

Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2021

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, 2021 is prepared as at May 2, 2022. This MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2021 and 2020 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 at Unit 300-948 Homer Street, Vancouver, British Columbia, V6B 2W7, Canada.

The Company's primary business is climate risk management, both physical and transition for corporations, environmental commodity developments (specifically carbon offset projects but also more broadly) and climate change mitigation activities. The Company has 4 divisions – Carbon Management and Innovation, Domestic Land Use, International Land Use and a Retail Offset Sales business delivered as the Offsetters Community.

As industry becomes increasingly interested in the climate space, Ostrom is seeing increased demand of its services. The Company has an extensive track record in developing environmental assets in some of the most challenging jurisdictions globally. For more than a decade, Ostrom has been a trusted advisor and partner with First Nations in Canada, ensuring they have the required information available, allowing them to incorporate environmental commodity values into their natural resource decision making. Ostrom is recognized as a tenured and accomplished project development company having been at the forefront of environmental asset development for more than 15 years. The Company has an experienced team with the knowledge and experience to both originate viable carbon projects as well as allocate capital into high quality, risk-managed sustainable investments.

The team at Ostrom has developed over 10 million tonnes of carbon offsets in numerous jurisdictions using many different standards, protocols and of various project types. With demand for offsets expected to rapidly grow over the next 5 – 10 years we are well placed to capitalize on that growth, and have recently raised \$1M of equity capital in order to allow the team to continue its focus on aggressively developing our project pipeline.

The market has seen a steep rise in carbon commodity prices in the last year, and a move towards more sophistication in trading capabilities (both of which can be evidenced by the NGeo and Geo contracts on "CBL" – a global exchange platform for transacting energy and environmental commodity products). This general trend is expected to continue, as is the steady increase in the number of net-zero commitments being publicly made both at a corporate level and at jurisdictional levels.

Developments during the year ended December 31, 2021

- On January 29, 2021, the Company announced that it has closed its share purchase and sale agreement dated effective November 2, 2020 between itself as seller and Forest Finest Consulting GmbH ("FFC") whereby FFC has purchased from the Company the Company's remaining interest in FFC's outstanding shares (the FFC Shares") in exchange for the payment to the Company of EURO 197,010.00 (being approximately CAD \$295,515 at an exchange rate of CAD \$1.50 to 1.00 EURO). The FFC Shares represented approximately 18% of the issued and outstanding shares of FFC.
- On February 11, 2021, the Company announced the appointment of Professor Gary Bull, PhD, to the Board of Directors of the Company. Professor Bull resides in the Department of Forest Management and Resource Economics in the Faculty of Forestry at the University of British Columbia in Vancouver, Canada. His research focuses on natural resource economics, climate change, forest estate and forest product trade modeling in both developed and developing countries. He has consulted with various levels of government, ENGO's and the forest product, energy and oil and gas industries. Professor Bull received his Master's in Forestry from the University of British Columbia and his PhD from the University of Toronto. Professor Bull is a resident of Vancouver, British Columbia.

- On May 5, 2021, the Company announced that it has closed an agreement (the “Convertible Debenture”) with Guy O’Loughnane (the “Lender”), a member of its Board of Directors, whereby the Director will loan to it the principal sum of CDN\$250,000 (the “Principal”). Interest on the Principal is payable at a rate of ten (10%) percent simple annual interest. The Convertible Debenture matures in tranches with CDN\$50,000 of the Principal maturing and becoming due and payable upon demand every six months commencing on the twelve-month anniversary of the Convertible Debenture. Demand for payment of the Principal may only be made by the Lender to the extent that a tranche has become due and payable. Payment of a tranche may be made by the Company, without demand by the Lender, upon ten (10) days’ notice to the Lender. Principal and interest due under the Convertible Debenture is convertible, in whole or in part, to common shares of the Company at a price of CDN\$0.125 of Principal per common share. Any interest which is converted must be converted at then prevailing market prices for the Company’s common shares.
- On June 3, 2021, the Company announced the resignation of Mr. James Tansey, PhD, from the Board of Directors of the Company.
- On July 15, 2021, the Company announced that it has granted 1,200,000 incentive stock options (the “Options”) to certain directors of the Company. The Options are exercisable anytime over a period of five years at a price of \$0.10 per option, subject to a customary four month resale restriction from the date of issuance.
- On December 7, 2021, the Company announced the rebrand from NatureBank Asset Management Inc. to Ostrom Climate Solutions Inc.

