

## **Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and nine months ended September 30, 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 nine months ended September 30, 2024 is prepared as at November 29, 2024. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023, the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2024 and the related notes thereto. The condensed consolidated interim 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](http://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 its inception, Ostrom Climate Solutions has successfully delivered over 10 million tonnes of carbon offsets across diverse jurisdictions, standards, protocols, and project types. This milestone reflects Ostrom's ability to navigate complex environmental and regulatory landscapes, underscoring its leadership in the global carbon market. As demand for carbon offsets is expected to grow exponentially over the next 5 to 10 years, the company is strategically positioned to capitalize on emerging opportunities, particularly in Climate-Smart Agriculture. This expansion aligns with rising carbon commodity prices and enhanced trading capabilities, such as the NCEO and GEO contracts on CBL, a leading global energy and environmental commodities exchange.

Looking ahead, Ostrom's commercial strategy focuses on three redefined core business lines: Carbon Project Development, Carbon Intelligence Services, and Net Zero Solutions. These pillars are central to its growth, enabling innovative contributions to sustainability and environmental stewardship:

- 1. Carbon Project Development:** Formerly referred to as International Land Use, this division leads efforts in developing high-quality carbon projects, including reducing emissions from deforestation (REDD), improving forest management (IFM), and advancing Climate-Smart Agriculture. Leveraging expertise in geospatial analysis and modeling, Ostrom has developed pioneering projects, such as methane-reduction initiatives in rice supply chains, which empower smallholder farmers through behavioral transformation. These initiatives not only mitigate risks but also set Ostrom apart as a leader in integrated, scalable project solutions.
- 2. Carbon Intelligence Services:** Previously part of Domestic Land Use, this business line builds on Ostrom's extensive experience in Canadian carbon markets and focuses on delivering actionable insights to clients. By combining cutting-edge data analytics with deep market expertise, Ostrom helps organizations design, implement, and manage effective carbon strategies. This service offering includes robust methodologies for monitoring, reporting, and verification (MRV) to ensure projects meet the highest standards.
- 3. Net Zero Solutions:** Also emerging from Ostrom's in-house carbon management, this segment emphasizes supporting clients in achieving their Net Zero commitments through tailored strategies and innovative solutions. Ostrom's expertise in carbon management, coupled with its collaborative approach, enables organizations to reduce emissions and offset residual impacts effectively.

Ostrom's transformation from a carbon management consultancy to a lead equity partner in carbon projects marks a pivotal shift. This approach grants the company greater control over project quality, ensuring alignment with rigorous financial and environmental performance standards. The transition is designed to secure recurring revenues from high-quality carbon credits, providing investors with superior returns on invested capital.

With the voluntary carbon market projected to reach \$1.1 trillion by 2050, Ostrom's strategic vision emphasizes high-quality, verifiable carbon sequestration projects. Its portfolio spans forest carbon, blue carbon, and Climate-Smart Agriculture, focusing on Nature-Based Solutions (NBS). These initiatives include:

- **Improved Forest Management (IFM):** Enhancing carbon sequestration through sustainable forestry practices.
- **Avoided Planned Deforestation:** Preserving existing carbon stocks while protecting biodiversity.
- **Blue Carbon Projects:** Restoring coastal and marine ecosystems critical for carbon capture.
- **Biochar and Bio-Fuels:** Innovating in soil health and renewable energy to support carbon sequestration.

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**Developments during the nine months ended September 30, 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 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.
- During the first quarter of 2024, the Company entered into an agreement related to the sale of VERs. The first payment under this agreement was received as a prepayment against the sale of future developed VERs. Due to confidentiality agreements with the customer, further details cannot be disclosed at this time.
- 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.

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**Selected Quarterly Information**

The following table sets forth selected financial information for the Company for the nine months ended September 30, 2024, and year ended December 31, 2023, with quarterly comparatives to the nine months ended September 30, 2023.

As at	September 30, 2024	December 31, 2023
Total assets	2,094,420	2,781,485
Non-current financial liabilities	1,258,434	297,895
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For the nine months ended September 30,	2024	2023
Revenues	1,894,630	2,041,643
Net Loss from continued operations	(3,205,896)	(987,103)
Total net loss for the period	(3,205,896)	(987,103)
Loss from continued operations per share – basic and diluted	(0.032)	(0.013)
Loss per share – basic and diluted	(0.033)	(0.013)
Weighted average number of common shares outstanding	99,803,860	78,235,171

*2024 vs 2023**Total Assets*

Total assets decreased from \$2,781,485 as of December 31, 2023, to \$2,094,420 as of September 30, 2024, representing a reduction of \$687,065 or approximately 25%. This decrease is primarily attributable a \$830,909 decrease in cash resulting primarily from funding the Company's Smart-Rice Project, as well as a decrease in inventory of \$519,729. Total assets were partially offset by an increase of \$316,008 resulting from capitalized labour costs against in-progress consulting and advisory work and increase of \$501,488 from a new lease agreement resulting in the capitalization of right-of-use asset.

