

**Report Pursuant to National Instrument 62-103
and Section 5.2 of Multilateral Instrument 62-104**

1. Security and Reporting Issuer

This report is made pursuant to the provisions of the securities legislation referred to above in connection with certain acquisitions of securities of Bluesky Digital Assets Corp. (the “Company” or “Bluesky”), First Canadian Place, 100 King Street West, Suite 5700, Toronto, Ontario, M5X 1C9. The transaction was effected through a private placement and not through the facilities of any stock exchange.

2. Identity of Acquirer

ThreeD Capital Inc.
130 Spadina Avenue, Suite 401
Toronto, ON, M5V 2L4

The transaction described in item 1 above took place on January 7, 2022, and involved the following joint actor of ThreeD Capital Inc. (“ThreeD”):

- Sheldon Inwentash (the “Joint Actor”), 126 Old Forest Hill Road, Toronto, ON M5P 2R9

3. Interest in Securities of the Reporting Issuer

Through the completion of a private placement (“Acquisition”), ThreeD and its Joint Actor acquired ownership and control of an aggregate of 1,750,000 common shares of the Company (the “Subject Shares”) and 1,750,000 common share purchase warrants (the “Subject Warrants” and together with the Subject Shares, the “Subject Units”) of the Company. The Subject Shares represented approximately 3.2% of all issued and outstanding common shares of the Company as at January 7, 2022. As a result of the Acquisitions, the percentage ownership held by ThreeD and the Joint Actor increased by 3.6% from its last early warning report filed in connection with the acquisition of Bluesky shares, from which ThreeD, with the Joint Actor, reported a 25.9% ownership on a partially diluted basis, assuming the exercise of outstanding warrants and options held.

Immediately prior to the Acquisition, ThreeD and the Joint Actor owned and controlled an aggregate of 9,207,000 common shares, 4,900,000 warrants, and 500,000 options of Bluesky, representing approximately 19.3% of all issued and outstanding common shares of the Company (or approximately 27.5% on a partially diluted basis assuming exercise of the warrants and options). Of this total, ThreeD held an aggregate of 5,818,500 common shares and 2,700,000 warrants of the Company representing approximately 12.2% of the issued and outstanding common shares of the Company (or approximately 16.9% on a partially diluted basis assuming exercise of the warrants held). The Joint actor held an aggregate 3,388,500 common shares, 2,200,000 warrants, 500,000 options of the Company representing approximately 7.1% of the issued and outstanding common share of the

Company (or approximately 12.1% on a partially diluted basis, assuming exercise of the warrants and options held).

Immediately following the Acquisition, ThreeD and the Joint Actor own and control an aggregate of 10,957,000 common shares, 6,650,000 warrants, and 500,000 options of Bluesky, representing approximately 20.2% of all issued and outstanding common shares of the Company (or approximately 29.5% on a partially diluted basis assuming exercise of the warrants and options). Of this total, ThreeD held an aggregate of 7,068,500 common shares and 3,950,000 warrants of the Company representing approximately 13.1% of the issued and outstanding common shares of the Company (or approximately 19.0% on a partially diluted basis assuming exercise of the warrants). The Joint Actor held an aggregate of 3,888,500 common shares, 2,700,000 warrants, and 500,000 options of the Company representing approximately 7.2% of the issued and outstanding common shares of the Company (or approximately 12.4% on a partially diluted basis, assuming exercise of the warrants and options held).

4. Consideration Paid

The Subject Units were acquired at a price of \$0.25 per Subject Unit for total proceeds of \$437,500.

5. Purpose of the Transaction

The holdings of securities of the Company by ThreeD and the Joint Actor are managed for investment purposes. ThreeD and the Joint Actor may from time to time acquire additional securities of the Company, dispose of some or all of the existing or additional securities it holds or will hold, or may continue to hold its current position.

6. Agreements, Arrangements, Commitments or Understandings with respect to Securities of the Company

Not Applicable.

7. Change in Material Fact.

Not Applicable.

8. Exemption.

Section 2.3 of National Instrument 45-106 on the basis that each of ThreeD and the Joint Actor is a “accredited investor” as defined therein.

9. Certification

The undersigned certifies that the information herein is true and complete in every respect.

DATED this 12th day of January 2022

THREED CAPITAL INC.

“Lynn Chapman”

Lynn Chapman

Chief Financial Officer and Corporate Secretary