



STATEMENT OF EXECUTIVE COMPENSATION

DATED: FEBRUARY 27, 2025

Objective

The objective of this disclosure is to communicate the compensation the Company paid, made payable, awarded, granted, gave or otherwise provided to each named executive officer and director for the financial year, and the decision-making process relating to compensation. This disclosure provides insight into executive compensation as a key aspect of the overall stewardship and governance of the Company and will help investors understand how decisions about executive compensation are made.

Definitions

For the purpose of this Statement of Executive Compensation, in this form:

- (a) **“Company”** means BluSky Carbon Inc.;
- (b) **“company”** includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;
- (c) **“compensation securities”** includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries;
- (d) **“named executive officer”** or **“NEO”** means each of the following individuals:
 - (i) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer (**“CEO”**), including an individual performing functions similar to a CEO;
 - (ii) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer (**“CFO”**), including an individual performing functions similar to a CFO;
 - (iii) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year;
 - (iv) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year;
- (e) **“plan”** includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons; and
- (f) **“underlying securities”** means any securities issuable on conversion, exchange or exercise of compensation securities.

Unless otherwise specified in this Statement of Executive Compensation, amounts are stated in Canadian dollars.

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

During the financial year ended August 31, 2024, the NEOs of the Company were (a) William Hessert, who has served as CEO and Director of the Company since May 24, 2024; (b) Andrew Duval, who has served as CFO and Corporate Secretary of the Company since May 24, 2024, and (c) Alexander McAulay, who has served as CEO and CFO of the Company from July 25, 2023 to May 24, 2024. Individuals serving as directors of the Company who were not NEOs during the financial year ended August 31, 2024, were Michael Malana, Kyle Kornack, and Michael Nederhoff.

DIRECTOR AND NEO COMPENSATION, EXCLUDING OPTIONS AND COMPENSATION SECURITIES

The following table sets forth all compensation, excluding options and compensation securities, paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, for the two most recently completed financial years, to each NEO and director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director of the Company for services provided and for services to be provided, directly or indirectly, to the Company or a subsidiary of the Company.

Table of Compensation Excluding Compensation Securities							
Name and position	Year ⁽¹⁾	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
William Hessert	2024	95,557	Nil	Nil	Nil	Nil	95,557
Director and CEO	2023	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Duval	2024	3,570	Nil	Nil	Nil	Nil	3,570
CFO and Corp Sec	2023	Nil	Nil	Nil	Nil	Nil	Nil
Alex McAulay	2024	2,380	Nil	Nil	Nil	Nil	2,380 ⁽²⁾
Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
Former CEO and CFO							
Michael Malana	2024	3,570	Nil	Nil	Nil	Nil	3,570
Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
Kyle Kornack	2024	2,380	Nil	Nil	Nil	Nil	2,380
Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
Michael Nederhoff	2024	5,949	Nil	Nil	Nil	Nil	5,949
Director	2023	Nil	Nil	Nil	Nil	Nil	Nil

NOTES:

(1) Year ended August 31st

(2) As at August 31, 2024, included in accounts payable and accrued liabilities was \$8,149 owing to Treewalk Consulting Inc., a company controlled by a Alex McAulay, for accounting and advisory services. During the year ended August 31, 2024, the Company incurred \$48,523 in professional fees to Treewalk Consulting Inc.

STOCK OPTIONS AND OTHER COMPENSATION SECURITIES

The following table sets out all compensation securities granted or issued to each NEO and director by the Company or one of its subsidiaries during the financial year ended August 31, 2024, for services provided or to be provided, directly or indirectly, to the Company or any subsidiary thereof:

