



Carbon Neutral Royalty

CARBON NEUTRAL ROYALTY ANNOUNCES UPSIZE TO FINANCING FROM C\$15 MILLION TO C\$27 MILLION

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FOR IMMEDIATE RELEASE

March 31, 2022

London, United Kingdom: Carbon Neutral Royalty Ltd. ("**CNR**" or the "**Company**") (Private) is pleased to announce that it has amended the terms of its previously announced "best efforts" private placement to increase the size of the offering from approximately C\$15.0 million to approximately C\$22.0 million (the "**Upsized Offering**"). Additionally, the Company intends to complete a concurrent non-brokered private placement of Special Warrants (as defined below) on the same terms as the Upsized Offering for additional gross proceeds of approximately C\$5.0 million (the "**Non-Brokered Offering**"), and for aggregate gross proceeds including the Upsized Offering of up to approximately C\$27.0 million.

The Upsized Offering is being conducted by Haywood Securities Inc. and PI Financial Corp., as co-lead agents and joint-bookrunners, on their own behalf and on behalf of a syndicate of agents including BMO Capital Markets, Canaccord Genuity Corp. and Raymond James Ltd. (collectively, the "**Agents**"), and pursuant to a "best efforts" private placement of special warrants of the Company (the "**Special Warrants**") at a price of C\$3.00 per Special Warrant (the "**Issue Price**") for aggregate gross proceeds of up to approximately C\$22,039,491.

Each unexercised Special Warrant shall be deemed to be exercised, without further payment or action by the holder thereof, for one common share in the capital of the Company (an **"Underlying Share"** and together with the Special Warrants, the **"Securities"**) on the earlier of: (i) in the event that the Company files a prospectus in each of the Provinces of Canada, other than Quebec, on the third business day after a receipt is issued for the final prospectus (the **"Prospectus Qualification"**) which shall qualify the issuance of the Underlying Shares and result in the listing of the common shares of the Company (the **"Common Shares"**) on a recognized North American stock exchange (an **"Exchange"**); or (ii) the third business day following the completion (the **"RTO Closing"**) of a reverse take-over transaction (the **"RTO"**) with another entity (the parent entity resulting from the RTO, the **"Resulting Issuer"**), which RTO shall result in the listing of the Common Shares or the common shares of the Resulting Issuer on an Exchange, as the case may be. The Prospectus Qualification and the RTO Closing are collectively and individually, as the case may be, referred to herein as a **"Going Public Event"**. In the event that a Going Public Event has not occurred prior to 4:00 pm (Toronto time) on December 20, 2022, each unexercised Special Warrant will be deemed exercised and will automatically be exchanged for 1.1 Underlying Shares without further payment or action by the holder thereof. Each Special Warrant will also be exercisable by the holder thereof at any time after the Closing Date, without payment of any additional consideration therefor and subject to adjustment, for one Underlying Share.

In addition, the Agents have been granted an option to sell up to an additional 15% of the Upsized Offering in Special Warrants at the Issue Price, exercisable at any time by the Agents up to 48 hours prior to closing of the Upsized Offering.

The net proceeds from the Upsized Offering and Non-Brokered Offering will be used to advance the Company's carbon royalty and streaming business, and for working capital and general corporate purposes.

The Offering and Non-Brokered Offering are expected to close on or about the week of April 18th, 2022 and are subject to certain closing conditions including, but not limited to, the receipt of all necessary approvals. The Offering and Non-Brokered Offering are being made by way of private placement in Canada. The Company is not a reporting issuer in Canada. The Special Warrants and the Underlying Shares shall be subject to an indefinite hold period subject to the occurrence of a Going Public Event. For the avoidance of doubt, if and when a Going Public Event occurs, the Underlying Shares will not be subject to any Canadian statutory resale restrictions. The Company shall use its commercially reasonable efforts to obtain the necessary approvals to list the Common Shares, including the Underlying Shares, on an Exchange pursuant to a Going Public Event.

In consideration for their services, the Agents will receive a cash commission equal to 6.0% of the gross proceeds of the Upsized Offering other than in respect of purchasers directly arranged by

the Company through a president's list in respect of which the cash fee will be 3.0%. No commissions will be payable to the Agents in connection with the Non-Brokered Offering.

The Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any U.S. state securities laws, and may not be offered or sold in the United States, or to or for the account or benefit of a U.S. person or a person in the United States, without registration under the U.S. Securities Act and all applicable U.S. state securities laws, or compliance with the requirements of applicable exemptions therefrom. This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

ABOUT CARBON NEUTRAL ROYALTY

CNR was founded in July 2021 by an experienced team and is assembling a high-quality, long life, portfolio of carbon credit streams and royalty projects worldwide. Our goal is to increase shareholder value by adding accretive acquisitions to our diversified portfolio of assets, focusing on the most experienced developers.

For further information, please visit our website at www.carbonneutraltd.com

ON BEHALF OF CARBON NEUTRAL ROYALTY LTD.

(signed) "Brett Heath"

CONTACT INFORMATION

Carbon Neutral Royalty Ltd.

Brett Heath, Non-Executive Chairman

Email: info@carbonneutraltd.com

Kristina Pillon, Investor Relations

Phone: 604-908-1695

Email: kristina.pillon@carbonneutraltd.com

Website: <https://www.carbonneutraltd.com/>

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements and forward-looking information within the meaning of United States and Canadian regulations. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budgets", "scheduled", "estimates", "forecasts", "predicts", "projects", "intends", "targets", "aims", "anticipates" or

"believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward looking statements and information in this release include, but are not limited to, statements with respect to the use of proceeds of the Upsized Offering and the Non-Brokered Offering, the Closing Date and any Going Public Event. Forward-looking statements and information are based on forecasts of future results, estimates of amounts not yet determinable and assumptions that, while believed by management to be reasonable, are inherently subject to significant business, economic and competitive uncertainties, and contingencies.

Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of CNR to control or predict, that may cause CNR's actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors, including but not limited to: risks associated with the impact of general business and economic conditions; inability to obtain requisite regulatory or shareholder approvals, changes in general economic, business and political conditions, the risk that the Company's carbon stream and carbon credits may not be recognized by applicable government authorities, the risks of carbon credits being traded an emerging marketplace, including risks related to international operations, government and environmental regulation, delays in carbon credit production from the projects on which the Company holds carbon credit interests, actual results of the projects wherein CNR holds carbon credit interests, conclusions of economic evaluations and changes in project parameters as plans are refined; problems related to the ability to market carbon credits, including price fluctuations, interest and exchange rate fluctuations; interpretation by government entities of tax laws or the implementation of new tax laws; regulatory, political or economic developments in any of the countries where properties in which CNR holds a carbon revenue streams or other interest in carbon credits are located or through which they are held; risks related to the operators of the properties in which CNR holds a royalty or carbon stream or other carbon credit interest, including changes in the ownership and control of such operators; risks related to global pandemics, including the novel coronavirus (COVID-19) global health pandemic, and the spread of other viruses or pathogens; influence of macroeconomic developments; business opportunities that become available to, or are pursued by CNR; reduced access to debt and equity capital; litigation; title, permit or license disputes related to interests on any of the properties in which CNR holds a royalty, stream or other carbon credit interest; competition; future sales or issuances of debt or equity securities; use of proceeds; enforcement of civil judgments; and risks relating to CNR potentially being a passive foreign investment company within the meaning of U.S. federal tax laws; and other risks and uncertainties disclosed in company documentation. CNR undertakes no obligation to update forward-looking statements or information except as required by applicable law. Such forward-looking statements or information represent management's best judgment based on information currently available. No forward-looking statement or information can be guaranteed, and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.