Critical Accounting Estimates and Policies

The significant 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 years ended December 31, 2021 and 2020.

Initial adoption of new accounting standards

Adoption of new accounting standards have been disclosed in Note 3 of the Company’s audited consolidated financial statements for the year ended December 31, 2021 and 2020.

Future accounting standards issued but not yet in effect

Pronouncements that may have a significant impact to the Company have been disclosed in Note 3 of the Company’s audited consolidated financial statements for the year ended December 31, 2021 and 2020.

Selected Annual Information

The following table sets forth selected financial information for the Company for the fiscal years ended December 31, 2021, 2020 and 2019.

December 31,	2021	2020	2019
Total assets	2,747,031	2,020,976	1,631,543
Non-current financial liabilities	337,462	263,559	211,559
Revenues	3,618,866	2,387,584	2,850,768
Income (loss) from continued operations	(1,139,817)	309,101	786,205
Total income (loss) for the year	(1,139,817)	309,101	583,812
Income (loss) from continued operations per share – basic and diluted	(0.018)	0.005	0.014
Total income (loss) per share – basic and diluted	(0.018)	0.005	0.010
Weighted average shares outstanding	61,752,679	61,752,679	56,679,568

2021 vs 2020

Total assets as at December 31, 2021 and 2020 were \$2,747,031 and \$2,020,976, respectively. The increase in total assets was primarily a result of an increase in cash of \$969,897, accounts and other receivables of \$57,403, contract development cost of \$271,824, and deposits of \$22,500. The increase was offset by a decrease in inventory of \$522,493 and decrease in prepaid expenses of \$62,322. The increase in cash is a result of the Company generating \$1,022,949 in net cash flows from operating activities, largely due to a change in non-cash operating working capital of \$1,862,144, primarily due to increases in accounts payable and accrued liabilities and deferred revenue of \$734,745 and \$965,179. The increase in accounts and other receivables is consistent with the increase in revenue during Q4 2021 compared to Q4 2020. Contract development cost increased due to an increase in the number of consulting contracts ongoing and entered into during the year. The increase in deposits is due to a \$22,500 rent deposit. Inventory decreased due to a decrease in finished goods (VERs), which is due to the timing of carbon offset sales to major customers.

Total non-current financial liabilities as at December 31, 2021 and 2020 were \$337,462 and \$263,559, respectively. The increase in total non-current financial liabilities was primarily a result of an increase in non-current convertible debentures, by \$144,634, as the Company issued a new convertible debenture in the current year to settle current convertible debentures that was outstanding as at December 31, 2020. This increase was offset by \$66,149 caused by the Company's loan payable under the Canadian Emergency Business Account ("CEBA") loan program moving from non-current to current liabilities.

During the year ended December 31, 2021, the Company generated \$3,618,866 in sales revenue compared to sales of \$2,387,584 in the same period in 2020. The increase in revenues was mostly due to

timing of carbon offset sales to major customers, and the steady recovery of business after the Covid-19 business slow-down in 2020.

During the year ended December 31, 2021, the Company generated a net loss of \$1,139,817 compared to a net income of \$309,101 during the same period in 2020. The change is primarily a result of an increase in operating expenses of \$577,768, and a gain on sale of investment of \$216,999 recorded in 2020 compared to nil during 2021. In addition, the Company wrote-down \$502,822 of prepaid and inventory in 2021 compared to nil in 2020. The Company also saw a decrease in gross profit despite an increase in revenue. The decrease in gross profit is associated with an increase in the cost of carbon credit purchases.