Compensation Securities

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class ⁽¹⁾	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
William Hessert Director and CEO	Stock Options	500,000 (8.37%) Underlying Shares: 500,000 (0.79%)	June 19, 2024	0.50	n/a ⁽²⁾	0.48	June 19, 2029
	Stock Options	1,785,000 (29.89%) Underlying Shares: 1,785,000 (2.82%)	July 29, 2024	0.58	0.58	0.48	July 29, 2029
	Restricted Share Units	90,667 (3.87%) Underlying Shares: 90,667 (0.14%)	July 29, 2024	n/a	0.58	0.48	n/a
Alex McAulay Director Former CEO and CFO	Stock Options	100,000 (1.67%) Underlying Shares: 100,000 (0.16%)	June 19, 2024	0.50	n/a ⁽²⁾	0.48	June 19, 2029
	Restricted Share Units	100,000 (4.26%) Underlying Shares: 100,000 (0.16%)	June 19, 2024	n/a	n/a ⁽²⁾	0.48	n/a
Michael Malana Director	Stock Options	25,000 (0.42%) Underlying Shares: 25,000 (0.04%)	June 19, 2024	0.50	n/a ⁽²⁾	0.48	June 19, 2029
	Restricted Share Units	25,000 (1.07%) Underlying Shares: 25,000 (0.04%)	June 19, 2024	n/a	n/a ⁽²⁾	0.48	n/a
Kyle Kornack Director	Stock Options	25,000 (0.42%) Underlying Shares: 25,000 (0.04%)	June 19, 2024	0.50	n/a ⁽²⁾	0.48	June 19, 2029
	Restricted Share Units	25,000 (1.06%) Underlying Shares: 25,000 (0.04%)	June 19, 2024	n/a	n/a ⁽²⁾	0.48	n/a
Michael Nederhoff Director	Stock Options	200,000 (3.35%) Underlying Shares: 200,000 (0.32%)	June 19, 2024	0.50	n/a ⁽²⁾	0.48	June 19, 2029
	Restricted Share Units	200,000 (8.53%) Underlying Shares: 200,000 (0.32%)	June 19, 2024	n/a	n/a ⁽²⁾	0.48	n/a

(1) Based on 63,226,779 Common Shares issued and outstanding, 5,971,000 Stock Options issued and outstanding, and 2,345,650 Restricted Share Units issued and outstanding as at August 31, 2024.

(2) The Company commenced trading on June 20, 2024.

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOs

The following table sets out each exercise by a Director or NEO of compensation securities during the financial year ended August 31, 2024:

Compensation Securities							
Name and position	Type of compensation security	Number of underlying securities, exercised/converted	Exercise Price per Security (\$)	Date of exercise/conversion (\$)	Closing price of security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Alex McAulay Director Former CEO and CFO	Restricted Share Units	25,000	n/a	June 19, 2024	n/a ⁽¹⁾	n/a ⁽¹⁾	n/a ⁽¹⁾
Michael Malana Director	Restricted Share Units	6,250	n/a	June 19, 2024	n/a ⁽¹⁾	n/a ⁽¹⁾	n/a ⁽¹⁾
Kyle Kornack Director	Restricted Share Units	6,250	n/a	June 19, 2024	n/a ⁽¹⁾	n/a ⁽¹⁾	n/a ⁽¹⁾
Michael Nederhoff Director	Restricted Share Units	50,000	n/a	June 19, 2024	n/a ⁽¹⁾	n/a ⁽¹⁾	n/a ⁽¹⁾

(1) The Company commenced trading on June 20, 2024.

STOCK AND INCENTIVE PLAN

Overview

On May 24, 2024 (the “**Effective Date**”), the Board adopted the Company’s Stock and Incentive Plan (the “**Plan**”) pursuant to which Options (including Incentive Stock Options and Non-Qualifying Stock Options), Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Awards, Dividend Equivalents and Other Stock-Based Awards (each as defined under the Plan and collectively, the “**Awards**”) may be granted to the Company’s employees, officers, non-employee directors, or consultants providing services to the Company or any affiliate, or any such person to whom an offer of employment or engagement with the Company or any affiliate is extended. The Plan was approved by the Company’s shareholders also on May 24, 2024

The purpose of the Plan is to promote the interests of the Company and the Shareholders by aiding the Company in attracting and retaining employees, officers, consultants, advisors and non-employee directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company’s business and to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for share ownership in the Company, thereby aligning the interests of such persons with interests of the Shareholders.