*Non-Current Financial Liabilities*

Non-current financial liabilities significantly increased to \$1,258,434 as of September 30, 2024, from \$297,895 as of December 31, 2023, an increase of \$960,539 or approximately 322%. The substantial rise in non-current financial liabilities is mainly due to the addition of the Company's capital lease from its office space, offset by its right-of-use asset as well as a \$541,560 increase in long-term deferred revenue resulting from an initial advance towards future developed VERs stemming from the Smart-Rice Project.

*Revenues*

Revenues for the nine months ended September 30, 2024, were \$1,894,630, a \$147,013 decrease from \$2,041,643 in the nine months ended September 30, 2023. The decrease in revenue was primarily driven by a decrease of \$111,873 in advisory and consulting revenue recognition and of \$35,140 in VER sales, when compared to the prior year period.

*Net Loss from Continued Operations*

The net loss from continued operations increased to \$3,205,896 for the nine months ended September 30, 2024, compared to 987,103 for the nine months ended Q3 2023, representing an increase of \$2,218,793 or approximately 225%. This increase in net loss is due to the decrease in revenue recognized of \$147,013, an increase of \$245,787

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in consulting fees, strategic advisors and interim CFO work, and the addition of \$1,072,629 of expensed R&D costs relating to the Company's Smart-Rice project.

**Results of Operations****Summary of Quarterly Results**

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

	<b>September 30, 2024</b>	<b>June 30, 2024</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>June 30, 2023</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Revenue	389,788	578,123	926,719	2,561,939	1,314,302	201,724	525,617	1,659,627
Income (loss) for the period	(1,268,728)	(856,934)	(1,080,234)	(836,222)	57,053	(553,958)	(490,198)	(17,450)
Basic and diluted income (loss) per share	(0.012)	(0.001)	(0.011)	(0.010)	0.0007	(0.007)	(0.006)	(0.0002)

*Summary of Results During Prior Eight Quarters*

In the third quarter of 2024, the Company reported revenue of \$389,788, a decrease from the \$578,123 earned in Q2 2024. The fluctuation in the company's quarterly revenues is influenced by the timing of transaction executions within sales contracts, as well as the provision and invoicing of advisory services. It is noted that the second half of the year typically sees an uptick in revenue to the Company, primarily because of domestic land use sales to municipalities in British Columbia generally take place by second quarter, with projects underway thereafter. In addition, 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 seasonal on a quarterly basis based on its current revenue to Carbon Intelligence customers.

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**Results of Operations – For the quarters ended September 30, 2024 and 2023**

The results of operations for the three months ended September 30, 2024 and 2023 are summarized below:

<b>September 30,</b>	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Revenue				
Sale of VER units	\$ 153,835	\$ 762,295	\$ 1,149,013	\$ 1,184,153
Consulting and advisory services	235,953	552,007	745,617	857,490
Total revenue	389,788	1,314,302	1,894,630	2,041,643
Cost of sales	(233,541)	(547,458)	(1,225,838)	(958,333)
Gross profit	156,247	766,844	668,792	1,083,310
Operating expenses	(1,388,767)	(687,156)	(3,785,890)	(1,992,539)
<b>Income/(Loss) before other items</b>	<b>(1,232,520)</b>	<b>79,688</b>	<b>(3,117,098)</b>	<b>(909,229)</b>
Other income and (expenses)	(36,208)	(22,635)	(88,798)	(77,874)
<b>Net income/(loss) for the period</b>	<b>(1,268,728)</b>	<b>57,053</b>	<b>(3,205,896)</b>	<b>(987,103)</b>

The results of operations for the quarters ended September 30, 2024 and 2023 are summarized below:

**Revenue**

For the nine months ended sales of VER units decreased by \$35,140 in Q3 2024 compared to Q3 2023 mainly due to the timing of VER retirements. The Company's carbon consulting and advisory services revenue decreased by \$111,873 for the nine months ended September 30, 2024, compared to 2023 mainly due to the non completion of certain performance milestones from larger projects in progress throughout the quarter.

For the three months ended September 30, 2024, total revenue decreased significantly to \$389,788 from \$1,314,302 in the same period in 2023, representing an decrease of \$924,514 or 70%. This decrease was primarily driven by:

- **Sale of VER units:** Revenue from the sale of VER units decreased to \$153,835 in 2024 from \$762,295 in 2023, reflecting a decrease of \$604,460 or approximately 79%. This decrease primarily results from one-time sales in 2023 of \$285,000, a high volume of VER retirements during the third quarter of 2023, and timing differences. The timing of revenue recognition of VER's depends on their retirement dates and this can make the amounts vary between quarters.
- **Consulting and Advisory Services:** Revenue from consulting and advisory services decreased to \$235,953 in 2024 from \$552,007 in Q3 2023, a decrease of \$316,054 or approximately -57%. The decrease is mainly due to timing of revenue recognition related to project milestones in Q3 2023.