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, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Revenue	1,874,003	425,378	848,604	470,881	1,601,115	241,640	221,325	323,504
Income (loss) for the period	(391,835)	(244,159)	(174,990)	(328,833)	887,790	(273,378)	(102,411)	(202,900)
Basic and diluted income (loss) per share	(0.0062)	(0.004)	(0.0028)	(0.005)	0.0144	(0.004)	(0.002)	(0.003)

Summary of Results During Prior Eight Quarters

The Company's revenue in the fourth quarter of 2021 was \$1,874,003 compared to \$1,601,115 in the same quarter of 2020. The Company's quarterly revenue continues to be variable and is dependent on the scheduling of transactions within sales contracts and the delivery and billing of advisory services. However, the second quarter of the year commonly generates higher revenues because offset sales to Municipalities in British Columbia occur mainly during the second quarter of the year. The fourth quarter of this year and last year included the revenue from several projects that were completed in the last few months of the year.

Revenues from sales of offsets and consulting services can be variably dependent on seasonal demand from customers as well as dependent on when deferred revenues are recognized. The Company expects sales revenue to remain inconsistent on a quarterly basis.

Results of Operations – For the year ended December 31, 2021 and 2020

The results of operations for the years ended December 31, 2021 and 2020 are summarized below:

	Year ended December 31,	
	2021	2020
Revenue		
Sale of VERs	\$ 2,561,753	\$ 1,355,606
Consulting	1,057,113	1,031,978
	3,618,866	2,387,584
Cost of sales	(2,261,995)	(856,562)
Gross profit	1,356,871	1,531,022
Operating expenses	(1,976,193)	(1,389,425)
Income (loss) before other items	(610,322)	141,597
Other income and (expenses)	(529,495)	167,504
Net income (loss) for the year	(1,139,817)	309,101

Revenue

Sale of VERs increase by \$1,206,147 in 2021 compared to 2020. The Company is seeing an increase in demand for VERs as industry becomes increasingly interested in the climate space and the steady recovery of business after the Covid-19 business slow-down in 2020. In addition, the market has seen a steep rise in prices in the last year. Consulting revenue saw a modest increase of \$25,135 for the year ended December 31, 2021, compared to the same period in 2020.

Cost of sales and gross profit

Cost of sales increased by \$1,405,433 year over year compared to an increase in revenue of \$1,231,282 for 2021 compared to 2020. This resulted in a decrease in the gross profit margin from 64% for the year ended December 31, 2020, to 37% for the year ended December 31, 2021. The primary reason for the decrease in the gross profit margin is due to an increase in cost and unfavorable pricing on inventory purchases to fulfil carbon offset sale commitments.

Operating expenses

During the year ended December 31, 2021 and 2020, operating expenses were \$1,976,193 and \$1,389,425, respectively. Significant changes in operating expenditures in 2021 vs 2020 are categorized in the table below:

Operating expenses	Year ended December 31, 2021 Increase (decrease) in expense	Comment
Amortization of right-of-use asset	\$ (57,921)	The right-of-use asset was fully amortized as at March 31, 2021, the end of the contractual lease term (see Selling, general, and administrative expenses below).
Consulting fees	40,054	Increase due to many new projects, requiring specialized research and modelling by external providers.
Salaries, management fees and benefits	339,021	Increase is related to the hiring of additional staff to meet the needs related to growing the business in the Canadian subsidiary. In addition, for the year ended December 31, 2020, the Company received \$158,135 from the Canadian Emergency Wage Subsidy (CEWS) program, which was netted against salaries, management fees and benefits. No CEWS benefits were received during the year ended December 31, 2021.
Selling, general, and administrative	133,814	Increase due to increase in IT, communication and other expenses directly related to hiring additional staff, and website improvements to meet the needs of growing international business. In addition, selling, general and administrative expenses include \$67,500 in office lease expense related to the Company's office lease that was extended from April 1, 2021 to March 31, 2022, and is accounted for as a short term lease.
Share-based compensation	139,541	Related to options issued and vested during the year ended December 31, 2021 compared to none in 2020.
Other	(16,741)	Primarily related to foreign exchange gain during 2021 compared to foreign exchange loss in 2020
Total	\$ 577,768	