The following is a summary of material terms of the Plan:

General

1. Subject to adjustment as provided in the Plan, the aggregate number of Common Shares that may be issued under all Awards under the Plan shall not exceed 20% of the issued and outstanding shares from time to time.
2. In the event that any dividend (other than a regular cash dividend) or other distribution (whether in the form of cash, Common Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split up, spin off, combination, repurchase or exchange of Common Shares or other securities of the Company, issuance of warrants or other rights to purchase Common Shares or other securities of the Company or other similar corporate transaction or event affects the Common Shares such that an adjustment is necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall adjust any or all of: (i) the number and type of Common Shares (or other securities or other property) that thereafter may be made the subject of Awards, (ii) the number and type of Common Shares (or other securities or other property) subject to outstanding Awards; and (iii) the purchase price or exercise price with respect to any Award.
3. So long as the Company is listed on the CSE, the aggregate number of Awards that may be granted to persons providing "investor relations activities" (as defined in CSE policies) as compensation within a one-year period, shall not exceed 2% of the total number of Common Shares then outstanding and such Awards may only be comprised of Options.
4. The Company may take such appropriate action to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes are withheld or collected from a participant.
5. All Awards under the Plan shall be subject to recovery or other penalties pursuant to: (i) any clawback policy, as may be adopted or amended from time to time, or (ii) any applicable law, rule or regulation or applicable stock exchange rule.

Options

6. The purchase price per Common Share purchasable under an Option will be determined by the Compensation Committee or such other committee designated by the Board to administer the Plan (the "**Committee**") and will not be less than 100% of the Fair Market Value (as defined in the Plan) of a Common Share on the date of grant of such Option.
7. The term of each Option will be fixed by the Committee at the date of grant but will not be longer than 10 years from the date of grant, subject to extension if the expiry date of Options held by non- US Award holders falls within a trading blackout period imposed by the Company.
8. The Committee will determine vesting provisions and the times at which an Option may be exercised and the methods by which, and the forms (including but not limited to: cash, Common Shares, other securities, other Awards or other property, or any combination thereof but excepting promissory notes) in which payment of the exercise price with respect thereto may be made or deemed to have been made. Net exercises may be permitted at the discretion of the Committee.

9. Any vested Option held by a participant who dies while employed by, or while a director of the Company, will become exercisable in whole or in part, but only by persons to whom the participant's rights under the Option shall pass by will or applicable laws of descent and distribution, and only until the earlier of 12 months after the date of death or the expiration of the term of the Option.
10. Unless otherwise determined by the Committee: (a) no Option held by a participant who ceases to be employed by, or act as a director of, the Company for cause will be exercisable following the date on which the participant ceases to be so engaged; and (b) any Option held by a participant who ceases to be employed by, or act as a director of, the Company for any reason other than cause will become exercisable until the earlier of 90 days after at the effective date of cessation or prior to the expiration of the term of the Option.
11. The maximum number of Common Shares that may be issued pursuant to Options that are Incentive Stock Options (i.e., Options that are intended to meet the requirements of Section 422 of the U.S. Internal Revenue Code of 1986, as amended from time to time (the "**Code**")) shall not exceed 20% of the number of Common Shares outstanding from time to time.
12. All Incentive Stock Options must be granted within 10 years from the earlier of the date on which the Plan was adopted by the Board or the date the Plan was approved by the Shareholders.
13. All Incentive Stock Options will expire and no longer be exercisable no later than 10 years after the date of grant; provided, however, that in the case of a grant of an Incentive Stock Option to a participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) shares possessing more than 10% of the total combined voting power of all classes of shares of the Company or its affiliates, such Incentive Stock Option will expire and no longer be exercisable no later than five years from the date of grant.
14. The purchase price per Common Share for an Incentive Stock Option will not be less than 100% of the Fair Market Value of a Common Share on the date of grant of the Incentive Stock Option; provided, however, that, in the case of the grant of an Incentive Stock Option to a participant who at the time such Option is granted, owns (within the meaning of Section 422 of the Code) shares possessing more than 10% of the total combined voting power of all classes of shares of the Company or of its affiliates, the purchase price per Common Share purchasable under an Incentive Stock Option shall be not less than 110% of the Fair Market Value of a Common Share on the date of grant of the Incentive Stock Option.

Stock Appreciation Rights

15. Stock Appreciation Rights granted under the Plan will confer on the holder thereof a right to receive upon exercise thereof the excess of (i) the Fair Market Value of one Common Share on the date of exercise over (ii) the grant price of the Stock Appreciation Right as specified by the Committee, which price shall not be less than one hundred percent (100%) of the Fair Market Value of one Common Share on the date of grant of the Stock Appreciation Right.

16. The grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions of any Stock Appreciation Right will be as determined by the Committee.