**Cost of sales and gross profit**

Over the nine months ended September 30, 2024, cost of sales dropped by \$267,505 compared to the same period in 2023, which was in line with the decrease consulting revenue, offset by a smaller decrease in VER cost of sales due to one-time higher margin sales in 2023.

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The cost of sales for the three months ended September 30, 2024, was \$233,541, compared to \$547,458 in the same period in 2023, representing a decrease of \$313,917 or approximately -57%. The decrease in cost of sales aligns with the reduction in revenues and is likely driven by the increased cost of producing or procuring VER units in 2024, offset in 2024 by slightly lower costs to deliver consulting services.

**Operating expenses**

During the three months ended September 30, 2024 and 2023, operating expenses were \$1,388,767 and \$687,156, respectively. Significant changes in operating expenditures in 2024 vs 2023 are categorized in the table below:

<b>Operating Expenses</b>	<b>Quarter ended September 30, 2024 Increase (decrease) in expense \$</b>	<b>Comment</b>
Amortization of right-of-use asset	28,932	The Company entered into a new office lease agreement in February 2024.
Consulting fees	165,479	Increase due to corporate development and strategic advisory agreements along with a new engagement with an external party providing interim CFO services.
Salaries, management fees and benefits	(32,398)	Decrease is related to a slight decrease in overall headcount by Q3 2024.
Professional, investor, and agent fees	11,857	Increase due to legal costs associated with corporate development and incentive plans.
Selling, general, and administrative	74,909	Increase due to higher costs in IT, communication and other expenses. In addition, selling, general and administrative expenses include higher travel costs related in increased corporate development, office lease expense related to the Company's office lease which was extended through to the beginning of 2024 and is accounted for as a short-term lease.
Share-based payments	49,151	Increase due to the share-option grant to certain management, directors and consultants in Q2 2024.
Research and development	374,556	The Company's non-development labour and research costs related to feasibility studies as part of its Smart-Rice Project.
Other	28,845	Exchange rate fluctuations on the US dollar.

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**Other income and expenses**

During the quarter ended September 30, 2024, other income and expenses resulted in a net other expense of \$36,208 compared to a net other expense of \$22,635 in Q3 2023. Significant changes in other income and expenses in 2024 vs 2023 are categories in the table below:

<b>Other income and expenses</b>	<b>Quarter ended September 30, 2024 Increase (decrease) in net other expense</b>	<b>Comment</b>
	<b>\$</b>	
Interest income/expense	(1,586)	Mainly due the receivable of interest on the gain on collection of debt in the prior year's period.
Other Income	(8,900)	Since March 2024 the Company no longer is sub-locating a portion to its office space.
Finance costs	6,259	Finance costs are higher in Q3 2024 due to the accretion expense of the new right-of-use asset.

**Liquidity and Capital Resources**

The Company's operating, investing, and financing activities for the quarter ended September 30, 2024, resulted in a decrease in cash of \$803,909 (Nine months ended September 30, 2023: decrease of \$471,112) from continuing operations.

As of September 30, 2024, the Company had an available cash balance of \$516,613 (December 31, 2023: \$1,347,522) to settle current liabilities of \$4,357,641 (December 31, 2023: \$3,732,210). The Company's current monetary assets of \$794,978 (consisting of cash and receivables) are exceeded by its current monetary liabilities of \$1,675,035 (consisting of payables & accrued liabilities and short-term provisions and other liabilities) by \$880,057, compared to net monetary assets of \$242,150 as of December 31, 2023.

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.

The Company's current liabilities mature as follows:

1. Accounts payables and accrued liabilities of \$1,425,823 (December 31, 2023: \$1,312,171) with 56% overdue and 44% due within three months. Payables sixty days past their invoice date are considered overdue.
2. Deferred revenues of \$1,987,365 (December 31, 2023: \$1,575,635) to be recognized within the next 12 months.
3. The remaining \$249,212 of other liabilities, was originally a past future purchase consideration. This remains payable and is considered overdue.
4. Convertible debentures of \$586,575 are due within the next 12 months.
5. Lease liabilities of \$108,666 are due within the next 12 months.

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

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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 working on addressing.

