanded fees paid to the Chairman, CEO, and Interim CFO.
Salaries, management fees and benefits		85,612	Increase is related to additional hires made in early 2024 to support growing operations in Canada. Headcount was cut in Q3 and Q4 2024 to right-size based on run-rate revenue profile. These roles were subsequently scaled back in the second half of the year in response to reduced consulting revenues.
Professional, investor, and agent fees		111,213	Higher legal and professional fees were incurred during the year in connection with the evaluation of strategic alternatives and corporate structuring initiatives. Investor and agent-related fees also increased modestly with expanding shareholder communications and listing compliance.
Selling, general, and administrative		19,788	The increase reflects expanded IT infrastructure and communication costs linked to staffing additions. The category also includes expenses associated with the Company's office facilities and investor relations-related travel and engagement, particularly in relation to the Company's Smart-Rice project partner.
Share-based payments		232,748	Increase reflects the issuance and vesting of 6,450,000 stock options during various periods of 2024, granted or approved to be granted as part of the Company's strategy to align management and key personnel with long-term growth objectives.
Research and development		745,558	Represents expenditures on feasibility assessments and early-stage non-capitalizable labour associated with international land use initiatives, primarily related to the Company's carbon project in the Philippines. These costs were expensed as incurred in accordance with IFRS accounting policy on R&D activities.

Other income and expenses
During the year ended December 31, 2024, other income and expenses resulted in a net other expense of $74,265 compared to a net other expense of $115,399 in 2023. Significant changes in other income and expenses in 2024 vs 2023 are categories in the table below:

Other income and expenses		**Year ended December 31, 2024 Increase (decrease) in net other expense**	**Comment**
Interest income/expense	$	(19,406)	Increase in net interest expense reflects higher interest charges on outstanding debentures and other financing arrangements. In 2024, additional interest was also accrued on government remittances and sales tax liabilities.
Accounts payable extinguishment		(57,600)	Gain recognized in 2024 from the derecognition of legacy payables and accrued liabilities, primarily involving counterparties that are no longer active or no longer exist. No comparable gain occurred in 2023.
Finance costs		22,472	Finance costs include both accretion (15%) and contractual interest expenses (6% and 10%) on the Company's outstanding debentures. Finance costs were higher in 2023 due to the recognition of accretion on new Debenture H issued in June 2023. No new issuances occurred in 2024.
Gain on provision estimate revision		7,617	Represents the net change in the present value of future maintenance obligations, following a reassessment of project assumptions and cost forecasts.
Other and gain on repayment of loans payable		37,144	Represents primarily to a one-time gain recognized in 2023 related to the forgiveness of $40,000 under the Canada Emergency Business Account (CEBA) loan program. No similar forgiveness was recorded in 2024.

Reconciliation of Use of Proceeds from Financing Activities
The Company raised net proceeds of $837,000 ($819,750, net of issuance costs) through a private placement financing in Q3 of 2024. $55,317 of interest was paid on the Company's debt securities.

Liquidity and Capital Resources

For the year ended December 31, 2024, the Company's operating, investing, and financing activities resulted in a net decrease in cash of $796,812 (2023: increase of $369,612). As at December 31, 2024, the Company had available cash of $550,710 (2023: $1,347,522) to meet current liabilities of $4,381,922 (2023: $3,732,210), including monetary liabilities of $1,851,256 which exceed monetary assets of $806,377 by $1,044,879.

The deterioration in working capital reflects an increase in current liabilities, including deferred revenue obligations related to future VER deliveries, and accrued expenses tied to strategic advisory services and lease commitments. A reclassification of deferred revenue further contributed to the decrease.

The Company does not currently generate sufficient cash flows from operations to fund its obligations as they come due and is therefore reliant on external financing. In response, management is actively pursuing equity placements, and strategic partnerships to strengthen liquidity and support near and long-term operations.

In addition, the Company is restructuring its offsets and consulting business to better align its cost base with forecasted billings and project milestones. This restructuring includes:

- Reducing overhead and delivery costs;
- Adjusting staffing levels;
- Focusing consulting activities on high-margin, milestone-driven contracts.

These measures are intended to improve near-term cash flow while preserving the Company's ability to execute on core development-stage initiatives, including the Smart-Rice Project.

If the Company is unable to secure sufficient financing or effectively execute its cost alignment strategy, material uncertainty may cast significant doubt on its ability to continue as a going concern. The financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's current liabilities mature as follows:

1. **Accounts payable and accrued liabilities** of $1,602,044, of which 49% are overdue (defined as over 60 days past invoice date), and 51% are due within three months.
2. **Deferred revenue** of $1,834,247 expected to be recognized within the next 12 months.
3. **Other liabilities** of $249,212 related to historical purchase consideration, currently overdue.
4. **Convertible debentures** totaling $586,575 are payable on demand.
5. **Capital lease obligations** of $109,844 are due within the next 12 months.