Restricted Stock and Restricted Stock Units

17. Shares of Restricted Stock and Restricted Stock Units will be subject to such restrictions as the Committee may impose including, without limitation, any limitation on the right to vote a Common Share of Restricted Stock or the right to receive any dividend or other right or property.
18. All Restricted Stock and all Restricted Stock Units held by a participant at the time of a participant's termination of employment or service or resignation or removal as a Director during the applicable restriction period will be forfeited and reacquired by the Company for cancellation at no cost to the Company.

Performance Awards

19. Performance Awards granted under the Plan may be denominated or payable in cash, Common Shares (including, without limitation, Restricted Stock and Restricted Stock Units), other securities, other Awards, or other property and will confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of one or more objective performance goals during such performance periods as the Committee may establish.
20. The performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of any Performance Award will be determined by the Committee.

Dividend Equivalents

21. Holders of Dividend Equivalents will be entitled to receive payments (in cash, Common Shares, other securities, other Awards, or other property as determined in the discretion of the Committee) equivalent to the amount of cash dividends paid by the Company to holders of Common Shares with respect to a number of Common Shares determined by the Committee.
22. Dividend Equivalents may have such terms and conditions as the Committee may determine.

Other-Stock Based Awards

23. The Committee is authorized to grant such Other-Stock Based Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Common Shares (including, without limitation, securities convertible into Common Shares), as are deemed by the Committee to be consistent with the purpose of the Plan.
24. The Committee will determine the terms and conditions of such Other-Stock Based Awards; however, no Other-Stock Based Award shall contain a purchase right or an option-like exercise feature.

Non-transferrable and May Not be Pledged

25. No Award and no right under any Award may be transferable by a participant other than by will or by the laws of descent and distribution, and no Award or right under any Award may be pledged, alienated, attached or otherwise encumbered.

Amendment, Suspension or Termination

26. The Board may from time to time amend, suspend or terminate the Plan, and the Committee may amend the terms of any previously granted Award, provided that no amendment to the terms of any previously granted Award may materially and adversely alter or impair the terms or conditions of the Award previously granted to a participant under the Plan without the written consent of the participant or holder.
27. Prior approval of the Shareholders will be required for any amendment to the Plan or an Award that would:
 - a. require shareholder approval under the rules or regulations of securities exchange that is applicable to the Company;
 - b. increase the number of shares authorized under the Plan as specified in Section 4 of the Plan;
 - c. permit repricing of Options or Stock Appreciation Rights;
 - d. permit the award of Options or Stock Appreciation Rights at a price less than 100% of the Fair Market Value of a Common Share on the date of grant of such Option or Stock Appreciation Right;
 - e. permit Options to be transferable other than as provided in the Plan;
 - f. amend these amendment provisions of the Plan; or
 - g. increase the maximum term permitted for Options and Stock Appreciation Rights as specified in the Plan or extend the terms of any Options beyond their original expiry date.

Term and Termination of the Plan

28. The Plan shall terminate and no Award may be granted under the Plan on the earlier of: (i) the third anniversary of the Effective Date, or (ii) the third anniversary of the date the Plan is approved by the shareholders of the Company, or any earlier date of discontinuation or termination established pursuant the Plan. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted may extend beyond such dates, and the authority of the Committee with respect to the Plan and any Awards, and the authority of the Board to amend the Plan, will extend beyond the termination of the Plan.

EMPLOYMENT, CONSULTING, AND MANAGEMENT AGREEMENTS

Hessert Agreement

William Hessert entered into a consulting agreement with the Company dated July 9, 2024, (the “**Hessert Agreement**”). Pursuant to the Hessert Agreement, Mr. Hessert had agreed to provide his services as Chief Executive Officer at an annual fee of USD\$95,000 (plus applicable taxes). Mr. Hessert is also eligible for a bonus at the discretion of the board of directors and is further eligible to participate in the Stock and Incentive Plan. The Hessert Agreement took effect on May 24, 2024 and shall continue indefinitely until terminated in accordance with the terms thereof.

Duval Agreement

Andrew Duval entered into an employment agreement with the Company dated July 9, 2024, (the “**Duval Agreement**”). Pursuant to the Duval Agreement, Mr. Duval had agreed to provide his services as Chief Financial Officer at salary of \$1,500 per month. At the Company’s sole discretion, he is also eligible to receive a bonus from time to time. The Duval Agreement took effect on May 24, 2024 and shall continue indefinitely until terminated in accordance with the terms thereof.