(i) diversification of its revenue streams, including developing carbon offset projects with long-term revenue; 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. As at September 30, 2024, key management personnel were:

<b>Key management</b>	<b>Position</b>
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
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)

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*Key management compensation*

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

September 30,	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
<b>Salaries, management fees and benefits</b>				
Phil Cull	\$ 46,449	\$ 47,562	\$ 176,704	\$ 138,462
	\$ 46,449	\$ 47,562	\$ 176,704	\$ 138,462
<b>Consulting fees</b>				
NLX Trading Limited (Directors in common: Navdeep Dhaliwal and Tejinder Virk)	18,750	-	56,250	-
Tejinder Virk	21,718	-	28,384	-
Navdeep Dhaliwal	21,718	-	28,384	-
RCM Financial Services Ltd. (Director in common: Christopher Morris)	15,598	-	63,598	-
<b>Share-based compensation</b>				
Tejinder Virk	9,452	-	14,219	-
Navdeep Dhaliwal	9,452	-	14,219	-
RCM Financial Services Ltd.	1,890	-	3,534	-
<b>Total</b>	\$ 145,027	\$ 47,562	\$ 385,292	\$ 138,462

*Other related party transactions*

During the three and nine months ended September 30, 2024, the company recognized sub-lease income included in other income of \$nil and \$9,600 respectively (September 30, 2023: \$8,900 and \$23,900) from Taking Root Nicaragua (director in common: Phil Cull).

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*Related party balances*

As at September 30, 2024 and 2023, the Company had the following balances outstanding with related parties:

	September 30, 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	\$ 413,012	\$ 306,566
Due from key management, included in accounts receivable	3,464	2,594
Convertible debentures held by Guy O'loughnane	350,000	358,617
Accrued interest on convertible debenture held by Guy O'loughnane	\$ 2,694	\$ 4,278

On May 24, 2024, consulting agreements were executed on May 24, 2024, with Navdeep Dhaliwal and Tejinder Virk for consulting services totalling \$13,332 per month.

On June 5, 2024, the Company entered into a new financial and strategic advisory agreement with NLX Trading Limited (the "Agreement"). The Agreement provides for milestone-based compensation, totaling up to \$1.2 million, contingent upon achieving specific strategic goals such as the development of a growth strategy, securing strategic partnerships, and obtaining a U.S. exchange listing. Compensation is subject to approval by the Compensation Committee, with related parties abstaining from relevant decisions.

On July 29, 2024, the Company entered into a new agreement with RCM Financial Services Inc. ("RCM"), a company controlled by Christopher Morris. As part of the new agreement, RCM's officer Colin Haddock would continue to serve as Interim Chief Financial Officer, providing strategic and financial oversight to the Company ("Interim CFO Services"). In exchange for Interim CFO Services, the Company would pay \$5,000 per month.

The agreement includes milestone-based compensation, with fees ranging from \$20,000 to \$100,000 for achieving key strategic objectives, including supporting the goals of NLX Trading Limited.

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

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**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.

<b>September 30, 2024</b>	<b>Amortized cost (financial assets)</b>	<b>Fair Value through Profit or Loss</b>	<b>Amortized cost (financial liabilities)</b>
<b>Financial assets</b>			
Cash	\$ 516,613	\$ -	\$ -
Accounts receivable	278,365	-	-
Deposits	78,856	-	-
ROU asset	501,488	-	-
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	-	-	1,425,823
Other liability	-	-	310,798
Convertible debentures	-	-	832,378
Lease liability	-	-	518,151
	<b>\$ 1,296,466</b>	<b>\$ -</b>	<b>\$ 3,087,150</b>

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 September 30, 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:

<b>As at September 30,</b>	<b>2024</b>
Cash	\$ 516,613
Accounts receivable	278,365
	<b>\$ 794,978</b>

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*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 September 30, 2024, the Company had a cash balance of \$516,613 to settle current liabilities of \$4,357,641.

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 profile of the Company's financial liabilities:

<b>September 30, 2024</b>	<b>Current Within 1 year</b>	<b>Non-current 1-5 years</b>	<b>Non-current 5 years - beyond</b>
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	\$ 1,425,823	\$ -	\$ -
Other liabilities	249,212	-	-
Provisions	-	-	61,586
Convertible debentures	586,575	245,803	-
Lease liability	108,666	409,485	-

**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 September 30, 2024, the Company had net monetary assets of \$26,068 held in US dollars, and €nil held in Euros. A fluctuation

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(Expressed in Canadian dollars)

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in the exchange rates between the Canadian and US dollar of 10% would result in \$3,523 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.

For the three and nine months ended September 30, 2024, 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 2023 or for the three and nine months ended September 30, 2024, but may elect to do so 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 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.

**OSTROM CLIMATE SOLUTIONS INC.**

Management Discussion and Analysis

For the three and nine months ended September 30, 2024

(Expressed in Canadian dollars)

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*(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 September 30, 2024, the Company had 114,091,113 common shares issued and outstanding. In addition, it also has 16,883,460 warrants and 8,725,000 share options outstanding.

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(Expressed in Canadian dollars)

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**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.