The Company's approach to managing liquidity risk is to maintain adequate financial flexibility to ensure it can meet its liabilities as they come due. Management continues to closely monitor cash flow, working capital, and financing options to mitigate liquidity risk.

Related Party Transactions

Related parties and related party transactions are summarized below and include transactions with key management personnel of the Company.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management personnel comprise officers and directors of the Company. As at December 31, 2024, key management personnel were:

Key management	Position
Navdeep Dhaliwal	Executive Chairman, Director (appointed November 6, 2023)
Tejinder Virk	Chief Executive Officer, Director (appointed as CEO September 12, 2024)
Phil Cull	Chief Operating Officer (COO), Director and Corporate Secretary
Colin Haddock	Interim CFO (appointed on April 12, 2024)
Christopher Morris	Director (appointed November 6, 2023)
Tarlochan Deol	Director (appointed June 25, 2024)
Petrina Ooi	Former Director (resigned on May 22, 2024)
Guy O’loughnane	Former Director (resigned on May 22, 2024)

Key management compensation

Remuneration attributable to key management and/or entities controlled by key management or directors is summarized as follows:

	Year ended December 31,			
		2024		2023
Salaries, management fees and benefits				
Phil Cull	$	181,800	$	181,800
Paula Achilles		-		93,509
	$	181,800	$	275,309
Consulting fees				
NLX Trading Limited (“NLX”) (Director in common: Navdeep Dhaliwal)		75,000		13,125
Farm Lane Holdings Limited (“Farm Lane”) (Director in common: Tejinder Virk)		100,000		-
Tejinder Virk		48,384		-
Navdeep Dhaliwal		48,382		-
RCM Financial Services Ltd. (“RCM”) (Director in common: Christopher Morris)		129,261		-
Share-based compensation				
Phil Cull		21,625		
NLX		-		195,891
Tejinder Virk		41,691		-
Navdeep Dhaliwal		41,691		-
RCM		21,420		-
Total	$	709,254	$	484,325

Other related party transactions

During the years ended December 31, 2024 and 2023, other related party transactions consisted of the following:

	December 31, 2024	December 31, 2023
Sub-leasing of office space, included in other income	$9,600	$ 33,500

Related party balances

As at December 31, 2024 and 2023, the Company had the following balances outstanding with related parties:

	December 31, 2024	December 31, 2023
Due to key management or companies related to key management, included in accounts payable and accrued liabilities, as well as other liabilities	$ 521,756	$ 306,566
Due from key management, included in accounts and other receivables	5,871	2,594
Convertible debentures held by a company controlled by a significant shareholder of the Company	522,303	516,575
Convertible debentures held by a former director of the Company	356,000	358,617
Accrued interest on convertible debentures held by a significant shareholder of the Company	38,388	10,031
Accrued interest on convertible debentures held by a former director of the Company	$ 6,760	$ 4,278

During the year ended December 31, 2024, the Company entered into the following consulting arrangements with related parties:

- The Company engaged two executives under separate individual consulting agreements, which provide for fixed monthly fees, stock option grants, and provisions for bonus and change of control payments.
- The Company also entered into a consulting agreement with a private company controlled by the same two executives. The agreement includes milestone-based compensation for strategic deliverables and a right of first refusal on future financial advisory mandates.
- Additionally, the Company entered into a consulting agreement with a private entity controlled by a member of the Board of Directors who also exercises significant influence over the Company. The Company's Interim Chief Financial Officer provides services to the Company as an employee of this private

entity. The agreement includes fixed monthly fees, milestone-based compensation, and eligibility for stock option grants.

During the year ended December 31, 2024, the first milestone under each of the consulting was achieved, approved by the Compensation Committee, and the related milestone fees were granted and recorded.

All related party transactions were reviewed and approved by the independent members of the Board of Directors, with the conflicted individuals abstaining from any discussions or approvals in which they held an interest.

Financial Risk Management

Fair Values

The Company's financial instruments are classified as follows. Unless otherwise disclosed their carrying values approximate their fair values due to the short-term nature of these instruments.

December 31, 2024	**Amortized cost (financial assets)**	**Fair Value through Profit or Loss**	**Amortized cost (financial liabilities)**
Financial assets			
Cash	$ 550,710	$ -	$ -
Accounts receivable	255,667	-	-
Financial liabilities			
Accounts payable and accrued liabilities	-	-	1,602,044
Other liability	-	-	308,729
Convertible debentures	-	-	835,565
Lease liability	-	-	451,965
	$ 806,377	**$ -**	**$ 3,198,303**

The Company uses the following hierarchy for determining and disclosing fair value of financial instruments:

Level 1 — quoted prices in active markets for identical assets and liabilities.

Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

At December 31, 2024, the Company does not have any financial assets or liabilities measured at fair value.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk to its financial assets is summarized below:

As at December 31,		**2024**
Cash	$	550,710
Accounts receivable		255,667
	$	**806,377**

Cash

The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Management assesses credit risk of cash as very low.

Accounts receivable

The majority of the Company's accounts receivables consists of amounts due from customers from completed sales. The Company monitors its accounts receivables through standard credit and reference checks.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As of December 31, 2024, the Company had a cash balance of $550,710 to settle current liabilities of $4,381,922.

The Company is actively implementing strategies to manage and mitigate these risks, including tightening credit terms, enhancing inventory management, and exploring options for refinancing or securing additional funding through its carbon development projects. Furthermore, the Company is engaged in rigorous cash flow management practices to ensure that critical obligations are prioritized and that operations can continue without any disruption.

Continued monitoring of the Company's liquidity status is crucial, and it is committed to taking necessary actions to address this challenge to maintain the financial health and operational stability of its business. Management is focused on both short-term measures and long-term strategies to improve its working capital position.

The table below summarizes the maturity profit of the Company's financial liabilities:

December 31, 2024		Current Within 1 year		Non-current 1-5 years		Non-current 5 years - beyond
Financial liabilities						
Accounts payable and accrued liabilities	$	1,602,044	$	-	$	-
Other liabilities		249,212				-
Provisions		-		-		59,517
Convertible debentures		586,575		423,937		-
Lease liability		109,844		280,000		-

c) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk, other price risk, geopolitical risk, carbon standards risk, and jurisdiction carbon treatment risk.

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is exposed to foreign currency risk on the cash, accounts receivable, accounts payable and accrued liabilities balances denominated in US dollars and Euros. As at December 31, 2024, the Company had net monetary assets of $49,461 held in US dollars, and €nil held in Euros. A fluctuation in the exchange rates between the Canadian and US dollar of 10% would result in $7,108 change in the profit and loss of the Company. A fluctuation in the exchange rates between the Canadian dollar and Euro of 10% would result in $nil change in the profit and loss of the Company.

Management maintains cash accounts denominated in US dollars to complete foreign currency and considers this practice adequate to mitigate significant foreign currency fluctuations for US dollar transactions.

In 2024, 9% of the Company's sales commitments were in foreign currencies. The Company did not engage in hedging contracts to manage exposure to foreign exchange risk in 2024.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently has cash balances, accounts receivable, other receivables and accounts payables and accrued liabilities that are not subject to interest rate risk due to their short-term to maturity. The Company does not rely on interest income from cash accounts or short term loans to maintain operations. There is minimal interest rate risk on interest bearing debt, as the Company's convertible debentures and provisions are not subject to floating interest rates.

(iii) Price Risk

The Company's finished goods inventory may be exposed to price risk with respect to voluntary carbon credit prices. Carbon credit price risk is defined as the potential adverse impact on the Company's earnings due to movements in price for carbon offsets in the voluntary market. Most of the Company's inventory and VER unit production for 2024 is committed to customers under contract. Price risk at the present time is not material to the Company. If the Company were to carry inventory in the future beyond its sales requirements, the price risk to the Company relating to fluctuations in the price of carbon credits could be material.

(iv) Geopolitical Risk

The Company's operations and financial results are subject to risks arising from political instability and changes in government policies across the countries in which it operates. Geopolitical tensions can disrupt supply chains, alter trade routes, and impact market access. These conditions may cause fluctuations in commodity prices and currency exchange rates, thereby affecting the Company's profitability and financial position. The Company continuously monitor these risks and employ strategic planning to mitigate potential adverse effects.

(v) Carbon Standards Risk

The international shift towards stricter carbon emission standards poses a significant risk to the Company's operational practices and cost structures. As global regulations evolve to address climate change, the Company's compliance with these changing standards requires substantial investment in technology and process adaptation. Non-compliance with these standards could result in financial penalties, loss of market confidence, and reputational damage. The Company is actively investing in sustainable technologies and practices to align with these evolving standards and minimize financial impacts.

(vi) Jurisdiction Carbon Treatment Risk

The Company's business is exposed to risks associated with varying carbon regulation treatments across different jurisdictions. These include risks related to carbon pricing mechanisms, such as taxes and emissions trading systems, and regulatory changes that affect how carbon emissions are reported and penalized. The divergent approaches can complicate operational planning and lead to inefficiencies and increased costs. The Company's strategy includes robust regulatory compliance frameworks and engagement with policymakers to anticipate and influence regulatory developments. Additionally, the Company assesses its exposure to carbon pricing mechanisms as part of its ongoing risk management processes.

Off-Balance Sheet Arrangements
None.

Proposed Transactions
None.