Other income and expenses

During the year ended December 31, 2021, other income and expenses resulted in a net other expense of \$27,673 compared to a net other income of \$167,504 during the same period in 2020. Significant changes in other income and expenses in 2021 vs 2020 are categories in the table below:

Other income and expenses	Year ended December 31, 2021 Increase (decrease) in net other expense	Comment
Accounts payable write-down	\$ (26,510)	For the year ended December 31, 2021, the Company had \$26,510 in accounts payable write-downs compared to \$nil for the same period in 2020.
Finance costs	14,388	Finance costs are made up of both accretion (15%) and interest (6% & 10%). Finance costs were higher in 2021 due to a higher interest rate on the new debenture (Debenture G), and its related accretion.
Gain on sale of investment	(216,999)	No such gain recognized in 2021. During the year ended December 31, 2020, the Company sold its remaining 18% interest in Forest Finest Consulting GmbH.
Interest on lease liabilities	(6,869)	No interest on lease liabilities recorded during 2021, compared to \$6,869 during 2020.
Other	(2,831)	Represents changes in provision estimate revision, interest income and expense and other income.
Write-down of inventory and prepaid	501,822	Accounting write-down of project that will not be pursued
Total	\$ (263,001)	

Reconciliation of Use of Proceeds from Financing Activities

The Company raised gross proceeds of \$999,925 through a private placement financing, see “Subsequent Events” below. The proceeds raised will be used by the Company for general working capital purposes.

Liquidity and Capital Resources

The Company's operating, investing, and financing activities for the year ended December 31, 2021, resulted in an increase in cash of \$969,897 (2020: \$250,907) from continuing operations.

As at December 31, 2021, the Company had an available cash balance of \$1,786,729 (December 31, 2020: \$816,832) to settle current liabilities of \$3,915,706 (December 31, 2020: \$2,286,650). The Company's current monetary assets of \$2,072,492 (consisting of cash and receivables) exceed its current monetary liabilities of \$1,526,551 (consisting of payables & accrued liabilities and short term provisions) by \$545,941.

The Company's operating cash requirements are continuously monitored by management. As factors impacting cash requirements change, liquidity risks may necessitate the need for the Company to raise capital by issuing equity or obtaining debt financing.

On February 28, 2022, the Company raised \$999,925 through a private placement financing. The proceeds raised will be used by the Company for general working capital purposes.

The Company's current liabilities mature as follows:

1. Accounts payables and accrued liabilities of \$1,398,895 (December 31, 2020: \$664,150) with 4% overdue, some payables due within three months and some accruals due within 12 months. Payables sixty days past their invoice date are considered overdue.
2. Expected project maintenance, monitoring and reporting of \$20,500 (December 31, 2020: \$20,500) have been delayed indefinitely.
3. Of the \$243,112 future purchase consideration payable, \$121,556 is due on July 22, 2022 with the remaining \$121,556 coming due on July 22, 2023.
4. Convertible debentures of \$707,253 are due within the next 12 months.
5. On January 12, 2022, the repayment date to receive the loan forgiveness under the CEBA program was extended from December 31, 2022 to December 31, 2023. As a result the Company's current loan payable balance was reclassified to a non-current liability on January 12, 2022.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

While the Company has made great strides in dealing with liquidity issues, it can experience cash flow and working capital difficulties on a year to year basis. Such liquidity concerns are expected to continue until the Company is able to finalise some large unique revenue projects currently delayed by regulatory review by the California Air Resources Board, or until the Company is able to identify new revenue opportunities, either in the carbon or sustainable agro-forestry space. The Company is continually working to address the cash flow and working capital difficulties. The Company has been diligently working on addressing (i) diversification of its revenue streams and (ii) reducing or removing debt from its balance sheet. The Company will continue to (i) secure business or equity financing transactions which would improve its immediate financial and working capital position and (ii) repay remaining debt to its debtholders.

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.