Director Services Agreement

Each of Michael Nederhoff, Alex McAulay, Kyle Kornack, and Michael Malana (each, a “**Director**”) entered into a director services agreement (each, a “**Director Services Agreement**”) with the Company dated May 24, 2024. Each Director Services Agreement has an effective date of May 24, 2024 and will continue until the Director ceases to be a director of the Company for any reason whatsoever, subject to earlier termination in accordance with the Director Services Agreement.

Pursuant to their respective Director Services Agreements, each Director is eligible to receive the following Directors’ Fees effective on the date the Company’s common shares are listed on the Canadian Securities Exchange, provided that he is not an executive officer of the Company or is otherwise receiving a salary under the terms of an employment agreement or a cash fee under the terms of a consulting agreement with the Company at the relevant time:

Director	Director’s Fees (per year)
Michael Nederhoff	\$30,000
Alex McAulay	\$12,000
Kyle Kornack	\$12,000
Michael Malana	\$18,000

Each Director is also eligible to be granted equity compensation, including incentive stock options and/or equity incentive awards, by the Company in accordance with the terms and conditions of the Company’s incentive plans in force from time to time and in accordance with applicable Exchange Policies and securities laws.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The Company may terminate the Hessert Agreement at any time for Cause (as defined in the Hessert Agreement). Either party may also terminate the Hessert Agreement, other than for Cause on 60 days’ prior written notice to the other, effective as at the end of that 60-day period. The Company may also, at its sole option, terminate the Hessert Agreement immediately,

provided that the Company will continue payment of the fees thereunder for a period of 60 days following that termination.

The Company may terminate Mr. Duval's employment for cause, without any notice, payment in lieu of notice, or severance compensation. The Company may also terminate Mr. Duval's employment without cause, and without further obligation, by providing him with: (i) one (1) week of notice or salary in lieu of notice if in case his employment is terminated without cause during or at the end of his first three (3) months of employment; or (ii) two (2) weeks' notice or salary in lieu of notice , plus one (1) additional week of notice or salary in lieu of notice for each complete and consecutive year of employment with the Company, up to a maximum of twelve (12) weeks' notice or salary in lieu of notice in total, if his employment is terminated without cause after the completion of the first three (3) months of his employment. Mr. Duval also has the option to resign by providing the Company with two (2) weeks' written notice. Upon termination of Mr. Duval's employment with the Company for any reason, the Company shall pay him all wages owing up to and including his last day of employment.

The Company may terminate each Director Services Agreement for convenience by providing no less than 10 days' written notice to the concerned Director. The Company may also terminate the Director Services Agreement immediately upon notice to the concerned Director if the Director commits breach as set forth in the Director Services Agreement.

OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NEO COMPENSATION

The Company has a Compensation Committee comprised of Michael Nederhoff (Chair), Alexander McAulay, and Michael Malana. The Compensation Committee was created to assist the directors in fulfilling their responsibilities to oversee the affairs of the Company.

In determining compensation, the directors consider industry standards and the Company's financial situation, but the Company does not have any formal objectives or criteria. The performance of each executive officer is informally monitored by the directors, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer.

In establishing compensation for executive officers, the Board as a whole seeks to accomplish the following goals:

- (2) To recruit and subsequently retain highly qualified executive officers by competitive offering overall compensation;
- (3) To motivate executives to achieve important corporate and personal performance objectives and reward them when such objectives are met; and
- (4) To align the interests of executive officers with the long-term interests of shareholders through participation in the Plan.

When considering the appropriate executive compensation to be paid to the Company's officers, the Board takes into account a number of factors including: (i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Company's shareholders; (iv) rewarding performance, both on an individual basis and with respect to operations generally; and (v) available financial resources.

Apart from the annual fee payable to William Hessert, the salary payable to Andrew Duval, and their eligibility for bonuses as set forth in their respective agreements, as well as their eligibility to

receive compensation securities as set forth above, no other compensation is paid or payable to the Company's NEOs, in their capacity as such.

The Board did not use any formal peer group evaluation to determine executive compensation.

PENSION DISCLOSURE

The Company currently does not provide pension plan benefits for NEOs, directors or employees.