Disclosure of Outstanding Share Data
The authorized share capital of the Company consists of an unlimited number of common shares without par value.

As of December 31, 2024, the Company had 114,091,113 common shares issued and outstanding. In addition, it also has 16,883,460 warrants and 6,050,000 share options outstanding, with an additional 400,000 approved to be granted. As at April 29, 2025, the Company had 114,091,113 common shares issued and outstanding. In addition, it also has 16,883,460 warrants and 2,800,000 share options outstanding with an additional 400,000 approved to be granted.

Subsequent Events
On March 13, 2025, the Company entered into two promissory note agreements in February 2025 to convert balances previously included within accounts payable and accrued liabilities into formalized debt instruments. The combined principal amount of the notes is $642,863, bearing interest at Royal Bank of Canada's prime rate plus 3% per annum, compounded monthly, retroactively effective from July 1, 2024. The maturity date for both notes is June 30, 2026.

On April 23, 2025, the Company entered into an amending agreement with the holder of Debenture A and Debenture C to extend the maturity dates of both debentures from their original terms to December 31, 2025. All other terms and conditions of the debentures remain unchanged.

Cautionary Note Regarding Forward Looking Statements

CERTAIN OF THE STATEMENTS AND INFORMATION IN THIS MD&A CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND "FORWARD-LOOKING INFORMATION" WITHIN THE MEANING OF APPLICABLE CANADIAN PROVINCIAL SECURITIES LAWS RELATING TO THE COMPANY AND ITS OPERATIONS. ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACT MAY BE FORWARD-LOOKING STATEMENTS. WHEN USED IN THIS MD&A THE WORDS "BELIEVES", "EXPECTS", "INTENDS", "PLANS", "FORECAST", "OBJECTIVE", "OUTLOOK", "PROJECTED" "ANTICIPATED", "BUDGET", "LIKELY" AND SIMILAR WORDS OR EXPRESSIONS IDENTIFY FORWARD-LOOKING INFORMATION OR STATEMENTS. THESE FORWARD-LOOKING STATEMENTS OR INFORMATION RELATE TO, AMONG OTHER THINGS: WORKING CAPITAL, ACCESS TO FINANCING, THE ABILITY OF COUNTERPARTIES TO SALE OR PURCHASE CONTRACTS TO REMAIN GOING CONCERNS AND GREENHOUSE GAS EMISSIONS REGULATION IN THE UNITED STATES, CANADA, EUROPE OR OTHER JURISDICTIONS.

THESE STATEMENTS REFLECT THE COMPANY'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND ARE NECESSARILY BASED UPON A NUMBER OF ASSUMPTIONS AND ESTIMATES THAT ARE DISCLOSED IN THOSE PORTIONS OF THE MD&A DEALING WITH THEM AND, WHILE CONSIDERED REASONABLE BY THE COMPANY, ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, POLITICAL AND SOCIAL UNCERTAINTIES AND CONTINGENCIES. MANY FACTORS, KNOWN AND UNKNOWN, COULD CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM THE RESULTS, PERFORMANCE OR ACHIEVEMENTS THAT ARE OR MAY BE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS CONTAINED IN THIS MD&A AND THE COMPANY HAS MADE ASSUMPTIONS AND ESTIMATES BASED ON OR RELATED TO MANY OF THESE FACTORS. SUCH FACTORS MAY INCLUDE: THE ENVIRONMENT FOR BORROWING AND LENDING, POSSIBLE DOWNTURN IN BRITISH COLUMBIA'S RESOURCE ECONOMY, THE POSSIBLE RECESSION OF THE NORTH AMERICAN ECONOMY AND REDUCTION IN DEMAND FOR PRODUCTS AND SERVICES RELATED TO SUSTAINABILITY AND ENVIRONMENTAL PERFORMANCE, THE PERFORMANCE OF THE VENTURE MARKET FOR SECURITIES, WHETHER THE INTERNATIONAL COMMUNITY WILL RALLY AROUND REDD PROJECTS AS A WAY TO PROTECT ENDANGERED RAINFORESTS WITHIN THE MANAGEMENT OF CLIMATE CHANGE, THE STABILITY OF GOVERNMENT AND THE RULE OF LAW IN LESS DEVELOPED COUNTRIES, SPECIFICALLY THE DEMOCRATIC REPUBLIC OF THE CONGO, THE ABILITY OF THE COMPANY'S PROJECTS WITH RECURRING VERIFICATIONS TO RETAIN THEIR VALIDATION STATUS WITHIN THE SCOPE OF POTENTIAL CHANGES IN VOLUNTARY OR REGULATED STANDARDS OR GUIDANCE, AND POSSIBLE CHANGES IN GREENHOUSE GAS EMISSIONS REGULATION IN THE UNITED STATES, CANADA, EUROPE OR OTHER JURISDICTIONS.