Key management	Position
Phi Cull	CEO and Director
Rosita Morandin	CFO and Corporate Secretary
Harry Assenmacher, Chairman	Director
Gary Bull	Director (appointed on January 21, 2021)
Guy O'loughnane	Director
Eduard Weber-Bemnet	Director
Alexander Zang	Director
Dirk Waltersbacher	Former Director (resigned on March 15, 2021)
James Tansey	Former Director (resigned on June 2, 2021)

Key management compensation

Remuneration attributable to key management is summarized as follows:

	Year ended December 31,	
	2021	2020
Salaries, management fees and benefits		
Phil Cull	\$ 157,933	\$ 154,177
Rosita Morandin	107,449	105,238
	265,382	259,415
Consulting fees		
James Tansey	15,000	48,967
	15,000	48,967
Share-based compensation		
Guy O'Loughnane	139,541	-
	139,541	-
Total	419,923	308,382

Other related party transactions

During the years ended December 31, 2021 and 2020, other related party transactions consisted of the following:

	December 31, 2021		December 31, 2020	
Sub-leasing of office space, included in other income	\$	30,000	\$	30,000

Related party balances

As at December 31, 2021, the Company had the following balances outstanding with related parties:

	December 31, 2021		December 31, 2020	
Due to key management or companies related to key management, included in accounts payable and accrued liabilities	\$	99,585	\$	103,430
Due from key management, included in accounts and other receivables		(660)		(3,163)
Convertible debentures held by WBZ GmbH, a significant shareholder of the Company and controlled by directors Alexander Zang and Eduard Weber-Bemnet		516,575		516,575
Convertible debentures held by Guy O'loughnane, a Director of the Company		350,000		100,000
Accrued interest on convertible denture held by WBZ GmbH		76,729		73,229
Accrued interest on convertible denture held by Guy O'loughnane	\$	4,277	\$	2,153

Except as disclosed above, the Company does not have any ongoing contractual or other commitments resulting from transactions with related parties.

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, 2021	Amortized cost (financial assets)	Fair Value through Profit or Loss	Amortized cost (financial liabilities)
Financial assets			
Cash	\$ -	\$ 1,786,729	\$ -
Accounts and other receivables	285,763	-	-
Financial liabilities			
Accounts payable and accrued liabilities	-	-	1,398,895
Provisions	-	-	320,484
Convertible debentures	-	-	851,887
Loan payable	-	-	108,954
	\$ 285,763	\$ 1,786,729	\$ 2,680,220

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, 2021, the Company's cash is measured at fair value using Level 1 inputs.

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:

		2021
Cash	\$	1,786,729
Accounts and other receivables		285,763
	\$	2,072,492

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 and other receivables

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, 2021, the Company had a cash balance of \$1,786,729 to settle current liabilities of \$3,915,706.

Management is currently restructuring contracts in order to ensure sufficient liquidity throughout 2021 and onward.

The Company's operating cash requirements are continuously monitored by management. As factors impacting cash requirements change, liquidity risks may necessitate the need for the Company to raise capital by issuing equity or obtaining additional debt financing.

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 and other price 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, 2021, the Company had net monetary assets of \$305,968 held in US dollars, and had net monetary liabilities of €11,711 held in Euros. A fluctuation in the exchange rates between the Canadian and US dollar of 10% would result in \$38,790 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 \$1,685 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 2021, a significant proportion 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 2021, but may in the future.

(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 production for 2021 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.

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 May 2, 2022, the Company had 77,136,139 common shares issued and outstanding. In addition, there are 15,383,460 warrants and 1,525,000 stock options outstanding.

Subsequent Events

- On February 28, 2022, the Company announced that it issued an aggregate of 15,383,460 units (each a “Unit”) at a per Unit price of \$0.065 for gross proceeds of \$999,925. Each Unit consists of one common share in the capital of the Company and one non-transferable share purchase warrant (a “Warrant”), each warrant entitling the purchase of one common share at a per share price of \$0.085 for 60 months from the date of issuance of the securities. Three insiders of the Company, Guy O’Loughnane, Alexander Zang and Forest Finance Services GmbH (Harry Assenmacher) participated in the Offering for aggregate cash consideration to the Company of \$500,000. No finder’s fees were payable in connection with the Offering.

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.